

**Socio-Economic Impact of Poverty Alleviation Fund Programme
(A Study of Sunarpani VDC, Ramechhap District)**

A Thesis

Submitted to Central Department of Rural Development
in Partial Fulfillment of the Requirements
For the Award of the Degree of Master of Arts
In Rural Development

Submitted by
Kamal Bahadur Thing
Roll No. 2723
Reg. No. 4467890

Central Department of Rural Development
Tribhuvan University
Kirtipur, Kathmandu, Nepal
Nov., 2009

Recommendation Letter

It is my great pleasure to recommend that the Thesis entitled “*Socio-economic Impact of Poverty Alleviation Fund Program A study of Sunarpani VDC of Ramechhap District*” prepared by Kamal Bahadur Thing. I hereby recommend this thesis for final approval.

Mr. Tulasi Sharan Sigdel
Supervisor

ACKNOWLEDGEMENT

I have provided with lots of supports and suggestion by many people in the process of completing this thesis. First of all, I would like to express Poverty alleviation Fund Group & Central Department of Rural Development for providing me the opportunity to study on “*Socio-Economic Impact of PAF Programme: A study of Sunarpani VDC, Ramechhap District.*”. I would like to express to my thesis Supervisor Mr. Tulasi Sharan Sigdel and Head of Department Prof. Dr. Pradeep Kumar Khadka their guidance encouragement and friendship behavior to carry out this thesis successfully.

I would like to extend my sincere thanks to all respected teachers and staff of the Department. My sincere acknowledgement also goes to all the staffs of T.U. Central Library, Ramechhap DDC, Central Bureau of Statistics, Sunarpani VDC, Local Community Organizations, Partner Organizations, Executive Members of PAF, National Planning Commission, Study area respondents, Households, who had given their valuable time to fulfill the questionnaire and for their views and suggestions regarding PAF programme and its impact in Sunarpani VDC.

I am heartily thankful to my colleagues Mr. Premdhoj Lama, Mr. Kaji Pyakurel, Mr. Rudra Bhattarai, Mr. Laxmi Bastola for providing me necessary suggestion and support for writing this thesis.

Lastly, I would like to express my thanks and gratitude to my family and Son Mr. Umesh Jung Thing and Mr. Pujan Thing whose direct and indirect participation was more encouraging while conducting this research.

Kamal Bahadur Thing
Lalitpur Sub- Metropolitan City- 15
Satdobato, Lalitpur
November, 2009

ABSTRACT

Nepal is known as one of the poorest country. More than 49% of people are below the poverty line. For eradication of poverty different kinds of programme have been implemented. Before knowing the definition of development it is important to know the history of development. The history of planned development in Nepal goes back to 1950s. Tribhuvan Gram Bikash was established for this purpose in 1952. The concept of community development slowly emerged in our society. Shrestha defines community development as socially a village self help programme, in which people themselves, through their own village leaders, organizations and institutions are to have the opportunity of working together to improve all aspects of village life. The central and the state government are only to assist the progress.

Poverty is a multi-dimensional and complex problem. The causes of poverty by analyzing different aspects of income and human poverty are not only economic but also social and technological backwardness too. One of the main causes of poverty is low economic growth rate. The stock taking of economic achievement of last three decades shows a lower economic growth rate of approximately 4 percent while annual population growth rate was about 2.5 percent. The per capita income growth rate at a very low level could not contribute to mitigate poverty significantly.

This research is done in the contemporary issue related to the PAF. Impact of PAF programme in Sunarpani VDC, of Ramechhap District. In various parts of the country PAF has been working as a close partnership for the local peoples. It is trying to develop the disadvantage, disable, women, Janajati empowerment, income generation, social mobilization and capacity building. This study focuses in the developmental process, affecting factors relation to socio-cultural activities done by PAF in Sunarpani VDC. The main objectives of this study were to know the impact of PAF in local development process. However, other specific objectives are;

- To analyze the socio-economic condition of Sunarpani VDC, Ramechhap district people.*
- To find out the impact of PAF in study area.*
- To know the socio-cultural change in study area.*

On the process of study out of 471 HHs only 50 HHs were selected with purposive sampling. At the end of the research it was found that PAF is the main heart of the rural area which was seen in Sunarpani VDC. PAF and its role in local development process are going increased in the study area. The following developmental activities had done by PAF in the local level. Self dependent for Disable, women and marginalized people, Transportation and Communication facilities, It ended the selfishness, It provided the awareness for local poor, Roads for transport, It had supported the alternative energy PAF made various schools, Changed the traditional agriculture irrigation system, Helped to establish Poultry form, Forest management and capacity development, Drinking water, Entrepreneur Loan / Agriculture Loan, Participation and social-mobilization, Livestock farming etc respectively.

The study shows that the Socio-Economic impact of PAF programmes in the study area was quite satisfactory.

TABLE OF CONTENTS

CHAPTER	TITLE	TITLE PAGE
	RECOMMENDATION LETTER	
	ACCEPTANCE LETTER	
	ACKNOWLEDGEMENT	
	ABSTRACT	
	TABLE OF CONTENTS	
	LIST OF TABLES	
	ABBREVIATIONS AND ACRONYMS	
CHAPTER - ONE		
INTRODUCTION		
1.1	Background	1
1.2	Statement of the Problem	10
1.3	Objectives of the Study	13
1.4	Significance of the Study	14
1.5	Limitations of Study	14
1.6	Organization of the Study	14
CHAPTER-TWO		
LITERATURE REVIEW		
2.1	Concept of Poverty	15
2.2	Poverty in Nepal	16
2.3	Poverty Alleviation Fund (PAF): An Overview	21
2.4	The Strategy of Poverty Alleviation Fund (PAF)	24
2.5	Guiding Principles of Poverty Alleviation Fund (PAF)	24
2.5.1	Social Inclusion	25
2.5.2	Social Mobilization	25
2.5.3	Monitoring and Evaluation	26
2.5.4	Research and Development in PAF	27

2.5.5	Demand-driven and Direct Funding to Community Proposal	28
2.5.6	Reaching Out to Excluded Poor Community	28
2.6	Pillars of Poverty Alleviation Fund (PAF)	29
2.6.1	Social Mobilization/Empowerment	29
2.6.2	Income Generation/Self-Employment	29
2.6.3	Community Infrastructure	30
2.6.4	Capacity Building	30
2.7	Review of Tenth Plan and Goals of Eleventh Three Years Plan for Poverty Alleviation and Employment	30
2.8	Operation Modality of Poverty Alleviation Fund (PAF)	34
2.8.1	Partnership with POs	34
2.8.2	Selection of District and VDC	35
2.8.3	Selection of Households/Settlements	35
2.8.4	Community Organization (CO)	35
2.8.5	Community Sub-Project Preparation and Funding	35
2.8.6	Community Sub-Project Implementation	36
2.8.7	Monitoring of the Programme	36
2.9	Annual Achievements Against Targets	36
2.10	Conceptual Framework of Research	37

CHAPTER-THREE

RESEARCH METHODOLOGY

3.1	Research Design	39
3.1.1	Rationale of the Selection to Study Area	39
3.2	Sampling Procedure	39
3.3	Nature and Source of Data	40
3.4	Sources of Data Collection	40
3.5	Data Collection Tools and Technique	41
3.5.1	Household Survey	41
3.5.2	Key Informant Interview	41
3.5.3	Field Visit Observation	41
3.5.4	Focus Group Discussion	41
3.6	Data Analysis and Interpretation	42
3.7	Glossary	42
3.7.1	Literacy Rate	42

3.7.2	Untouchable Caste	42
3.7.3	People's Participation	42
3.7.4	Constitution	42
3.7.5	User Committee	42
3.7.6	Non Formal Education	43
3.7.7	Sanitation	43
3.7.8	Maternal Child Health (MCH)	43
3.7.9	Revolving Fund	43
3.7.10	Outreach Clinic	43
3.7.11	Target Groups	43
3.7.12	Partner Organization	43
3.7.13	Community Organization	43

CHAPTER-FOUR

DESCRIPTION OF THE STUDY AREA

4.	General Introduction of Ramechhap District	44
4.1	Location	44
4.2	Administration	44
4.3	Development	44
4.4	Demography	44
4.5	Climate and Geography	45
4.6	Introduction of Sunarpani VDC	45
4.7	Description of PAF in Study Area	46
4.8	Attractions and Sites	47
4.9	Agriculture and Industry	48
4.10	Poverty Status	48

CHAPTER-FIVE

DATA ANALYSIS AND INTERPRETATION

5.1	Socio-Economic Condition of Sunarpani VDC	49
5.1.1	Caste/Ethnic Composition	49
5.1.2	Occupation	49
5.1.3	Family Size	50
5.1.4	Age-Sex Composition	50
5.1.5	Educational Status	51

5.1.6	Type of House	52
5.1.7	Agricultural Land Holding	52
5.1.8	Animal Husbandry	53
5.1.9	Food Sufficiency	53
5.2	Impact of PAF Activities in the Study Area	54
5.2.1	Social Sector	54
5.2.2	Economic Sector	

CHAPTER-SIX

SUMMARY, CONCLUSION AND RECOMMENDATION

6.1	Summary	72
6.2	Conclusion	74
6.3	Recommendation	76

REFERENCES

ANNEX

ANNEXES

ANNEX 1: Interview Schedule for Sampled Households Survey

ANNEX 2: Checklist

ANNEX 3: Map of Nepal

ANNEX 4: Map of Ramechhap District

ANNEX 5: Map of Sunarpani VDC

ANNEX 7: Map of PAF affected areas of Nepal

LIST OF TABLES

TABLE	TITLE	
Table: 2.1	Situation of Poor Structure in Nepal	18
Table: 2.2	Poverty Situation by geographical region (Nepal Living Standard Survey I & II Report)	19
Table: 2.3	Situations of Nepal	19
Table: 2.4	Income Poverty Indicators	21
Table: 2.5	The organizational structure of the Poverty Alleviation Fund	22
Table: 2.6	Achievement Targets of Block Grant	36
Table: 2.7	Framework of the study	37
Table: 4.1	Topographical distribution of land in Ramechhap District	45
Table: 4.2	Sunarpani VDC's Statistics	46
Table: 4.3	Population Status in Ramechhap District	48
Table: 5.1	Caste/Ethnic Compositions	49
Table: 5.2	Occupational Distributions of Sampled Households	50
Table: 5.3	Distributions of Family Members	50
Table: 5.4	Age-Sex Composition of Sampled HHs	51
Table: 5.5	Educational Statuses of Family Members	51
Table: 5.6	House Patterns of Sampled Households	52
Table: 5.7	Agricultural Land Holding	52
Table: 5.8	Animal Husbandry	53
Table: 5.9	Food Sufficiency	53
Table: 5.10	Access of Education	54
Table: 5.11	Social Maladies	54
Table: 5.12	Establishment of Social Control	55
Table: 5.13	Social Security	55
Table: 5.14	Social Right and Justice	56
Table: 5.15	Community Participation	56
Table: 5.16	Level of Awareness	57
Table: 5.17	End of Stratification	57
Table: 5.18	Self-esteem Status	58
Table: 5.19	Social Mobilization	58
Table: 5.20	Employment Status	59

Table: 5.21	Regular Income Sources	59
Table: 5.22	Income Generating Activities	60
Table: 5.23	Cooperative Development	60
Table: 5.24	Loan System	61
Table: 5.25	Use of Technology	62
Table: 5.26	Infrastructure Development	62
Table: 5.27	Capacity Building	63
Table: 5.28	Community Perception	64
Table: 5.29	Irrigation Facilities	64
Table: 5.30	Drinking Water	65
Table: 5.31	Transportation in the Community	65
Table: 5.34	Communication Within the Organization	66
Table: 5.35	Coverage of Marginal People	67
Table: 5.36	Livestock Raising	68
Table: 5.37	Conflict Management	69
Table: 5.38	Participation of People	69
Table: 5.39	Access of Local People	70
Table: 5.40	Capacity Building Activities	70
Table: 5.41	Skill Development Trainings	71

ABBREVIATION AND ACRONYMS

AEPC	-	Alternative Energy Promotion Center
CAP	-	Community Action Plan
CBS	-	Central Bureau of Statistics
CO	-	Community Organization
CBOs	-	Community Based Organizations
DDC	-	District Development Committee
EIA	-	Environmental Impact Assessment
FMR	-	Financial Management Report
GOs	-	Governmental Organizations
GTZ	-	German Technical Cooperation
GON	-	Government of Nepal
IG	-	Income Generation
IDA	-	International Development Agency
LDO	-	Local Development Officer
LDF	-	Local Development Fund
MDGs	-	Millennium Development Goals
MIS	-	Management Information System
NGOs	-	Non Governmental Organizations
NPC	-	National Planning Commission
NOA	-	Non Operating Account
OA	-	Operating Account
PAF	-	Poverty Alleviation Fund
PO	-	Partner Organization
PM	-	Portfolio Manager
PMR	-	Project Management Report
RBB	-	Rastriya Banijya Bank
SM	-	Social Mobilization
SAs	-	Service Agents
TAC	-	Technical Appraisal Committee

VDC	-	Village Development Committee
VCDP	-	Vulnerable Community Development Plan
WB	-	World Bank