

ANALYTICAL FRAMEWORK

Conditions of Poverty Reproduction in Rural Nepal

Poverty in rural Nepal is conditioned and perpetuated by the prevailing social system and economic structure which reinforce each other.

The social system - along with its accepted norms, values, and cultural practices - determines household behavioural patterns which generally lead to substantial and unproductive expenditure, e.g., in social/religious events, festivities, and rituals. The compulsion to indulge in such unproductive expenditure constitutes perpetual significant leakages from the household economies of the rural poor. The social norms and values also contribute to high population growth which further augments the problem.

Economic structure ensures not only persistence in but a widening of disparities in the context of ownership of productive resources, particularly land and livestock, and, consequently, in access to and benefits from common property resources such as forests, pastures, and so on. In the case of the majority of the rural poor, their productive resource base is hardly sufficient for subsistence. Production is not only low due to small holdings and primitive technology, but it is also uncertain due to dependence on weather. Food deficits and lack of local employment opportunities force the majority of poor households to borrow from local moneylenders (as one of the limited options) to meet some of their subsistence needs as well as social and religious obligations.

Thus, indebtedness is endemic and substantial in rural Nepal. High interest rates eat up future household earnings, contributing to spiralling food deficits over time. Once indebted, households are trapped in a situation in which further dispossession of productive means becomes inevitable. Every adverse turn of events, e.g., bad weather or a death in the family, reinforces the process of progressive dispossession of the means of production.

Pre-conditions for Poverty Alleviation

Both social and economic forces, interacting together, strongly reinforce poverty. Any gains on the economic front can easily be neutralised or reduced in the absence of appropriate social or institutional reforms. Therefore, simultaneous interventions are needed on both fronts if the issue of poverty alleviation is to be substantially and sustainably addressed. This calls for multi-faceted interventionist measures, at both micro- and macro-level, involving multiple actors, each providing appropriate and complementary support.

The general experience of rural development efforts in third world countries and the specific experience of South Asia (including Nepal) (SAARC 1992; Kievelitz 1996) indicate the following preconditions if efforts to alleviate poverty are to succeed.

Effective Organisation of the Poor

Effective organisation of the poor at the local level must be promoted and strengthened: without the organisation and 'empowerment' of the poor, who have little power on an individual basis, poverty alleviation efforts will be ineffective. Effective local organisation is needed to increase claim-making capabilities and to enable the poor to access the services and resources meant for them; to put pressure on organisations to respond to locally-identified priority needs; and to solve local problems collectively through local resource mobilisation and participation.

Human Development

Human development is one of the preconditions for sustainable poverty alleviation. Awareness/attitudinal change, social/institutional reforms, and capacity building at the

local level are its main components. There is a need to instill the awareness (or bring about a change in attitude) that most problems can be solved without waiting for external assistance and that the poor can come together and change things to their advantage through individual and collective capacity building. Reform of the social and institutional rigidities responsible for perpetuating poverty: e.g., unproductive expenditure; wasteful consumption patterns; and undynamic norms and value systems; is essential. Such reforms can help to prevent leakages from household economies to a great extent, and this is crucial in order to break the poverty cycle. Furthermore, institutionalisation of learning or sharing of experiences and self-evaluation are other key dimensions in human development.

Access of the Poor to Economic Resources and Income-generating Opportunities

Conditions for continued improvement in the incomes of poor households must be created in order to facilitate sustainable poverty alleviation. At the local level, access to external resources in the form of credit, mobilisation and utilisation of local savings, introduction of appropriate technologies, and promotion of additional income-generating opportunities are essential. Savings and investment in productive activities/assets would be feasible only if incomes increase; and these, in turn, can provide a basis for sustainable household incomes in future. Sustainable use of natural resources is essential for increasing incomes.

In addition, complementary macro-level efforts on the part of the government and other agencies are needed to create preconditions for sustainable growth of local economies (e.g., improvement in infrastructure and access to resources/markets), and removal of exogenous institutional obstacles that prevent the poor from introducing the necessary changes. Local-level efforts should be supplemented by appropriate pro-poor institutional reforms and policy formulation at the macro-level.

Discussion of the five self-help promotion programmes in the next section will be generally guided by the above framework. Individual programmes and their approaches have been designed (and even evolved over time) with specific focusses, strategies, and objectives. The programmes, therefore, are not expected to incorporate, with due emphasis, all the necessary elements or preconditions for poverty alleviation. The framework only provides a reference for discussion.