

Modalities Of Targeted Poverty Reduction Interventions In Nepal

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INTRODUCTION

Poverty in Nepal has the following characteristics (NESAC 1998, Bajracharya, et al. 1999) :

- As measured by consumption based measures roughly half of the population lives below the poverty line.
- Rural poverty measured by poverty incidence is twice as high as urban poverty. Given that 88 percent of the population reside in rural areas, poverty in Nepal has a mostly rural face. Further, compared to urban poverty, rural poverty is both more intense and severe.
- Poverty incidence is the highest in remote, backward hills and mountain districts. Districts with a low level of social and economic infrastructure exhibit the high poverty incidences and specifically those with lowest density of road have the highest poverty incidences.
- Poverty incidence across various ethnic groups varies significantly—those at the top are the Newars inhabiting the Kathmandu Valley and urban/town centers and higher caste, *Brahmin* and *Chettri*, groups and those at the bottom are occupational caste groups, ethnic minorities, and indigenous tribes.
- Poverty is more prevalent in women than men as a result of the lower access to and control of resources of women compared to that of men. Women work substantially longer hours in non-paying work than their male counterparts in rural areas but because of the lack of control of resources and the low position of women in society even within the household the situation of women is much weaker.
- Poverty in urban areas is also increasing as manifested in the number of street children, the victimization of young girls/women, increase in child labour in small-scale industries which have mushroomed around urban areas.

Experiences have indicated that economic growth alone cannot ameliorate the poverty situation in Nepal unless special programmes are implemented to uplift the poorest of the poor who otherwise would

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not be able to raise themselves from their current situation. On the one hand, the rate of growth in Nepal achieved so far has not been strong enough to have a trickle down effect on the poor, and on the other, the rising inequalities appears to have had a self-defeating effect on poverty alleviation of the hard-core poor. Even after eight development plans poverty has remained more or less unchanged and given the population growth the absolute number of poor people has doubled in the last twenty years. In the light of past experiences and new thinking on development and poverty reduction, more attention is being given to the manner in which poverty reduction efforts are being undertaken for achieving the intended outcomes in a more satisfactory manner than previously. Thus there is a great thrust on the modalities of poverty reduction programmes and this paper discusses various modalities of targeted poverty reduction programmes under two different headings, namely, target-oriented poverty alleviation programmes and decentralization and social mobilization programmes.

TARGET-ORIENTED POVERTY ALLEVIATION PROGRAMMES

Target based programmes have been implemented in Nepal since the mid-seventies for the purpose of poverty alleviation. Since then, the number of such programmes, their approaches and their targets have increased significantly. Even though targeted programmes were launched since the mid-seventies in Nepal, these programmes received official recognition of their importance in poverty alleviation in the Plan documents, much later. Only in the Eighth Five Year Plan (1992-97) document HMG had specifically addressed the significance of targeted programmes for the purpose of alleviating poverty. HMG has reiterated its commitment to poverty alleviation through the means of targeted programmes in the Ninth Plan 1997-2002 (NPC 1998 : 204).

By examining the pronouncements of the more recent governments, there does appear to be increasing awareness to address the multi-faceted nature of poverty in Nepal. The government appears to be more sensitive than ever before to issues such as gender, environment, marginalized communities, local self-governance and institutional strengthening, empowerment of people, etc. in the formulation of targeted programmes. Many of the targeted poverty alleviation programmes are at least on the onset designed to incorporate one or more of the above issues.

One way of discussing target based poverty alleviation programmes currently being implemented in Nepal is by broadly distinguishing them into three categories, in terms of area covered, the intended beneficiaries and the entry-point undertaken in reaching the targeted groups (NPC 1998 :204). These headings are not mutually exclusive but rather serve as convenient focal points for the purpose of description.

Area Based Programme

Area based poverty alleviation programmes are those which are implemented over certain areas and/ or districts of the country that have been identified as being relatively more undeveloped, isolated and having a lower level of social, economic and physical infrastructure. Under these programmes, particular emphasis has been placed on building infrastructure such as roads, micro hydel projects, small irrigation and drinking water schemes, etc. These programmes have also begun to stress on provision of training facilities, provision of credit, and enhancement of income generating activities. The major ongoing area based programmes are described below.

Remote Area Development Programme (RADP)

22 districts were identified in 1992 for inclusion in the RADP to address the issue of extreme regional disparity. The current emphasis of RADP is on micro-hydel projects, roads, and irrigation and drinking water schemes. Due to lack of sufficient information except for budgetary allocations it is difficult to assess the impact of RADP on the poor in the designated areas. A recently published news item has noted that there exists a significant absence of monitoring of the RADP run projects mainly due to lack of supervision combined with a lack of resources allocated to monitoring. Also, as RADP does not have district level offices the responsibility of supervision and monitoring of RADP run projects lies with the local development officers who are already burdened with projects run by DDCs thereby seriously hampering the activities of RADP projects. In addition, the operational aspect of RADP is handicapped by problems in transportation of construction materials, political interference, lack of clarity in project identification, lack of coordination among various government agencies, etc. leading to delays in project completion and budget lapses.

Special Area Development Programme (SADP)

SADP was introduced in 1998 as a political response to people's display of disenchantment and frustration, which in some districts took the form of violent activities. A total of 25 districts were selected, of which 22 were already included in the RADP, from considerations of backwardness, remoteness, low levels of economic and infrastructure and/or ongoing violent activities (NPC 1998a). Recently, the NPC has set up a National Development Volunteer Service for the purpose of institutionalizing the volunteer service programme.

In 1998/99, the NPC was responsible for executing SADP but as the NPC does not have any local offices (at the district level) the responsibility for running SADP has been given to the MLD from 1999/2000 onwards

with the NPC serving primarily a M and E role. The change in the executing body was motivated by the realization that unlike the NPC the MLD already had field offices all the way down to the VDC levels so that not only their coverage but also their existing links with the grassroots level could better ensure a more participatory mode of management of SADP run projects. There also appears to be some move to make some of the efforts more locally responsive as for example in letting the VDCs play a role in the selection of the volunteer force. In the future, the government is contemplating having a common administration at the VDC level for executing RADP and SADP in the VDCs which are selected in both programmes to reduce the overhead cost of these programmes. The details of this proposed arrangement are not available at the moment.

It is not possible at this stage to evaluate the success and/or impact of the 1998/99 programmes, as monitoring and evaluation mechanisms are not in place. Other than budget allocations, very few details are available for evaluating SADP. One charge that is repeatedly labelled at SADP is that because of the political reasons for its inception there is a high degree of political interference.

Western Terai Poverty Alleviation Project (WTPAP)

This project was initiated in 1997 in 419 VDCs of 8 western terai districts of Nepal with the main objectives of increasing income of small farmers, landless and poor rural women through encouraging group efforts and improving the credit delivery mechanism of Rural Development Banks for sustainable credit flow. The project aims at benefiting 108,708 beneficiaries through the provision of various services including assistance in construction of shallow tube-well, support to agriculture and livestock development, skill development and community development. The implementation of the project at the central level involves Nepal Rastra Bank, Rural Development Banks, Agriculture Development Bank and Ministry of Local Development. At the district level a Project District Coordination Committee (PDCC) under the chairmanship of the DDC chairman looks after the project and is responsible for district level planning, implementation and monitoring and evaluation. Similarly, at the VDC level, a Project Officer attached to the DDC secretariat is responsible for coordination and implementation of project activities. However, at the operational levels, a major problem seems to be lack of coordination in rules, principles and vision among various user groups (UNICEF 1999: MTR Document No. 16).

Assessment Of The Modalities Of Area Based Programmes

All area based targeted programmes are currently executed following a center-driven model in which all decisions, planning, resource allocation, types of projects, etc. are made by the central government and also

executed by the central government. The only exception to this is the WTPAP in which there is some level of participation at the DDC and VDC level as described above. Both RADP and SADP do not have any district offices though it is claimed that the district level offices of the MLD will oversee the RADP and SADP run projects. As RADP and SADP, and less in the case of WTPAP, are highly centralized they are both open to political interference and are characterized by low local participation and responsiveness and lack of transparency as reflected by the inadequate data available. The low level of local participation has also hampered the supervision and monitoring aspects of these programmes. On the whole, both RADP and SADP appear to be programmes that were hastily formed without creating a proper framework for selection, design, and implementation of programmes. The wide geographic coverage over areas that are quite backward as compared to other districts, the limited resources financial and manpower, and the fact that they are centrally run pose serious constraints to the success of these programmes.

Target Group Based Programmes

These programmes have been designed to target a designated group of people/community who have been identified as poor, vulnerable and/or marginalized. The ongoing targeted group based programmes are discussed below in terms of the community that is being targeted.

Janajati: Janajatis have been defined as indigenous and ethnic groups who do not fit into one of the traditional caste groups and have historically been marginalized from the mainstream of the national development process. Programmes targeted to *janajatis* were initiated in the late eighties and in the Ninth Plan programmes on human resource development, social mobilization, employment and income generating opportunities, etc. have been proposed. Also, there is a proposal to make mandatory a certain proportion, not specified, of HMG's grant to VDCs and DDCs is spent on *janajatis*. There is currently an ongoing programmes called Janajati Development Programme but there exists very little information on its activities. Another programme targeted to *Janajatis* is Praja Development Programme, which provides scholarships, educational material, training, etc. and is engaged in drinking water projects, construction of schools in areas where *janajatis* are concentrated. In the absence of objective data it is difficult to assess their performance even in determining whether or not they are actually reaching the target groups.

Dalits : Dalits are defined as people who were classified as *untouchables* under the traditional caste system. Though the practice of untouchability has been legally banned in Nepal since 1964 it still exists, more so, in rural areas where *dalits* still face discrimination whereas in urban areas things are improving albeit at a slow pace. Based on the 1991

Census, there were a total of 2, 272,000 *dalits*, 12.3 percent of the total population, in the country.

The Ninth Plan has made several commitments through undertaking programmes relating to institutional development, human resource development, health and sanitation awareness programmes, and programmes related to training and capacity building among *dalits* (NPC 1998). Just as in the case of *janajatis* the Ninth Plan document spells out a mandatory requirement for allocating a certain percent, not specified, of the HMG grant for the development of *dalits*. Targeted programmes for *Janajatis* and *Dalits* seem to have had minimal effects both due to scant funds, problems associated with targeting and misappropriation by higher caste groups (Bhattachan 1998).

Socially And Economically Disadvantaged Groups (SEDG)

The people or community listed in the SEDG are *kamaiyas*, bonded labor, *sukumbasis*, immigrant, marginalized farmers and landless peasants, disabled people, senior citizens above 75 years, and certain backward ethnic groups who do not fall under the *janajati* list. The *kamaiya* problem is most prevalent among the *Tharu* community of mid and far western terai. According to a government estimate in 1995, the number of *kamaiyas* stood at 25,763 persons. Other forms of bonded labor are found in Nepal, for instance, there are about 30,000 bonded and semi-bonded child labourers in Nepal (UNICEF 1999). Programmes designed specially for *kamaiyas* are *Kamaiya Debt Relief Programme* and *Kamaiya skill Training Programme* which are geared to address the issue of debt source of bondedness and human resources.

Besides the government, a number of NGOs, e.g., Backward Society Education (BASE), have been working for improving the living standard of backward society, mainly *Tharu* community, of six districts. *Kamaiya* abolition is one of the major programme being conducted by BASE. These organizations conduct various activities like group savings, provision of legal awareness training and educational opportunities, etc. exhibiting positive impact among the *Kamaiyas* (UNICEF 1999). However, these programmes mostly suffer from their narrow perspectives of the *Kamaiya* problem: relief of debt and lack of skill without a comprehensive package that could enable them to earn a living and provide alternative income opportunities so as to free them of a need to go back to the landlord.

Programmes for *sukumbasis* and landless peasants come under various re-settlement programmes. In this context, various measures have been proposed to benefit specially marginal farmers which include development of cooperative marketing system, expansion of livestock insurance system to village level, initiation of crop insurance scheme, and provision of pre-cooperative and business training.

Child And Women Based

Programmes geared towards children address aspects of health, nutrition and education. In addition, HMG has taken steps to address the issue of child labour and child trafficking. Specific policies and programmes for women were introduced for the first time in Nepal during the Sixth Five Year Plan (1980-85) period with the preparation of a National Plan of Action for Women in 1981. HMG's commitment was further strengthened in 1990 with the ratification of the UN Convention on Elimination of All Forms of Discrimination Against Women. A number of programmes targeted specifically to poor women are being operated at the government level since as early as 1982. Some of the major programmes addressed to women are Production Credit for Rural Women (PCRW), Women Farmers Programme and Micro Credit Project for Women (MCPW) implemented by the Ministry of Local Development (MLD). From a long-term perspective, a programme of importance is the grant of scholarships for girl students. Besides, five regional banks established by the Nepal Rastra Bank, Central Bank of Nepal, Women Farmers Programme run by the MLD, Grameen Bank type replications by NGOs, Community Development Programme run by NGOs, etc. target predominantly or exclusively to women are noteworthy efforts in ensuring a higher degree of gender balance in the implementation of poverty alleviation programmes.

Major programmes on health geared towards the health of children and women are the Child and Women Immunization Programme and Reproductive Health Programmes, which have been undertaken at the national level. Both these programmes appears to be fairly successful and their success can in large part be attributed to: rise in awareness level as a result of information and education campaigns, use of community based organizations, NGOs and other volunteer groups, and a relatively smooth working relationship the VDC and DDC health officials. A new programme, the Decentralized Planning for the Child Programme (DPCP) seeks to establish a process by which rights of children and women may be realized through the participation of families and communities. Working through the decentralized structure of the government DPCP has adopted two basic complementary approaches. First, at the district level, the programme focuses on capacity building of local government, line agencies and NGOs in planning, implementation and monitoring of district-wise social development activities and in the convergence of such efforts. Secondly, at village level, the programme operates in coordination with either Participatory District Development Programme (PDDP), Local Governance Programme (LGP), or PCRW. DPCP had covered 11 districts by 1999 of which four are the most deprived based on the Nepal Human Development Report (NESAC 1998).

Assessment Of The Modalities Of Target Group Based Programmes

Most target group based programmes are centrally conceived, designed and implemented and are characterized by low local participation. The centrally-driven programmes exhibit the characteristics: high level of political interference, low or no consultations with the intended beneficiaries, a tendency to go for quick fixes rather than address issues which would arise from a holistic analysis, inadequate supervision and monitoring, lack of transparency, etc. As a result, many of these programmes are reported to be suffering from improper targeting, reaching the targeted groups and an inability on the part of the central government to come up with real solutions to the multi-faceted problems faced by the targeted groups. On the other hand, programmes that have been successful such as some of the programmes directed to women and children are characterized by a participatory approach and a devolved chain of authority.

Entry-Point-Based Programmes

Entry-point-based programmes are those that are characterized by the one or more primary means of delivery taken to achieve the desired goals. The means that have been used in entry-point-based programmes are credit, institution development and infrastructure development. The above division is not exclusive in that some programmes may provide credit but their major focus could be on institution and/or infrastructure development. In case there are more than one focal points, these programmes are usually classified according to the major focal entry points.

Credit Based Programmes

The first programme on poverty alleviation in Nepal using credit as an entry point was initiated in 1975 under the name of the Small Farmer's Development Programme (SFDP). Under SFDP, credit is provided to small farmers through group organizations in the form of collateral free loans for productive activities. Even though SFDP was started with credit as its entry point the overall thrust of the newly revitalized SFDP is to build local institutional capacity and therefore, SFDP is discussed later under the heading of the Institution-Based Programmes.

In 1982, Production Credit for Rural Women (PCRW) was started through specifically targeting women under which credit was provided to individual women on a group collateral basis. The programme is currently being implemented in 67 districts. The impact of PCRW on rural women has been fairly positive in terms of their empowerment and enhancement of self-reliance and awareness which together with the non-credit programmes has led to community development in areas such as

importance of giving education to the girl child, health and sanitation (IFAD 1998). The group formation aspect of PCRW has had the beneficial effect of encouraging women to become more outspoken and in a few cases to participate in local level politics

Grameen Bank Replicators: Other examples of programmes which provide credit services to poor women, are : (a) Five regional rural development banks (RRDB), established by Nepal Rastra Bank, the central bank of Nepal, are modeled after the Grameen Banks of Bangladesh. (b) The Centre for Self-Help Development (CSD), an NGO, introduced the Self-Help Banking Programme in 1993 in the Churia Forest Development Project areas. Replicating the Grameen Bank model of Bangladesh, CSD has been providing credit services to rural marginalized women. (c) Nirdhan, formerly an NGO, recently converted into a bank known as Nirdhan Utthan, is also replicating the banking programme of Grameen Bank through specifically targeting poor women.

MCPW was started in 1994 with a similar objective as PCRW. However, MCPW differs from PCRW in two respects. First, the targeted group of MCPW includes both rural and urban women from households below the poverty line and, second, MCPW aims at providing credit and other services by using NGOs as intermediaries.

Assessment Of Modalities Of Credit Based Programmes

Majority of the credit-based programmes can be labeled as those based on the Center-Driven Model, decided by the center in terms of its overall strategy, policies and budgets with no or very little local participation. Consequently, many of these programmes have usually failed in reaching out to the majority of resource-poor households and are also found to be deficient in assessing and managing the risk associated with the potential clientele. For instance, SFDP has been criticized on various occasions for mis-targeting/low outreach and a low recovery rate, 40 percent in 1999/91, and Intensive Banking Programme has always had a low recovery rate e.g. 47 percent in 1995/96. A charge leveled at SFDP and banks under IBP is that as they do not provide credit on a group collateral basis they deprive a large number of resource-poor households from credit. Also, being center-driven they tend to use little or no local intermediaries who could potentially be of use in mobilization, training, group formation, etc. At the same time, being center-driven they are more susceptible to political interference which is manifested in many cases by an inability to enforce loan repayment.

In contrast to center-driven model, programmes following the Community-Driven Model have a higher component of social mobilization and local level participation in formulating strategies, policies and budgets and have been proven to be more successful, higher recovery rates, better targeting and outreach, higher level of cohesion among members of a

group and among groups, a greater sense of ownership as they are based on mutual trust among resource-poor beneficiaries. At the operational stage, the concept of group collateral is seen to be essential but at the same time attention has to be given to build cohesiveness among the members of a group and among groups to ensure a smooth operation of the credit programmes. This approach has been followed by, for example, PCRW, MCPW and Grameen Banks (IFAD 1999) which emphasize on the formation of women's groups both at the VDC level and ward level.

Even with the better performance of community-driven credit based programmes, the sustainability of both Community-Driven Models and Center-Driven Models is in doubt for the following reasons: (i) high delivery costs, (ii) managerial weaknesses and low productivity and high turnover of employees, and (iii) high interest rates charged by NRB on financing loan. Issues related to high delivery costs, managerial weaknesses and low productivity and high turnover of employees are being addressed by a greater mobilization of local level organizations like NGOs and CBOs for training, credit delivery and other service delivery. This approach has been followed by MCPW since 1994. As for Nirdhan, formerly an NGO and since 1998 converted into a bank, and CSD, which is still an NGO, both appear to have higher quality management and better skilled staff and consequently have operating costs lower than operating income. The problem of high refinancing loans from NRB, and in general financial dependence on external funding agencies, is increasingly being addressed by attempts to generate funds locally by enforced group savings and/or use of revolving funds. For example, the Grameen Banks use enforced savings and PCRW and MCPW have begun group managed revolving funds started with initial seed money provided by WDD which is then lent to themselves on a rotational basis. One study has shown that the revolving funds are operating successfully with almost 100 percent recovery rate (IFAD 1999) and therefore, the need to refinance loans at high interests from the NRB is lowered.

Another aspect of credit based programmes, in general, is that unless credit programmes are accompanied by increases in aggregate demand within the community this process merely becomes a transfer of resources from one group to another (Mellor 1999) and thus, credit alone is not going to eliminate the pervasive poverty among a vast majority of the poor in the country. An additional but crucial issue for the success of credit based poverty alleviation programmes is the provisioning of such support services as technology, extension services, access to market, etc. In the absence of these support services, credit alone may lead to increased indebtedness (IFAD 1998).

Also, as most credit programmes are in practice given to women, the desired impact can be realized only if the other pertinent issues, such as cultural, ethnic, social, economic and political are also addressed. The

women's predicament is further compounded by the existing unequal power distribution regarding control over money and other major aspects within a household and unless this is taken into account, targeted credit-based programmes in themselves will most likely not be able to lift the majority of poor women out of poverty trap.

The credit-based poverty alleviation programmes are expected to receive a boost through the recent creation of the Rural Micro-Credit Development Centre (RMDC) which has been assigned the responsibility of providing wholesale credit to poor people through a host of intermediary organizations such as NGOs, savings and credit cooperatives and Grameen Banks. RMDC was registered in October 1998 with the principal objective of providing micro-finance services through micro-finance institutions (MFIs) to the marginalized rural poor, specially women for viable on-farm and off-farm economic activities, thereby uplifting their living standards. In order to achieve these, RMDC intends to develop sound, comprehensive procedures for properly targeting the beneficiaries and selecting the appropriate intermediary organizations. In addition to credit services, RMDC has mobilized MFIs to undertake various programme like short-term literacy programmes and awareness programmes which have been significantly contributing to women's empowerment. The establishment of RMDC represents a noteworthy step towards institutionalizing credit delivery systems and addressing some of the issues discussed in the above section on analysis modalities of credit based programmes.

Institution Based

Institution based poverty alleviation programmes are those which address the issue of poverty alleviation focusing on building institutional capacity, fostering decentralization and good governance. In a sense, institution based poverty alleviation programmes could be said to have been initiated in Nepal in 1975 with the introduction of the SFDP which attempted to form group formations at the local level for delivery of credit and other services. Starting in the late eighties, SFDP has increasingly embodied the concept of Institutional Development Programme (IDP) with the main objective of strengthening the institutional management capabilities of small farmers' organizations such that they become sustainable.

Using this new concept, SFDP began an experimental project called the Small Farmers' Cooperative Limited (SFCL) in 1987/88 which attempted to build a three-tiered relationship from the settlement level to the VDC level for the purpose of ultimately transferring ownership of SFDP to SFCL. The monitoring of SFCL so far indicates that vis-a-vis the performance of the SFDP the repayment rate is higher, overhead cost is

lower, and density of coverage and mobilization of local resources are greater.

Two major weaknesses of the SFCLs is the continuing dependence on ADB/N for loan as result of restrictions on banking activities of cooperatives and the inability of the SFCLs to more effectively mobilize their resources as a result of the government's own policy of subsidizing interest on loans to small farmers up to a certain amount (Mellor 1999).

Infrastructure Based

Poverty alleviation programmes with infrastructure as entry point are those which focus primarily on the development of physical infrastructure. Such programmes are usually implemented in rural areas typically by using off-seasonal surplus labour. The major programmes of this nature are:

Special Public Works Programme (SPWP) : SPWP was initiated in 1975 for the construction, rehabilitation and upgrading of infrastructure work in Nepal. SPWP has at times been used for disaster relief but its overall thrust is on poverty alleviation through the use and promotion of labour-intensive rural and urban infrastructure projects. Over time the programme has also been successful in developing guidelines for carrying out environmental assessments and implementing environmentally sensitive measures in the irrigation sector programmes of the government and many of its principles have become official government policy and practice.

Food For Work Programme : Since 1976, the Food for Work Programme has been contributing to poverty alleviation in Nepal through the provisions of employment generation and food security to a number of poor households. Under the programme, the surplus labour during the dry season is usually mobilized into activities like road and trail construction, irrigation, rehabilitation, resettlement projects and building tourism infrastructure. Over the years the design of this programme has evolved into a food and/or cash for work programme and as recruitment of workers is done at the local level and wage rates are fixed at a low level, the benefits tend to go primarily to the local poor. Since 1995, the Food-for-Work projects are being implemented through the establishment of the Rural Community Infrastructure Works (RCIW). At present, the programme covers 25 districts of the country (RCIW 1999). Gender development is a prioritized consideration under this programme. The implementing organizations of the programme are User Groups or Local Self-help Groups, VDCs, and DDCs.

However, the Food-for-Work Programme is not without limitations regarding its implementation such as slow execution, poor selection and design, shortage of fund, inadequate set of criteria for selection of roads and trails, flaw in criteria for selection of beneficiaries, poor labour

management and lack of monitoring and evaluation. In any case, RCIW deserves praise due mainly to its outstanding achievements as regards to increased self-help capacity and focus on gender equity. RCIW has strengthened the role of VDCs to identify and claim rural infrastructure projects, made significant progress with its gender awareness efforts and proved that communities and user groups can plan and implement public works with a reasonable degree of transparency and accountability (Perry 2000).

DECENTRALIZATION AND SOCIAL MOBILIZATION

Experiences in Nepal and elsewhere indicate that poverty reduction programmes are not likely to be successful unless strong and effective local government institutions exist to coordinate and integrate planning and implementation at multiple fronts such as infrastructures, human resources, delivery of support and social services, etc. and to ensure effective mobilization of resources at the local level (Bajracharya et al. 1999). Based on these experiences, the need for social mobilization, to organize, generate capital and develop human resources, and decentralization, to transfer planning, decision making and administrative authority from the central government to locally based organizations has been felt as an essential precondition for fighting poverty.

Programmes incorporating decentralization have existed in Nepal since the 1980s and received a big boost following the restoration of democracy in 1990. As these programmes have evolved, they have increasingly adopted a social mobilization component so as to empower people at the grass roots level. In this regard, programmes like the Participatory District Development Programme (PDDP), Local Governance Programme (LGP), South Asia Poverty Alleviation Programme (SAPAP) and Rural Energy Development Programme (REDP) have come to encompass both strengthening of the local government institutions and social mobilization at the household level as integral and fundamental parts.

PDDP and LGP introduced the Participatory Development Planning process by which governmental and non-governmental village and district organizations and central level governmental organizations were built and/or strengthened for the purpose of decentralizing control and authority over resources, planning and implementation. The organizational structures at village and district levels which these programmes assisted to build and/or strongly endorsed by the NPC and institutionalized by HMG at the district and village levels where PDDP and LGP have been successful. Many elements and experiences of these programmes have also been incorporated into the Local Self-governance Act (LSA) which was passed in 1999. The by-laws of LSA effectively devolves substantial authority and responsibility to local authorities to gradually take over

sectoral functions, increase local revenues through local taxation and carry out quasi-judicial authority.

The other beneficial aspects of the participatory processes championed by PDDP, LGP and similar other programs are:

- NPC has begun to hold district level consultations for sensitizing the district level organizations on planning, resource generation and allocation, new initiatives, etc. The expectation is that over time the district level consultations would then be integrated into the national plan and as per the LSA the local authorities would have a greater hand in its implementation.
- At the local, district and village level the participatory planning process has created forums for all stakeholders, communities, local authorities, line agencies, NGOs to come together and identify people's needs. The DDCs have also realigned their organizational structure to efficiently and effectively meet their growing challenges.
- The local government institutions have been strengthened in an integrated manner and therefore, it has also been possible to accommodate the programmes of other donors within its management structure.

At the conceptual level, decentralization by itself does not address the concerns for poverty reduction. In order to achieve poverty reduction through decentralization additional supports are required including social mobilization and opportunities creation with technology, skill and local resource. Social mobilization works on the basic assumption that poverty is a form of social, political and psychological disempowerment and occurs when people lack access to social base of power and productive wealth. Thus, enhancing people's access to social power reinforces their productive wealth, which in turn leads to improved livelihoods (UNDP 1999). The REDP has shown that social mobilization is critical in building and enhancing social capital among the beneficiaries and when coupled with decentralization, this type of approach could lead to an increased sense of local ownership which is vital for the success and sustainability of any poverty reduction programme. However, as pointed out above decentralization and social mobilization programme alone are not adequate by themselves and any poverty reduction programme has to have other components. This has been admitted by HMG in the Ninth Plan which has endorsed at policy level that all poverty reduction activities need to be linked with decentralization processes and they should have local origin and ownership. Also, the Ninth Plan states that local governments can support poverty reduction only if they are equipped with skills, resources and information. The Plan stresses that resource mobilization at local level is essential to deal with poverty reduction locally. In this context, the government ought to be commended for the recent approval of the Local Self-governance Act (LSA) by the parliament.

At national and local government levels in Nepal, the concerns for decentralization and poverty reduction are not yet conceptually linked with devolution of roles and functions to local government bodies, as embodied in LSA. For instance, critical services like health and education are the domains of government within the control of the central government. Similarly, other activities that are targeted to poverty reduction are beyond the access of LGs. Besides, the government has launched poverty focused programmes such as Bisheshwor Prasad (BP) Among the Poor and Jagriti with parallel institutional arrangements. Similarly, there are other poverty reduction programmes supported by donors, INGOs and banks in most of the cases follow the same trend and have little linkages with LGs (UNDP 2000).

The Village Development Programme (VDP) has followed a slightly different approach in that it has linked its decentralization efforts to its poverty reduction efforts such that the focus is on the poor and consequently most of the benefits are reported to have gone to the most deprived people. The experiences of VDP have indicated a number of positive aspects which suggest that LGs and Community Organisations (COs) can work together towards poverty reduction, social mobilization can increase local resources and contribute to community empowerment, LGs are willing to provide resources to poverty reduction, and LGs and communities can jointly influence the service delivery practices of government and NGOs. Hence there is a clear lesson that can be learnt from VDP, namely, LGs need to be more intensively involved in poverty alleviation efforts. Besides NPC, various bilateral and multi-lateral agencies have incorporated the relevant components of VDP into their respective programmes.

CONCLUSION

Most targeted programmes appear to be suffering from mis-targeting as these programmes are centrally run without any consultation with the intended beneficiaries. The programmes suffer from political interference, lack of transparency, lack of vision and clarity of issues, limited resources, high costs involved, especially for rural infrastructure etc. In recent times there is an emphasis to address some of the above issues by involving the local people, building local institutions, using intermediary organizations, etc. but as these require some time the present day gains are not obvious and a better assessment can be made only much later. Early indications from programmes that emphasize social mobilization appear to be positive but even in these it is still not clear if the benefits are going to the really poor or just the better off strata of the rural population given the existing inequality in education levels, access to resources, level of awareness, etc.

In spite of the problems faced by targeted programmes, the government appears to favour such programmes as is apparent from the

budget of the fiscal year 2000/2001 which has come out with a re-affirmation of recent initiatives such as Bisheshwar Among the Poor, Jagriti, RADP, establishment of a Poverty Alleviation Fund, and additional measures for resolving the problem of landless people *sukumbasi* and *Kamaiyas* (MOF 2000). However, these programmes continue to be politically mired and the existing national consensus of their importance is not translated into an action plan that is acceptable to all. The homework that is required to address the entire range of problems faced by a targeted group is simply not followed through as evidenced in the government's most recent initiative, 18 July 2000, of officially abolishing the practice of the *kamaiya* system and canceling all their existing debts. As desirable as this step is, in the absence of resources in the form of alternative means of income generation and skill training their future is not assured.

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