

POLICY ISSUES

The five GTZ-supported self-help promotion programmes consist of five different innovations. Each has its own origin, concept, objectives, strategy, focus, strengths, and weaknesses. At this stage, all five programmes are moving progressively forwards to meet their individual objectives. It should be stressed that the process of promoting sustainable self-help organisations is complex and time consuming. It may be premature to come out with definitive conclusions and make policy recommendations based on them, especially with respect to programmes like the SBP and BWTP which have only been in operation for a few years. However, experiences from these five programmes, irrespective of the period of implementation, clearly indicate that grass roots' level organisations can be developed in rural areas and that the quality of life of the poor can be improved, using different strategies and organisational structures, and, of course, with varying degrees of effectiveness and success. Based on the analytical framework and the specific assessments of the programmes, the important issues relating to promotion of self-help organisation and poverty alleviation are as follow.

Target Group Orientation

Each programme has its own specialised target group orientation. SFCL's target group consists of small farmers; *Swabalamban's*, the poorest of the poor and disadvantaged groups, especially in remote and marginal areas; BWTP targets the rural poor; SBP the women, and SAPPROS target women, indigenous peoples, and disadvantaged groups. The assessment studies indicate that specified target groups are being reached by all the programmes, but excluding non-target groups from programme benefits is also difficult. The most successful in terms of targeting seems to be the SBP. Even the *Swabalamban* programme, which is very closely supported and facilitated by the field workers, has been unable to fully exclude non-target groups from obtaining subsidised credit from the revolving fund. Because of the less rigorous criteria of target group definition and identification, SFCL, BWTP, and SAPPROS are likely to include substantial numbers of fairly well-off farmers.

Identification of a target group or population is not an easy task, but a clear definition is required if the programme is to succeed. If the definition is ambiguous, often the better-off people sideline the intended target population. Redefinition of target groups based on objective criteria such as assets, including houses, and using techniques such

as pre-group training and situational analysis, would help to deter those who are well-off from joining the programme. Another alternative would be to allow the local people to define and decide upon their own target groups without external intervention. Often, either the nature of the programme itself or the group members themselves may want to include well-off people as well, but, in such a situation, it is necessary to make sure that the poor receive due priority.

Sustainability

Sustainability is a term that can be interpreted and understood differently depending upon one's perspective. In the context of promotion of self-help organisations, sustainability can be defined as the ability of the target group and their organisation to continue to solve their own problems effectively, even after the external (project), subsidised support is withdrawn. For this, the organisation must be capable of solving their own problems in a participatory manner, must be able to mobilise and/or generate resources for continued operation, and must be able to exert pressure and access resources for continued improvements in the welfare of its members.

From this perspective, none of the self-help organisations promoted by the five programmes have reached a fully sustainable stage. The most advanced and mature in terms of organisational and financial sustainability are the SFCLs. Currently, they are still being provided with technical assistance from the GTZ Project and the Bank. Nonetheless, the approach is well designed from the sustainability perspective and has been demonstrated to work well. The *Swabalamban* programme still has a long way to go to attain sustainability — among the large number of IG groups, only a few are capable of undertaking the requisite activities independently; this might be due to the focus on the disadvantaged groups and geographical areas that require more intensive efforts and time to bring about the necessary changes. There is also lack of a clear-cut, long-term organisational vision as well as lack of a concept of financial sustainability. Linking the IG groups with service institutions, including rural finance institutions, as well as a concept of higher-level organisations to take care of the higher-level problems and establish external linkages, transcending settlement levels, appear to be important steps towards improving their capabilities.

SBP, BWTP, and SAPPROS do not have a concept of sustainability in the sense defined above. There is no clear vision of developing these organisations into self-help organisations. These are actually rural finance programmes with the 'groups' being the medium for channelling production credit to individuals. The other elements necessary for building organisations, e.g., human development and community activities, are substantial in these two programmes. SBP, which specifies eleven years as the time period when the 'Centres' should be capable of sustaining themselves, does not have a clear-cut basis for such a vision.

The issue of sustainability in self-help programmes with credit components is very much tied to operational costs, interest rates, depreciation, bank margins, linkages, human

development, and capacity improvement. The question of sustainability would be best addressed if locally-developed organisations were duly encouraged and strengthened. It might be easy to think of raising the interest rate by a range of 20 to 30 per cent in order to make credit-oriented self-help programmes sustainable, but, from the poor member's perspective, the programme may be no different, or even worse than the local moneylenders.

Mass Orientation and Replicability

Given the nation-wide base of SFDP, SFCL has an immense potential for mass orientation. From the point of view of both organisational and financial sustainability, it can easily be replicated, especially in areas that are relatively accessible and linked to markets. SFDP is already providing services to over seven per cent of the total small farmers of Nepal. In spite of the slow process of expansion in Dhading due to the experimental and learning processes, almost 50 per cent of the VDCs were covered by the programme within a period of six years. The process can now be rapidly replicated in other areas, and, as a policy, it is recommended that GTZ (and other donor)-financed rural development projects should incorporate SFCL promotion as a major support area.

SBP, BWTP, and SAPPROS have a potential for replication and mass coverage, especially in monetised areas which are linked with markets like the *Terai*. On the other hand, *Swabalamban* has demonstrated the capability of improving the living conditions of the poor and disadvantaged hill people, even in remote and marginal areas where other efforts have failed dismally. Opportunities for replicability are great because of the low cost of programme implementation, but mass orientation is constrained by the limited possibility for training and deploying committed field workers on whom the success of the programme heavily depends.

The speed of expansion or replication appears to be very slow and expensive in the beginning. However, the replication of SFCL is slowly gaining momentum with smaller investments than in the initial phase. Unless a movement to promote self-help organisations is created nationwide, the success of self-help programmes in specific areas may not bring about sufficient impact on poverty alleviation. However, all the cases studied indicate that such programmes definitely contribute, although in small ways, to alleviating poverty.

A Comprehensive vs. a Partial Approach:

The SFCL and the *Swabalamban* programmes could be considered to be 'comprehensive' approaches, because they incorporate almost all the necessary elements discussed in the 'analytical framework', in comparison to the 'partial' approach of the SBP, BWTP, and SAPPROS programmes which focus mainly on providing the poor with access to institutional credit for productive purposes.

Both the SFCL and *Swabalamban* programmes have a great potential for alleviating poverty in a sustainable manner because of their comprehensive approaches, although each has its shortcomings and strengths. SFCL is lacking focus on a poorer groups and social reform measures. *Swabalamban* is lacking access to institutional credit linkages; the small revolving fund provided by the GTZ projects is inadequate to meet the existing high demands for production credit even in the rural hill context. On the other hand, the *Swabalamban* programme has a very effective social awareness and reform component which is contributing significantly to the prevention of unproductive household expenditure. This is likely to contribute more effectively to breaking the persistent cycle of poverty (than, e.g., an exclusive focus on increasing household income) by reducing dependence on moneylenders and emancipating poor households from economic and social bondage. The significant improvements in the economic situation of the *Swabalamban* participants in Dhading and Gorkha, in spite of the limited credit from the programme, is testimony to this.

On the other hand, SBP, BWTP, and SAPPROS are undoubtedly important poverty alleviation programmes that are focussing on income generation. However, the other elements necessary for sustainable poverty alleviation, namely, building organisations and human development, including social reforms, are not adequately addressed. In the case of SAPPROS, members have made efforts to bring about social reforms. Lack of linkages between credit/savings' groups and user groups also appears to be a problem. Thus, these programmes only partially address the issue of poverty alleviation. Their strength, however, lies in their focussed and tested approaches as well as the routinised procedures amenable to quick replication, as has also been demonstrated by the *Grameen* Banks in Nepal.

In spite of the relative advantages and shortcomings of these approaches, the policy implication for rural development projects is really limited. Proven and effective poverty alleviation programmes are few in Nepal, as are promoting agencies, whereas the need is vast. If well coordinated, avoiding possible conflict and competition, both these approaches could conceivably be complementary. For example, the *Swabalamban* programme and the SBP or BWTP or SAPPROS can be complementary — the former concentrating on social mobilisation and the latter on providing institutional finance. A similar complementarity is conceivable between SFCL and SBP/BWTP/SAPPROS or even between SFCL and *Swabalamban*.

Supporting projects should coordinate to avoid differential policies and to promote complementary approaches within their project areas where different self-help promotion programmes are being implemented simultaneously. However, this may not always be possible due to situations beyond the control of the projects, i.e., due to the rural finance policies of HMG, for example, credit channelled through SFCL and BWTP were interest subsidised until 1996 but SBP charges full interest.

The policy of the government to provide interest subsidies on institutional credit to target groups, in spite of its intention of relief for small farmers, had actually become a deterrent

to mobilising local resources generated by the farmers themselves. For example, the group savings of SFCLs mostly remain unused, whereas, in the case of *Swabalamban*, which does not have access to institutional credit, the local savings of the IGs have a seven-fold turnover; the *Swabalamban* fund is growing rapidly and meeting the various emergency and subsistence needs of its members, thereby reducing dependence on local moneylenders. Experience shows that the poor need easy access to credit rather than interest subsidies. This is an area of macro-reform that the government should consider seriously.

It would also be worthwhile for the projects to introduce a serious dialogue with self-help promoting organisations that are following a 'partial' approach to introducing human development and organisational development measures as well, so that their effectiveness could be increased. This, of course, will have to be carried out without jeopardizing the basic thrust of specific programmes. If necessary, incorporation of such measures could also be made a precondition for the project providing support.

Environmental Issues

Concern for environmental degradation and the need for action at the community level are addressed as part of awareness creation and human development measures in the SFCL, *Swabalamban*, and SAPPROS programmes, i.e., through the Non-Formal Education (NFE) courses, support for reforestation, management of community forests, promotion of improved cooking stoves, and the like. These measures are, however, limited. The programmes need to carefully consider the environmental effects in promoting productive activities. This could even be made a condition by the GTZ projects for supporting the programmes. For example, ChFDP has included clauses against environmentally detrimental activities in its guidelines for Savings and Credit programmes, although the same does not seem to have been rigorously followed by the *Swabalamban* or SBP programmes in their loan investment criteria.

Population Dynamics

Population growth nullifies many gains made on the economic front. The effectiveness of poverty alleviation/self-help promotion programmes could be increased if an awareness of population dynamics could be integrated into these programmes. Currently, none of the programmes incorporates direct activities relating to awareness, health, and population control measures. The institutional base created by these programmes in the form of groups and their higher-level organisations could be an important medium for education and programme implementation in this area. Projects supporting these programmes can coordinate and even provide financial support to incorporate population activities as part of the human development measures under self-help promotion.

Indigenous Self-Help Groups

There are many different, indigenous self-help groups operated by different ethnic groups. *Guthi* (religious and social organisation) among the *Newar(s)*, *Dhikuri* (rotating credit associations) among the *Thakali(s)*, *Rodi* (sociocultural associations) among the *Gurung(s)*, *Bheja* (social, economic, and political organisations) among the *Magar(s)*, and *Kipat* (a land tenure system) among the *Limbu(s)* are some examples of popular indigenous self-help organisations. There is a potential to revitalise these and other indigenous self-help organisations to make a substantial contribution to poverty alleviation programmes (Bhattachan 1996).

To summarise, SFCLs have a very mature organisation with an emphasis on credit-savings and community development activities, but they have paid no attention to social reform. There is great potential for mass orientation, replicability, and sustainability. *Swabalamban*, on the other hand, has a very strong human development component, along with an effective primary organisation and potential for replication, but it has no vision of higher-level organisation and no link with institutional credit. Compared to these two programmes, SBP and SAPPROS have evolved organisations and improved access to external resources, but they have paid very little attention to human development. Similarly, BWTP has a very good external linkage with a fledgling but evolving organisation. Those programmes which have given less emphasis to human development and organisation building should make efforts to accord them the high priority they deserve.

Finally, it should be stressed that poverty alleviation efforts through promotion of self-help organisations at the grass roots' level needs concomitant macro-level support if a long-term sustainable development process is to take root. For example, without increasing access and market linkages, potential, local comparative advantages cannot be realised, and there will be a limit to the possibility of growth in local productivity. Similarly, institutional rigidities that limit the access of the poor to services and resources meant for them need to be removed through appropriate policies and legislation. His Majesty's Government of Nepal (HMG-N) and its national, regional, and local bodies should pay special attention to formulation and implementation of pro-poor, macro-economic policies and reforms. Also, HMG, with the support of donors, should create a national fund for poverty alleviation programmes. A clear decentralization policy is another important element in the success of self-help programmes in poverty alleviation.