

# **Empowerment for Poverty Reduction and Human Development**

## **1. Introduction**

Nepal has made some progress in human development over the years. There have been improvements in education, health and other social services, particularly in the last decade. However, the level of human development in Nepal remains among the lowest in the world. This stems basically from narrow based economic growth, inequity and inequality in the distribution of opportunities and resources, and social exclusion. Development outcomes have been inequitable as reflected in gender, caste, ethnic and geographic disparities. Poverty has remained intractable and employment opportunities have become scarce. People's needs have remained unfulfilled, institutions have become extremely weak, and policies have not been pro-poor. A large section of the people continue to remain outside mainstream development. The outbreak of armed violence has exacerbated these problems and the country has moved into deeper crisis unprecedented in the history of modern Nepal.

Past efforts have remained largely unsuccessful in attaining equitable and inclusive development because they have been exclusionary. The governance system has remained non-functional, compounding the failures at the institutional and implementation level. The country is yet to attain success to promote equity and equality, participation and ownership, transparency and accountability, and the efficient use of public resources, all of which are essential to promote good governance. There is a strong association between strong and effective democratic governance and empowerment, and the concerns of the poor can be addressed through empowerment that provides equal opportunities to all, regardless of sex, caste, creed or religion, and ensures equitable access to and control over resources and decision-making processes at different levels.

Empowerment is the process of transforming existing power relations and of gaining greater control over the sources of power, especially by disadvantaged groups and communities. Empowerment builds people's capacity to gain understanding and control personal, social, economic and political forces to act individually as well as collectively to make choices about the way they want to be and do things in their best interest to improve their life situation. This definition captures the spirit of human development, which is defined as 'creating an environment in which people can develop their full potential and lead productive, creative lives in accord with their needs and interests to be able to participate in the life of the community.'

Empowerment is one of the four pillars of human development, which effectively addresses the other three – equity, productivity and sustainability. It is an effective tool for reducing poverty and promoting human development as it creates the necessary conditions that enable the poor to take advantage of poverty reducing opportunities by strengthening their socio-cultural, economic and political capabilities. Empowerment becomes sustainable only in an environment where policies and institutional reforms are complemented by grassroot initiatives to address political, social and economic empowerment simultaneously. To operationalize this approach and help policy-makers to address policy prioritization and resource allocation issues more efficiently and deal with the issues of equity and exclusion more effectively, the human empowerment index has been constructed for the first time in the country by bringing together social, economic and political dimensions of empowerment from a holistic perspective.

## 2. State of Human Development and Empowerment

### 2.1 Human Development Indices

Using the 2001 census and other data sources, the national HDI value is estimated at 0.461. Along with low HDI, Nepal faces the challenge of a significant disparity in the level of human development within and across regions and districts. The HDI in the urban areas (0.581) surpasses the rural areas (0.439) where the majority of the people reside. The HDI is lowest in the Mountains (0.382) followed by the Tarai (0.457) and the Hills (0.492). Likewise the Far-Western and Mid-Western development regions lag far behind the other development regions. There exists considerable inter-region and inter-district disparity in HDI (Table 1) as well. Most of the districts where HDI is below 0.4 are in the Mid-Western and Far Western development regions while no districts from Eastern and Western Development Regions fall in this category.

**Table 1 Classification of Districts by Human Development Status**

Range of HDI Value	Name of districts in ascending order of HDI	No. of districts
HDI score less than 0.35	Mugu, Bajura, Kalikot, Bajhang, Jajarkot, Jumla,	6
HDI score 0.35-0.4	Achham, Dailekh, Humla, Dolpa, Baitadi, Rolpa, Dang, Rukum, Doti, Rasuwa, Mahottari, Rautahat, Salyan, Sarlahi,	14
HDI score 0.4-0.449	Dhanusha, Dhading, Siraha, Sindhupalchok, Pyuthan, Kailali, Dadeldhura, Darchula, Saptari, Kapilbastu, Parsa, Makwanpur, Bardiya, Dolkha, Ramechhap, Banke, Kanchanpur, Gorkha, Nuwakot, Khotang, Sindhuli	21
HDI score 0.450-0.499	Bara, Surkhet, Palpa, Gulmi, Taplejung, Sankhuwasabha, Sunsari, Arghakhanchi, Baglung, Bhojpur, Udayapur, Solukhumbu, Nawalparasi, Okhaldhunga, Mustang, Jhapa, Panchthar, Dhankuta, Lamjung, Chitwan, Myagdi	21
HDI value 0.5-0.549	Rupandehi, Manang, Parbat, Ilam, Kabhepalanchok, Tanahu, Morang, Tehrathum, Syangja	9
HDI value 0.550 & over	Lalitpur, Kaski, Bhaktapur, Kathmandu	4
	Total	75

*Source: Nepal Human Development Report (draft), NPC/UNDP, 2004*

As with HDI, there exists a considerable disparity in the Gender-related Development Index between rural and urban areas and within and across regions. The Gender Empowerment Measure (GEM) (0.391) reveals that women are much less empowered than men in political, economic and professional domains. Women's participation in the political process is only one fifth of that of men. The gap is even wider in professional and administrative jobs.

Human poverty indices in rural areas (45.3) is significantly higher than that of urban areas (25.3). The incidence of human poverty is more pronounced in the mountains followed by the Tarai and Hills. It is heavily concentrated in the Far-Western development region with the Mid-Western Mountain region recording the highest level.

## 2.2 Human Empowerment Index

The Human Empowerment Index (HEI) for Nepal is estimated at 0.459, indicating a low level of empowerment. Among the three dimensions, economic empowerment (0.337) is the lowest and political empowerment the highest (0.646) with social empowerment (0.395) in between. The low level of economic empowerment reflects the low level of income, limited access to productive assets, and lack of gainful employment opportunities. Lack of these opportunities severely limits the scope to use and expand human and social capabilities.

The current level of both economic and social empowerment remains too low to effectively address the overarching goal of poverty reduction on a sustained basis. The existing mismatch between socio-economic and political empowerment also clearly indicates the need for more balanced intervention in all three fronts for sustainable empowerment and poverty reduction. The higher political empowerment is a clear manifestation of the rising expectations of the people.

Urban areas surpass rural areas in terms of all three dimensions of empowerment. Social empowerment in rural areas (0.370) is just 60% of that in the urban area (0.612). Per capita income level (PPP\$) in rural areas is almost half the level in urban areas. The level of human empowerment decreases as we move from the south (Tarai) to the north (mountains). The mountain region lags behind other regions in all the dimensions of empowerment. It has amongst the lowest level of economic empowerment. The HEI of the Tarai is about 32% higher than that of the mountains.

From the empowerment perspective, the Mid-Western development region (0.389) and the Far Western development region (0.395) lag behind other development regions in all dimensions of human empowerment. As such, the 10 districts having the lowest HEI (less than 0.3) fall in these regions (Table 2). The Mid-Western hills and Far-Western Tarai illustrate the typical case of multiple disempowerment where people experience very low status in all three dimensions of empowerment.

**Table 2 Classification of Districts by Human Empowerment Status**

	Range of HEI Value	Name of districts in ascending order of HEI	No. of districts
Low (Below 0.5)	Less than 0.3	Rolpa, Rukum, Doti, Mugu, Dolpa, Humla, Kalikot, Bajura, Bajhang, Jajarkot,	10
	0.3-0.399	Jumla, Baitadi, Achham, Sindhuli, Gorkha, Dailekh, Darchula, Salyan, Ramechhap, Khotang, Manang, Bhojpur, Taplejung, Gulmi, Maygdi, Rautahat	16
	0.4-0.499	Baglung, Pyuthan, Palpa, Dadeldhura, Mahotari, Solukhumbu, Sarlahi, Lamjung, Dhading, Rasuwa, Siraha, Pachthar, Surkhet, Dolakha, Udayapur, Sankhuwasabha, Makawanpur, Okhaldhunga, Argakhachi, Dhanusa, Sindhupalchok, Bara, Mustang, Kapilbastu, Syangja, Kailali, Nuwakot, Tanahu, Illam, Saptari	30
Medium (0.5<HEI<0.7)	0.5-0.599	Parsa, Kavre, Bardiya, Parbat, Dang, Terathum, Rupandehi, Jhapa, Sunsari, Nawalparasi, Dhankuta, Banke, Chitwan, Kanchanpur	14
	0.6-0.699	Morang, Bhaktapur, Kaski, Lalitpur, Kathmandu	5
	Total		75

Source: Nepal Human Development Report (draft), NPC/UNDP, 2004

Again the Mid- and Far-Western mountains are typical regions showing the largest mismatch between the three components of empowerment. While the high political empowerment reflects the rising aspirations of the people, the low level of social and economic empowerment reflects that people have been denied access to expand and utilize their capabilities in the absence of opportunities. Such a large mismatch can be a source of disenchantment among the people leading to conflict in various forms.

As there exists considerable disparity in HEI across districts, there also exists significant differences between HDI and HEI among districts. Some of the districts like Rasuwa, Mahottari, and Sarlahi, which are below 0.4 in HDI are above this level in terms of HEI while others like Myagdi, Bhojpur, and Taplejung, which are above 0.45 in terms of HDI, are below 0.4 in terms of HEI.

### **3. Policy and Institutional Barriers to Empowerment**

Socio-cultural, economic and political empowerment are shaped and influenced by policies and institutions. They evolve overtime along with changes in power and social relations. Good economic policies, participatory democratic systems, access to social and physical infrastructure, and legal services augment the empowerment process by building and strengthening human capabilities and organizational strengths to influence decision-making processes at different levels.

The new democratic constitution of 1990 followed by the commitments of the main political parties were instrumental in raising the aspirations of the people and enhancing political empowerment. But the gaps between expectations and outcomes widened as policies could not generate high quality growth or ensure equitable income distribution and opportunities, and as institutions failed to deliver on the commitments. In the following sections, the policy and institutional initiatives and barriers to empowerment are discussed.

#### **3.1 Social Empowerment**

Nepali society is quite diverse and discriminatory both socially and culturally. Any policy and institutional reform has to be inclusive to ensure that none are left out. Despite many new policy pronouncements and initiatives in the social sector, access of women, disadvantaged indigenous communities and Dalits to both education and health have remained limited due to both supply side (limited physical access and poor quality) and demand side barriers (high perceived cost in relation to foregone benefits). The perceived values of these social services is low due to entrenched socio-cultural norms among certain groups. The education and health services are mostly centrally managed with little participation of the local communities in policy decisions, operations, and monitoring. In the absence of universal and compulsory primary education and health care, the disadvantaged will remain deprived of these services.

#### **3.2 Economic Empowerment**

Macroeconomic policy promoting pro-poor growth empowers the poor by expanding their share in the increased wealth and income. The impact on economic empowerment and poverty depends on the magnitude and quality of growth and its distribution.

Macroeconomic policies have undergone drastic changes from inward to outward orientation to promote high quality growth and reduce poverty. The industrial, trade, foreign exchange, monetary, financial and fiscal regimes have been highly liberalized. Immediately after the introduction of the Agricultural Perspective Plan, the input and output markets in agriculture were

abruptly deregulated. All subsidies, except limited food subsidies to the remote areas, were abolished. The level of development expenditure declined sharply in recent years particularly in the agriculture sector. However, despite deregulation of input/output prices, supply response in the agriculture sector has been poor and the terms of trade have been deteriorating in recent years. Structural impediments in the agrarian system has hindered the response of agriculture to liberalizations and deregulations. Access to quality inputs and services and outreach of poor farmers to institutional credit has declined. Heavy concentration of industrial and trading activities with very low backward linkages have severely limited pro-poor growth.

Although these policy initiatives have brought about a major structural shift in outputs, there has not been any commensurate transformation in employment. The share of agriculture in total output has declined with nearly half of the relative share drop compensated by increases in the value added particularly in the service sector. The composition of exports also reflects the shift in the economic structure with manufacturing exports replacing exports of primary products. However, due to weak backward linkages and concentration on a few products dependant on imported raw materials, the benefits have been primarily limited to the urban business community. Despite expansion in infrastructure services like transport, communication and electricity, both the coverage of these services and affordability for the poor have remained very low.

Policy reforms and new initiatives taken along the line of PRSP have yet to show a visible impact in promoting broad-based economic growth and reducing poverty. And this has resulted in weak linkages between employment, growth, and empowerment of the poor. The rate of decline in the share of agricultural employment is much slower than the rate of decline in agriculture's contribution to the GDP, indicating that agricultural productivity has declined over the years. Employment opportunity is largely confined to the informal sector, which is low paid, low skilled, and lacking of a social security system. Including agriculture, which is largely unorganized and self-employed in nature, the share of the informal sector in employment is as high as 94%. Employment elasticity of growth has remained low. With the existing levels of employment elasticity, economic growth, and sector composition of growth, two-thirds of the new entrants in the labor force are unlikely to be absorbed in the labor market. As lack of employment opportunities inhibits the process of empowerment, a critical development challenge is the creation of new job opportunities and promotion of decent work.

### **3.3 EPolitical Empowerment**

Democracy and freedom are the two main pillars of political empowerment. Only in a democratic environment, the rule of law, transparency, accountability and good governance are strengthened. They are required for improving growth and reducing poverty. In Nepal, institutions are very weak because of pre-existing power relations and structures dictated by the dominant class, which has prevented required transformation of institutions. Weak institutions have magnified external shocks, delayed policy responses, and triggered distributional conflicts.

Despite the Constitution provisioning various institutions for better functioning of the democratic system, institutions could not be developed and made effective in the spirit of the Constitution. Service providers are still non-responsive and discriminatory practices continue unabated. Transparency in government decisions is yet to be established, and an effective and accountable mechanism for handling grievances does not exist. The new Anti-Corruption Act has given more power to the Commission for the Investigation of Abuse of Authority (CIAA). But as corruption is deep rooted in all spectrums of social, economic and political life, behavioral and perceptual change is needed along with institution building and enforcement of punitive measures to achieve visible outcomes in this front.

An autonomous, effective, and efficient judicial system is a pre-requisite for strengthening democracy, human rights and empowering people. But no major reforms were undertaken in the judicial system even after the restoration of democracy. The Parliament could not visualize the urgency of promulgating legislations which could promote human rights, inclusion, and social justice. The Parliament was often marred by the absence of democratic proceedings and practices and consensus was often undermined in the process of majority decision. At times, the Parliament was bypassed in major policy decisions of national importance.

The multi-party democratic political process is best placed among the viable alternatives for empowering people. This requires deepening democracy at the grass root level, at the constitutional organs, and at other state apparatuses. But that also requires democratic practices within political parties, a credible leadership, inclusion policies and good governance. These are critical for deepening democracy. As the electoral system plays a key role to ensure free and fair elections and to strengthen democracy, reforms in the electoral process are equally important. But most of them are yet to be done. Moreover, despite high voter turnout, the democratic process continues to exclude representation of socio-economically disadvantaged groups in Parliament and local bodies.

Some initiatives to form watchdog and protection bodies have been taken with the creation of the National Human Rights, Dalit, Indigenous People and Women's Commissions. But they lack adequate authority, and thus enforcement continues to be weak. Various legal and other initiatives were taken to strengthen democratic process at the local level. The Local Self-Governance Act (LSGA) enacted in 1999 provides certain authority to the local bodies to enhance the decentralization process. The LSGA conflicts with about two dozen other acts however, which is yet to be addressed. There has not been a serious attempt to implement fiscal decentralization and the current absence of elected representatives at the local level enables this process. Local governments lack the legal power to coordinate and supervise all the local level programs. There are no clear-cut modules for full-fledged participation of beneficiaries and no institutional provisions to ensure the representation of the socially excluded in local governance.

### **3.4 Institutional Failure and Violent Conflict**

Institutional failure can be attributed mainly to the inadequacy of proper legal, regulatory and administrative frameworks and lack of accountability at all levels of government. The orthodox parliamentary practices adopted in Nepal after 1990 overlooked the exclusionary social structure of our society. No urgency was felt to formulate inclusive economic and social policies or constitutional reform. Deep rooted social cleavages in terms of caste, ethnicity, gender, regional, cultural, linguistic and religious forms of discrimination continued to persist. As a result, continued socio-political marginalization of the deprived sections perpetuated at a time when political awareness among the disadvantaged was increasing. Such diverging trends gradually started fuelling social contradictions in the existing discriminatory society.

The top down development paradigm overwhelmed with narrow based growth policies widened income inequalities and sharpened distributional conflict. Rising unemployment and poverty created frustration among the youth and deprived classes. Political instability characterized by inner-party struggle, split of political parties and hung parliaments was inimical to address the rising social contradictions, as more time was spent on consolidating position within the party and balancing power. Maoists took advantage of the situation to expand their network. Revivalist elements also took advantage of the situation to weaken the democratic system. Inability to democratize the security apparatus also slowed the process of transforming power relations. Unfulfilled commitments together with problems in inter-party and intra-party co-ordination further weakened the democratic system. The deterioration in the functioning of a democratic government was used by the Maoists to intensify their violent conflict. As a result, the declared mid-term election had to be postponed. This generated a constitutional crisis and led to a further weakening of democratic process. All these events have undermined initiatives towards building democratic institutions, implementing proper policies and empowering people. Without political

reconciliation to strengthen the democratic system and ensure peace or the formulation of an elected government at the central and local levels, it will be difficult to enhance the capacity of the state to implement pro-poor policies and programs and to make institutions work for the poor people.

#### **4 The Disadvantaged Groups**

In Nepal, disadvantaged groups include women, indigenous people, and the Dalits, who have consistently been left out of mainstream development throughout history. People with disabilities and children also fall within the disadvantaged groups.

##### **4.1 Women**

A patriarchal society is prevalent in most castes and ethnic groups. Even within the women's group, Dalit women are more disadvantaged. The empowerment levels of women are intricately linked with the gendered division of labor. Their roles and responsibilities are influenced by factors such as household composition (extended/joint, nuclear and female-headed families) and migration of male members. Conflict has further accentuated their misery as many women have either become widowed or are compelled to bear the family responsibility amidst poverty and drudgery.

The Constitution provides non-discrimination and equality as fundamental rights. Nepal has reaffirmed its commitments on the Beijing Declaration to work for equal rights and inherent human dignity of women, as well as to implement the platform for action. However the country's traditional and cultural values and state laws are still discriminatory against women. The Tenth Plan has for the first time included gender and human rights as cross-cutting as well as sectoral issues. Various programs have been implemented to promote gender equality and enhance human and social capabilities. Yet women continue to face discrimination in social, economic and political domains.

In spite of significant gains in female literacy, women lag far behind men in literacy and educational attainment. Participation of girls in school decreases as they get older with lower enrolment in secondary and higher education. The maternal mortality rate (MMR) of Nepali women is among the highest in the world. Four-fifths of women of childbearing age are anaemic. Women have limited access to and control over resources with only 5% of households reporting female ownership of land. Their access to credit is limited because financial institutions do not lend without collateral. Most women workers are confined in self-employed, unpaid and low wage informal sector activities with few job opportunities in the formal sector. About 73% of economically active women are engaged in agriculture against 60% for men. Outside agriculture also, more women are engaged in informal sector jobs than men and are working at the lower skill level and at exploitative working condition. Women occupy less than 8% of the civil service positions. They face discrimination in the labor market in the forms of discriminatory wage rates, legal discrimination, sexual harassment at work, and exploitative and unsafe working conditions. An increasing number of women candidates have stood for elections to the House of Representatives, but elected women members made up less than 6% in the dissolved House of Representatives.

##### **4.2. Dalits**

The Dalits comprise 12.9% of the total population (2.9 million) in which *Kamis* are the largest group (30%) and *Halkhors* (0.12%) the smallest. Caste division and practice of untouchability have been a social phenomenon as discriminatory practices against the Dalits has continued unabated under the feudal political system for centuries.

The Country Code of 1963 prohibits all forms of discrimination against the Dalits. But in practice, untouchability still exists as a pervasive socio-cultural phenomenon preventing entry into temples

and monasteries, and denying access to village water sources. The constitution unequivocally prohibiting caste-based discrimination has created a popular basis for the emancipation of this community. The welfare of the Dalits attracted the attention of government and non-government organizations and donor agencies only after 1990. There have been various initiatives since then to mainstream the Dalits in the national development process like with the formation of the National Dalit Commission and the establishment of the Dalit NGO Federation with its regional offices to coordinate Dalit welfare activities at the regional level.

In spite of these initiatives, there has not been much progress in addressing the problems of the Dalits. Constitutional provisions have not been realized in practice because of the failure to introduce and enforce legislative instruments in the spirit of the Constitution. Dalits have very limited access to socio-economic opportunities to improve their life situation. The educational attainment and health status of Dalits is among the lowest in the country. They have very little access to or control over resources with about 15% of the hill Dalits and 44% of the Tarai Dalits without any land. There are indications of increasing landlessness among the Dalits. The Dalits also have little control over community resources because of their limited participation and weak power to influence decision-making. They have been excluded in the administrative and political structure of the country and mostly depend on wage labour for their livelihood. Limited access to credit facilities for income generating activities and self-employment and inadequate state interventions have impeded the economic empowerment of Dalits.

### **4.3 Indigenous People**

Indigenous people comprise 37.2% of the total population. The process of cultural and monolingual homogenization after the unification of Nepal resulted in the loss of cultural diversity of the indigenous people, as some ethnic groups have often voiced. At times, even state policies have restricted the empowerment of this group. Some positive initiatives like the National Committee for Development of Nationalities have been taken since 1991 to empower the indigenous peoples. The National Foundation for Development of Indigenous Nationalities Act, 2002 has been enacted with the overall objective of building an equitable society through the upliftment of indigenous nationalities. Similarly, the Tenth Plan has framed a broad range of policies and strategies relating to the development of indigenous peoples to improve their access to development opportunities.

The indigenous community is quite heterogenous with some groups well-off and highly empowered while others are extremely disempowered. The adult literacy rates of 13 indigenous group<sup>1</sup> in 2001 was above the national average (53.3%) with the other 30 indigenous groups below, ranging from 23% to 49%. The health and sanitary condition of some indigenous groups is very poor making them vulnerable to communicable diseases and other health hazard<sup>2</sup>. More than 50% of Santhal, Jhangad, Kishan, Munda, Raute, and Kusunda are landless (CBS, 2003). Being landless, they have no access to other resources. Almost 80% of the indigenous peoples are marginal cultivators (having <1 acre land) or small cultivators (having 1-2 acres land), experiencing food insecurity. A large proportion of the indigenous population are wage laborers and some like Raute, Kushbadiya, Bankariya, Kusunda, Chepang, Hayu still depend on foraging and shifting cultivation with a few in pastoral occupation.

Representation of indigenous people in the House of Representatives is 17%, while their share in state bureaucracy and judiciary is less than 3%. For a holistic empowerment outcome, the most disempowered groups within the indigenous people have to be rapidly integrated in mainstream development efforts.

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<sup>1</sup> Thakali, Byasi, Hyolmo, Newar, Gurung, Limbu, Yakkha, Darai, Chhantel, Jirel, Dura, Rai and Magar

<sup>2</sup> Over 85 percent of Jhangad, Ganagai, Dhanuk, Santhal, Danuwar, Rajbansi, Tharu households and 60 to 85 per cent households of 12 indigenous groups have no toilet facilities.

#### **4.4 Other Disadvantaged Group**

People with disabilities comprise 1.63% (0.37 million) of the total population as per the census of 2001, although this seems to be an underestimation when looking at global trends. This group faces discrimination in all communities, particularly in rural areas. Even family members tend to neglect their basic needs. Social stigma, illiteracy, poverty, humiliation, lack of awareness and information has resulted in the exclusion of the disabled. HMG has promulgated the Disabled Protection and Welfare Act 1982 but this has not been effectively implemented even after the rules were made to implement the Act in 1994. Various other policy and program initiatives have been undertaken but implementation has been poor.

Poverty has made children highly vulnerable and conflict has exacerbated that vulnerability. Worst forms of child labour, trafficking, sexual abuse, and engagement in conflict have put children at great risk. Some 127 thousand are engaged in the worst forms of child labour and about 2.6 million are engaged in different types of work for their own survival and family subsistence. A majority of child labour is working in extremely difficult circumstances and most lack any protection and are denied an education. There is a growing consensus that the worst form of child labour should be abolished through a progressive elimination process.

Commercial sexual exploitation of children has become a critical issue in Nepali society. Every year between 1000 and 1400 children under 16 are trafficked to different Indian cities for this purpose. According to estimates, there are about 5 thousand commercial sex workers in Kathmandu and more than 20% of those are children under the age of 18. Children are also reported to be inducted in the armed conflict by the Maoists in spite of the ban imposed by international conventions.

Despite Nepal's commitments to several international, regional and national human rights instruments to protect children's rights, innumerable Nepali children are being deprived of their fundamental rights. Due to the lack of active political willingness, good quality human resources and institutional building processes, most of the commitments made by the Government have not materialised in practice.

### **5 Social Mobilization for Empowerment**

Social mobilization is a catalyzing process by which people living in a community are organized into groups to share and discuss problems, seek solutions by mobilizing their own and outside resources, and become more active participants in decision-making processes that affect their lives as individuals, households and communities.

The changes of 1990 brought momentum to social mobilization. The NGOs, a major catalyzing force in social mobilization, have worked on diverse themes, from poverty reduction to child welfare, health services, handicapped and disabled services to women and youth empowerment, girls trafficking prevention, and control of HIV/AIDS and drug abuse proliferation.

Social mobilization has largely enhanced access for the poor and disadvantaged people to resources and opportunities. The flow of micro-credit through the socially mobilized communities (SMCs) has filled the resource needs of the poor people, albeit at a modest level. Mobilizing the poorest of the poor and ensuring their access to financial resources through micro-credit institutions is still a major challenge. That the formal banking system is still out of reach of most of the SMCs is a major impediment to income earning opportunities and empowerment as the link between the formal financial institutions and the informal SMCs is yet to be established. In the absence of effective outreach of the formal banking sector, SMCs serve as a source of financial anchoring to a large section of the population. The expectations raised by most social mobilization processes are quite high in relation to what could be achieved by SMCs in a short period of time. The high level of awareness and expectations without complementary economic programmes supported by marketing linkages has led to disenchantment among group members.

Resource back up is necessary for the sustainability of this effort and the resources invested in social mobilization.

While social mobilization processes in Nepal are playing important socio-political roles through greater inter-ethnic and inter-communal interactions, problems of exclusion persist. One expected risk inherent in SMCs is that they simply reproduce the power structures and relations of existing communities, with most SMCs dominated by middle income, high caste groups. While some SMCs are targeted, others are holistic. Evidence shows that targeted programs are often unsustainable, leading to tensions within the community. There is little evidence showing inbuilt targeted programs within holistic programs to address the problem of social exclusion and tension within the community. This is why disadvantaged groups are still excluded from SMCs. The horizontal and vertical growth of SMCs has not taken place fully to cover the entire country. At full maturity, the horizontal and vertical linkages of SMCs and formal institutions could generate a scenario where people's development aspirations get reflected both at the local and national level.

In the absence of well planned exit strategies such as maturity, legitimacy, institutionalization of participatory impact monitoring, or localization of MDGs, there is a real danger that SMCs are unlikely to be sustainable.

From a policy perspective, the main challenge is how to replicate and upgrade the more successful practice models to ensure that the scale of intervention matches the scale of the problem of SM outreach. Although some donor supported social mobilization programmes are thinly spread over districts and are at best a partial solution due to its limited impact, they have provided a motherboard to which various other focused vertical programs can be uploaded to provide service at low (or even zero) marginal cost. The challenge remains in upgrading such vertical initiatives through effective partnerships at different levels.

The current conflict has not only eroded the social capital that existed in communities but has also severely disrupted community relationships. Indigenous forms of social networks and institutions, which glued the society together, are divided, causing the decline of both binding (relations within communities) and bridging (links between communities) social capital. Though some SMCs have become inactive due to the conflict, the ongoing process of social mobilization in many districts has also helped to discourage people from joining the insurgency. While "proper" social mobilization efforts seem difficult to foster in the absence of peace, there is a necessity to preserve whatever components of SMCs can be sustained, while minimizing the loss of innocent lives and property caught in the middle.

## **6 Key Messages and Reform Agenda for Dynamic Transformation**

The key messages emerging from the above analysis and the reform agenda include the followings:

- ✍✍ Radical, deeper and faster social, economic and political transformation to develop a democratic, rights based, equitable and non exclusionary society is a prerequisite for empowerment of the poor and disadvantaged.
- ✍✍ Reforms and democratization in state institutions, including constitutional organs, bureaucratic structures, and the security apparatus have to be made through special constitutional provisions. The separation of power and accountability at all levels has to be ensured through constitutional means.
- ✍✍ Commissions on human rights, women, Dalits and indigenous peoples have to be made constitutional bodies with enforcement mechanisms institutionalized at the local level.

- ✍✍ Democratization of political institutions is absolutely essential for good governance and a fair representative system.
- ✍✍ Wide disparities and exclusionary practices have to be corrected by making existing institutions inclusive and creating new ones for the consolidation of democratic and socio-economic transformations.
- ✍✍ Mismatch between social, economic and political empowerment, even at low levels, has to be addressed to prevent conflict and make the empowerment process sustainable.
- ✍✍ Qualitative empowerment can be quantitatively measured or approximated as is done with human development, through the construction of an appropriate index. This can be applied as a more powerful tool to identify the areas of concentrated poverty for devising appropriate intervention and monitoring outcomes.
- ✍✍ HEI is a more powerful index than the HDI, particularly at the lower end of the development scale, where poverty is concentrated. This provides policy signals as to what kinds and scale of social, economic and political interventions are essential to reduce disparities at the local level.
- ✍✍ For empowerment of the poor and disadvantaged, entrenched socio-cultural, economic and political discriminations have to be addressed through the evolution and enforcement of specific laws, policies, and institutions.
- ✍✍ The existing intra and inter-sectoral policy asymmetries have to be corrected to protect the vulnerable and to prevent policy and institutional failures.
- ✍✍ Equitable access to and control over resources at different levels is key to the creation of an enabling environment for empowerment and poverty reduction.
- ✍✍ Wide, meaningful and active representation and participation in decision-making processes at different levels is required for deepening multi-party democracy and enhancing the well-being of the poor and disadvantaged people.
- ✍✍ Participatory policies and institutional reforms at the meso level are critical to establish macro-micro linkages essential for broad-based growth, poverty reduction, empowerment and human development.
- ✍✍ Devolution of authority, capacity building and accountability to the local bodies in adherence to the principle of local self-governance is the most effective instrument for consolidating the varied aspirations of the people for their empowerment.
- ✍✍ Broad-based social mobilization with strong resource back up and partnership with local government bodies can make the delivery of services of the local organizations more effective and empower the community.
- ✍✍ The marginalized and disadvantaged people are almost invariably the losers in the reform process unless adequate social protection system is in place.

## **7 Implication for the Donors**

- ✍✍ As achieving social, economic, and environmental goals and targets set under MDGs would strongly serve for empowerment and human development, donors have to play a more supportive and coordinated role to ensure that the MDGs are achieved and need to harmonize their assistance within the framework of the MDGs and the PRSP.

- ✍✍ Aid restructuring and reorientation might also be needed for ensuring better outcomes from donor supported programmes in terms of inclusive growth and social development.
- ✍✍ Empowerment programmes and activities need higher level of financing as well, along with technical support for capacity building. This calls for higher level of external resource mobilization, along with internal, and extension of external technical support.