

# EMPOWERING RURAL PRODUCERS IN COMMERCIAL AGRICULTURE (EPIC): NEPAL



## PARTICIPATORY CONTEXT ANALYSIS SUMMARY REPORT GADHAWA RURAL MUNICIPALITY-5, DANG

JUNE 2020



## Introduction:

EPIC Nepal<sup>1</sup> aims for more sustainable and locally beneficial investments in commercial agriculture. The work in Nepal is based on a notion that any transition to such a context, requires social transformation derived through action in three areas: enabling and empowering communities; mass conscientisation / public opinion; and policy and governance. For this, EPIC project will engage with key policies shaping commercial agriculture and develop practical approaches to securing access to land and markets on more equitable terms; as well as generating evidence to further inform policy and practice. It has four major result areas namely: i) Grassroots empowerment, ii) Agricultural entrepreneurship model development, iii) Policy advocacy, & iv) Knowledge generation and dissemination. It is through activities in these areas that EPIC aims to empower small-scale producers, landless & marginalized communities to influence public decision-making and negotiate with private sector actors for policies and practices that meet their commercial agriculture needs.

‘Participatory context analysis’ is a crucial part of EPIC interventions in Nepal. It establishes the baseline and carves out the implementation strategy. The analysis involves an in-depth study of the current status of land, agriculture, and cooperatives of the working area. The participatory approach makes the analysis the start of the engaging, empowerment and organising process. The process was lead by the local team of Gadhawa Rural Municipality, with support from social mobilizers and learning centre facilitators for data collection and organizing focus group discussions. Likewise, the members of learning Centers and cooperatives also effectively participated in the context analysis process identifying key areas for EPIC interventions. Here, inception and finding sharing meetings were also carried out with local government representatives for including their views & inputs in the process.

CSRC facilitated local-level participatory context analyses in Gadhawa Rural Municipality- ward no 5, Sabaila Municipality ward no -13 and Gauradaha Municipality of ward no-4, 5, & 6 of Dang, Dhanusha and Jhapa districts (respectively) during 2019.

This report presents a summary of the analysis carried out in Gadhawa Rural Municipality-5, of Dang district, including the methodology, key findings, opportunities and proposed implementation strategy.

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<sup>1</sup> EPIC Nepal is a consortium project being implemented by Community Self Reliance Centre (CSRC) and Nepal Agricultural Co-operative Central Federation Ltd in technical partnership of International Institute for Environment and Development (IIED) in Gauradaha Municipality-4,5&6, Sabaila Municipality-13, and Gadhawa Rural Municipality of Jhapa, Dhanusha and Dang districts.

## Objectives:

The objectives of the participatory context analysis are as follows;

- Study the current status of land and agricultural in relation to agricultural value chains of the area.
- Analyze land use scenarios of the ward through social and resource maps of 19 Settlements (*Tole*).
- Collect demographic information of the ward through household-survey.
- Assess the current issues, challenges and opportunities regarding agriculture and market of the area.

## Methodology:

The methodology adopted by CSRC for conducting the participatory context analysis is as follows:

- a) **Community/Enumerators Orientation:** Firstly, orientation sessions were conducted with local communities on the purpose and process of the context analysis. Training and a mock test was then provided to enumerators.
- b) **Coordination and Collaboration:** Regular communication and collaboration with local government ensured good coordination and validation of data.
- c) **Information Collection:** Participatory tools like tree analysis, issue ranking, and household survey were used to collect information.
- d) **Data Analysis:** Qualitative data was collected through focus group discussions with the community. Whilst, the quantitative data was analyzed using excel.
- e) **Draft Report Preparation:** A draft report was prepared based on the data collected and the analysis.
- f) **Finding Sharing Workshop:** A finding sharing workshop was conducted with local government to collect their feedback and inputs on the draft report.
- g) **Report Publication and Dissemination:** A final report of the context analysis, incorporating feedback and inputs from key stakeholders, will be published and disseminated to wider audiences.

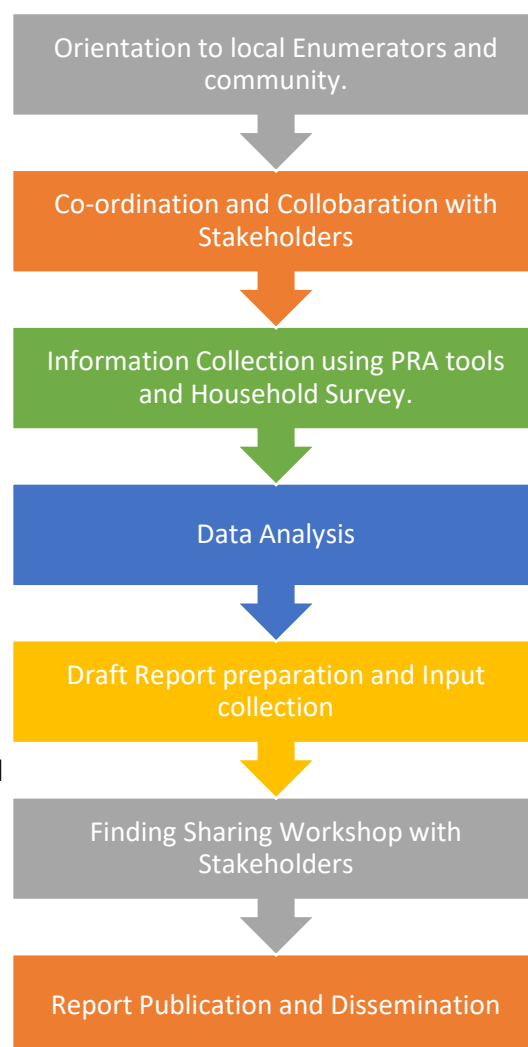


Figure 1: Methodology of Participatory Context Analysis.

**Key Data:** The key data obtained through the household survey are as follows:

Total HH's: <b>1349 HH's</b>							
Total Population: <b>5909</b>	Female <b>2925</b>			Male <b>2984</b>			
Caste/Ethnicity: (HH's)	Tharu <b>868</b>	Hill BC <sup>2</sup> <b>223</b>	Yadav <b>116</b>	Dalits <b>90</b>	Hill Indigenous <b>29</b>	Muslim <b>15</b>	Others <sup>3</sup> <b>7</b>
Total Area: <b>530.57 Hectares</b>							
Settlement Details: HH's	Own land <b>961</b>	Tenancy land <b>12</b>	Village Block <b>1</b>	Others land <b>10</b>		Unregistered land <b>220</b>	Forest <b>145</b>
Women Land ownership <sup>4</sup> : HH's	Yes <b>265</b>			No <b>1084</b>			
Food self-sufficiency <sup>5</sup> : HH's	No production <b>150</b>		1-3 Months <b>174</b>		3-6 Months <b>135</b>	6-9 Months <b>72</b>	Whole Year <b>818</b>
Farming type <sup>6</sup> ( <i>more than one selected</i> ): HH's	Food production <sup>7</sup> <b>1145</b>	Livestock rearing <b>458</b>	Fish Farming <b>3</b>	Vegetable Farming <b>458</b>	Commercial farming <sup>8</sup> <b>3</b>	Other farming <b>3</b>	
Members of Cooperative: HH's	Yes <b>113</b>			No <b>1236</b>			
Presence of Market <sup>9</sup> : HH's	Yes <b>1179</b>				No <b>170</b>		
Selling surplus produce: HH's	Food <b>343</b>	Paddy <b>256</b>	Wheat <b>147</b>	Maize <b>121</b>	Vegetables <b>121</b>		

<sup>2</sup> Hill Brahmin/Chhetri

<sup>3</sup> Giri,puri, Dasnami

<sup>4</sup> Number of households having either land or house ownership certificate in name of female members of the household. This can include both female only and joint ownership certificates.

<sup>5</sup> Number of households producing own food for the given number of months.

<sup>6</sup> Number of households engaged in the different farming types

<sup>7</sup> Includes most produce used by Nepali as a staple diet like paddy, wheat, maize, barley and others.

<sup>8</sup> Farming done specifically with the purpose of selling their products in the market.

<sup>9</sup> Market for exchanging or selling produce reachable within one hour.



## Major Issues:

The major issues identified by the participatory context analysis are as follows;

- **Landless families:** 27.05 % of the HH's reside on unregistered government land and forests. These HH's do not have a piece of land to call their own.
- **Share Cropping:** Rather than leasing out land landlords opt for sharecropping. Under this system, the sharecropper pays all the irrigation, labor and seed costs. As a result, farmers are opting out of this arrangement. Consequently, arable land is left barren and people are forced to migrate abroad in search of employment.
- **Tenancy:** Nepal Government has legally abolished the dual land ownership system in the country. According to the Land Act, any land that has a tenant must be equally divided between landlords and tenants. However, 12 tenant farmers of Gadhawa-5 have still not received legal ownership certificate of their land.
- **Microfinance Cycle:** 58.12% of the HH's are members of more than two microfinance institutions, and admit to have taken loans from them and are unable to payback.<sup>10</sup>
- **Flooding of Rapti:** The annual flooding of the Rapti river has resulted in many families being made homeless. The Government has not taken any significant steps for mitigating this risk.
- **Drinking water:** 15.86% of the HH's depend on communal and neighbor's tube wells. Mostly these sources are contaminated with arsenic. The government has initiated a drinking water project with support from the provincial government.
- **Irrigation:** 39.44% of the HH's do farming on unregistered land where irrigation from the canals is not provided by the landlords.
- **Temporary Ownership certificates:** Around 80 HH's have temporary ownership certificates distributed by different landless and squatter's management commission that have since been dissolved by government. Communities are afraid of eviction from these areas by the local government.
- **Limited Market/ Unfair price:** The lack of haat-bajar and weak producer organizations means that producers are compelled to sell their products to intermediary traders at the traders' stated price resulting in many farmers disengaging from vegetable farming as a whole and the youth opting for working as a migrant labor.

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<sup>10</sup> A serious situation of indebtedness was studied during the context analysis whereby families who have taken loans from the microfinance institutions but are unable to pay them back have left their village to avoid paying back the loans. As loans are often taken as a group (as a safety net for the lender), indebted borrowers leaving the village is not only problematic for the individuals fleeing but the remaining members are responsible for the full repayment thereby pushing others into further debt.

## Key-findings and Opportunities:

- i. **General Information:** Agriculture is the major occupation of Gadhawa Rural Municipality ward-5 with 47.06% of the population adopting it. Around 9% of the population works in India and other abroad countries as migrant workers. In terms of residency, 50.85% of the population resides in temporary<sup>11</sup> houses. Drinking water is another major issue of the ward, 15.86% of the HH's depend on communal and neighbor's tube wells for fulfilling their daily water needs. With abundance of forest and other natural resources, firewood is the major source of fuel for cooking for 78.29% HH's. While in terms of sanitation and hygiene 7.49% of the HH's lack toilets.
- ii. **Land:** 27.05 % of HH's reside on unregistered government land (including forest land). 39.44% of the HH's farm on unregistered land, with no land to call their own. 150HH's do not produce anything due to not owning any land. The ward has an area of 530.57 Hectares made mostly of fertile arable land. This includes a huge area of river bed land, about 133.34 hectares of which is being used by farmers. A further 10 hectares of river bed land in Lokharpur could be used by small-scale producers of the area. A majority of the brahmin/chettri landlords live outside Gadhawa. Rather than providing their land in lease, these landlords promote sharecropping. As a sharecropper has to pay all the irrigation, labor and seeds charges, farmers are opting out of the sharecropping practice.

### **Opportunities identified;**

- A specific land and agriculture act of the rural municipality focusing on establishing market linkages, ensuring farmers fair price, and promotion of local products can be endorsed by the Rural Municipality, as a key strategy towards becoming self-reliant in agri-production. This act will be mostly focused on strengthening the small-scale producers that are engaged in commercial agriculture.
- The river bed land can be utilized for Watermelon, Peanuts, Cucumbers and other off-seasonal farming by the small-scale producers and the landless communities of the Ward.
- A campaign could be initiated through the learning centers in coordination with ward office, to promote a move from sharecropping to lease farming of lands left barren by landlords benefitting small-scale producers.
- The government is required by law (*Land Act, 8th Amendment September 2018*) to identify a permanent solution for the 27.05% of HH's living on unregistered lands.
- Community forests could be used for producing medicinal herbs, shrubs, and honey for both nearby Nepali and Indian markets.

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<sup>11</sup> House with mud wall and Hay roof.

- iii. **Agriculture:** 47.06 % of the population depend on agriculture for their livelihood. 1100 HH's are engaged in food production. Approximately 75% of these households sell their surplus produce. While, only 3 HH's reported to be engaged in production solely for the purpose of selling. 14 villages lack irrigation facilities. The annual tax of Rs 2000 for the irrigation canal has led to more than 5 hectares of land being left barren by the farmers. This has hampered overall agricultural production in the ward. The Rural Municipality has allocated Rs 40 lakhs for the agricultural sector in the fiscal year of 2076/77. But, the majority of this budget has been allocated to road construction rather than support to small-scale producers of the area.

***Opportunities to strengthen producers' position in commercial agriculture are as follows;***

- A total of around 300 hectares of arable land is present in the ward. Plot farming, whereby each plot produces different products for market to maximize prices and avoid oversupply/gluts, could be explored.
- Establishing communities' access to the Grasslands within community forests would mean that animal husbandry and dairy production can flourish in the area.
- The wards have 2 ponds, with the Rapti river flowing through the Rural Municipality. Fish farming has a potential to be an export item from the ward.
- The effective utilization of rural municipality budget in market establishment can make the ward a hub for agricultural, fish and animal trade.

- iv. **Co-operative and market:** 91.62% of HH's are not member of Manjari SFACL. 58.12% of the HH's are members of more than two microfinances, admitting to have taken loans from these agencies and are unable to payback. This is both an opportunity and challenge for the SFACL. Among the 19 settlements, 10 of them are located near community forests. Out of the 1100 HH's reported to be engaged in food production only 343 reported to sell in market. In the household survey, 87.39% of the HH's reported to have a market or access to traders present for selling their productions. However, all the producers reported that the closure of one and only haat-bajar of the Rural Municipality due to the construction of the Rural Municipality administrative building have adversely hampered the market scenario. Now, these producers are left with only two viable options. One either to sell their produce through door to door marketing or sell their products to intermediary traders for selling. In both of the options the producers do not get fair price for their products.

***Opportunities to strengthen the Manjari SFACL and agricultural markets are as follows;***

- Manjari SFACL needs to diversify their funds in to animal husbandry and fish farming sector for better economic empowerment of small-scale producers.
- Specific monitoring and evaluation programmes by Manjari SFACL management team needs to be regularized.

- Marketing needs to be prioritized in the annual plan of Manjari SFACL. Collection centers and outlets need to be established for ensuring farmers price of their products.
  - Members of the Manjari SFACL can be empowered to become individual collectors, and act as a linkage between producers and market.
- v. **Government linkage:** Only 5.04 % of the household reported to receive any kind of support from the government. Likewise, 97.26 % of the HH's reported to have not received any kind support from the local government agriculture and livestock department. This data showcases a gap between the service provider and rights holders. EPIC through its learning centers can act as a bridge between these two linking the programmes of the government to the real target groups by empowering and capacitating the small-scale producers to articulate & claim their rights.



“Figure 2: Small-Scale producers of Gadhwara-5, harvesting their agro-produces.



## Recommendations:

Recommendations for local government, EPIC, and the Cooperative by the participatory context analysis team include;

- i. **Formulation of Land & Agriculture Act:** EPIC can support Gadhawa Rural Municipality to formulate the context based land use policy as mandated by the Land Use Act 2018. The findings of the context analysis report can also be used for the process.
- ii. **Agriculture Budget and Programmes:** Gadhawa Rural Municipality needs to prioritize agricultural budget in its annual plan and programmes. Specific focus needs to be provided for improvement and construction of irrigation canals. The learning center groups through EPIC facilitation can lead these agencies to submit application and demands letters to the Rural Municipality. As per the context mapping the small-scale producers with effective irrigation support can do production of both seasonal & off-seasonal vegetables in the area. This will also boost commercial farming in the area.
- iii. **Diversification of agriculture:** Agricultural diversification is required. With huge area of forest and grasslands present, livestock rearing and diary productions have high possibility in the area. For this, programmes like livestock insurance, technical inputs and grants for high quality livestock needs to be provided by the Rural Municipality.
- iv. **Market Strengthening:** Communities engaged in commercial farming have been demotivated due to lack of market. The cooperative needs to establish collection centers and establish linkages with traders to directly sell the produces. EPIC can provide support for establishing these outlets/markets. Manjari SFACL needs to develop and adopt a tailored marketing strategy. Likewise, NACCFL through its national cooperative linkages can replicate similar process to develop tailored marketing strategies of other SFACL's as well.
- v. **Agro-Technical Support:** Gadhawa-5 is hub for commercial agriculture in the Rural Municipality. However, the required technical support has not been received. So, the Rural Municipality needs to initiate agriculture support system for producers to share their problem and receive technical advice.
- vi. **Joint Intervention Programmes:** EPIC is focusing on establishing alternative entrepreneurship models. A joint intervention with the Rural Municipality for turmeric, ginger, and other herbs farming can turn the ward in a pocket area of producing such herbs. As the government is also providing grants & support for such programmes, it has huge potentiality for becoming a commercial good of export from the Rural Municipality.

## Strategy for action:

Based on the findings, EPIC Nepal team has developed following strategies:

- **Cooperative marketing and Frontline leader empowerment:** Empowering Manjari SFACL to develop a cooperative marketing strategy including establishing the cooperative as a collection centres and acting as a link between producers and market. Likewise, EPIC can capacitate front line cooperative leaders through trainings and strategies to replace the intermediary traders and act as a linkage between producers and the market.
- **Value chain development:** Promoting value chain development like buy back agreements, and market linkage at central level. This will be implemented after the research report on value chain development is finalized.
- **Utilization of fallow land:** Initiate dialogues and establish entrepreneurship models through utilization of unregistered and fallow land (river-bed land) in working area
- **Policy level engagement:** Policy Engagement with law-makers at all three tiers of government to ratify pro small-scale producer's laws, acts, and provisions.
- **Synergy:** Establishing synergy with other organizations working on issues relating to land and agriculture for collaborations and potential upscaling to other areas.
- **Learning center strengthening:** Land and Agriculture Learning Centers established in the area can be an information focal point for sharing of governmental news & programmes strengthening the linkages between community and local government.
- **Land and agriculture campaign:** In coordination with National, Provincial, District and Village Land Rights Forum campaign to ensure the rights of small-scale producers and landless over access of land are secured from local to National level.
- **Knowledge Generation:** EPIC is an action research oriented project. Through its ground level interventions, the project will conduct micro researches and document and disseminate information on the development of tools specifically focused on empowering small-scale producers to strengthen their position in value chains at the end of project period.