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TRIANGLEN AND ASK PROGRAM EVALUATION

10 YEARS OF THE CORE FUNDING
PROGRAM

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Abbreviations and explanations

Core Funding program: Landsbystøtten in Danish. The contribution of 5,000 DKK from private donors in Denmark to a village in Nepal.

Local Democracy project: A Trianglen/ASK project with the aim to empower village communities to engage with the local authorities for better development in their area.

Municipality: New administrative unit introduced during the organizational restructuring of Nepal in 2017. The municipality has the primary responsibility for development of the villages.

NPR: Nepalese rupee (1 DKK = 17 NPR)

ODF: Open Defecation Free (zone)

RTI: Right to information (act). Part of the Local Democracy project that seeks to enhance villagers' knowledge of the act that enables them to hold their politicians accountable.

SLP/Settlement Level Planning: A process for the villages to apply for funding through the local government. Part of the Local Democracy project is to prepare villagers to participate in this process.

Social Audit: Another component of the Local Democracy project to seeks to enhance villagers' knowledge on the yearly social audits held by the municipality and to prepare villagers to participate in the local government audits.

TAPE: Triangle and ASK Programs Evaluation (this report)

Village Committee: The committee established in each village at the onset of the Core Funding program.

Ward: The smallest administrative unit after the organizational restructuring of Nepal in 2017.

1. Introduction

Over the last ten years, private donors in Denmark have supported villages in rural parts of Nepal with donations of 5,000 DKK through Trianglen's Core Funding program. In the fall of 2019, Trianglen engaged two global development students from the University of Copenhagen, Mette and James, in an internship with the goal to evaluate this program.

The Trianglen and ASK Programs Evaluation (hereafter TAPE) has three objectives:

1. Measure the long-term economic results of the Core Funding program in villages within the Trianglen/ASK network.
2. Investigate how the social and political repercussions of the program have affected wellbeing and socio-political involvement in the villages.
3. Ascertain the longevity and sustainability of the program in both newly introduced villages and villages progressing toward project out-phasing.

The full terms of reference for the evaluation can be found in annex 1.

As both Nepal and Trianglen as organizations have changed since 2009, this evaluation gives Trianglen the opportunity to both look back on the results of the Core Funding program and to look forward to how programming might look like in the future. This report is meant to provide two benefits to the work of Trianglen. First, it is meant to provide a holistic, contextualized overview of the Core Funding program and the program's village network. We hope to describe not just the project related elements of our interviews, but the broader picture of the sentiment of the village communities.

Second, this report will lay out the most important considerations about the operation of the Core Funding program now and in the future. The following section will outline a summary of our **6** major observational takeaways and detail our **3** primary analytical considerations about the future of the Core Funding program. The methods of the evaluation are then laid out in section three and, lastly, the full descriptions of the takeaways and analysis are presented in sections four and five. Location specific descriptions of the three evaluation regions – Bheerkot, Kavre, and Aandhikhola – can also be found in annex 2.



Boys play with kites during Dashain, NP 56

2. Summary

2.1 General takeaways

6 key observations about the nature of the Core Funding program and its role within the villages

I. Transition to microfinance

As a rule, all of the villages in the Core Funding program have progressively transitioned greater amounts of their grants toward micro-loans, increasing the size of their village-level microfinance funds over time. During the 2017/18 cycle, 90% of the Core Funding grants were used for microfinance. This is true for both “older” villages in both Kavre and Bheerkot and also for “newer” villages in Aandikhola. The transition is expected, as ASK has encouraged investing in microfinance funds for many years. There are, however, three external forces that have been driving this trend.

- i. The size of Core Funding grants is too small to finance any other projects or purchases in the villages.*
- ii. The micro-loans provide individuals with the ability to finance their own household improvement projects by increasing incomes.*
- iii. The services and infrastructural needs of the villages are now being facilitated by the local government.*

II. Benefit to living standards

The Core Funding program benefits the living standards of the poor and provides increased opportunity to participate in village life and decision-making in four ways:

- i. The spending of the funds towards social purposes has improved the living conditions for the villagers.*
- ii. The use of the Core Funding for microfinance has made the management of household expenses easier.*
- iii. The village meetings established by the program have increased the opportunity for participation in village decisions*
- iv. ASK’s presence in the villages has inspired new ideas in the villages.*

III. The broader development of Nepal

Broader national trends and forces in Nepal have led most of the transformative development seen in the villages, including government rules for village development planning and sanitation and education initiatives.

IV. Village structure

Village size, centrality, and composition are important factors in determining the effectiveness of the Core Funding program in achieving its objectives. This goes both for the effective enhancement of village inclusion and for raising living standards for entire village communities.

V. Synergy of Trianglen projects

The overlap between the Core Funding program and Trianglen's other efforts are mutually beneficial in two primary ways:

- i. *The micro-loans support the process of quickly transitioning to organic farming.*
- ii. *The Local Democracy project made it possible for villages to get funding for larger projects, and the village meetings make room for discussing their engagement with the municipality.*

VI. Common village issues

Many of the villages in the Trianglen network experience a similar set of issues. It's important to know and understand these to fully contextualize the Core Funding program and Trianglen's work in the villages in general.



Figure 1: Summing up of the six key takeaways

2.2 Analytical Considerations:

3 considerations about what this means for Trianglen going forward

I. Microloans - effective or not?

Trianglen's micro-loans are special, most noticeably in that they are interest free and monitored to ensure that the loans are actually used for income generation. Also, they make a difference for the poorest individuals, for some of whom they make the difference between eating one or two meals a day. However, there are elements of Trianglen's micro-loan scheme that need to be considered if the Core Funding program is going to be effective in the future:

- i. The micro-loans are small and getting smaller due to real depreciation.*
- ii. The village-level microfinance funds are not sustainable.*

II. Potential for out-phasing

The Core Funding program was initiated over ten years ago without a definitive out-phasing strategy. The lack of a clearly defined exit timeframe or goal makes discussing the appropriate time for out-phasing difficult. Our only clear recommendation is that Trianglen should define timelines and exit strategies for its programs from the onset of its programs. That being said, we will propose four considerations that should be made in determining if and when the Core Funding program should be out-phased:

- i. What the Core Funding program has not already accomplished in the "older" villages, it will not accomplish in the future.*
- ii. The Trianglen microfinance funds need to be financially sustainable in the future.*
- iii. The Trianglen microfinance funds need to be wholly self-managed by the village.*
- iv. Potential phase-out needs to be discussed and conducted alongside ASK and the village communities.*

III. The foundation of the core funding has changed

The foundations on which Trianglen was based 10 years ago are no longer the same. The municipalities take bigger responsibility for development in the villages and the Core Funding is no longer a donation scheme where villages choose to spend it on different social purposes; it is de facto a micro-lending program. Accordingly, this gives Trianglen the opportunity to reconsider how it wants to proceed into the future. We've ideated some potential and not mutually excluding avenues forward, depending on how Trianglen sees itself as an organization and in what development arena it would like to focus its efforts. This could entail (1) using the Core Funding to enhance the microfinance schemes in the villages to better meet their needs; (2) incorporating the Core Funding into the Organic Farming project; or (3) Trianglen could continue its focus on democracy and community building through the same or new means.

It is neither our goal nor charge to be prescriptive of how Trianglen should operate in the future, but we hope to inspire the organization to use the content of this report as a discussion-starter in planning future programming.



ANALYTICAL CONSIDERATIONS

1

MICRO-LOANS: EFFECTIVE?

Trianglen's Core Funding provides effective micro-loans. However:

1. The micro-loans are small and getting smaller due to real depreciation.
2. The village-level microfinance funds are not sustainable

2

POTENTIAL OUT-PHASING

1. What hasn't been accomplished with Core Funding yet, will not be in the future
2. The funds need to be financially sustainable
3. The funds need to be village-managed
4. Out-phasing needs to be discussed with ASK and the villages

3

CHANGING FOUNDATIONS

As the foundations upon which Trianglen was created have changed, Trianglen needs to determine what kind of organization it would like to be in the future.

Figure 2: Summing up of the three analytical considerations

3. Methods

3.1 Approach

The TAPE was undertaken over a four-month internship. All 41 of Trianglen's villages were visited by James and Mette in coordination with an employee from ASK or a third-party translator. Local ASK facilitators also assisted in the coordination of village meetings. A time plan can be found in annex 3.

Village visits were conducted with a qualitative methodological approach, primarily using in-depth, semi-structured interviews combined with traditional observation. Before beginning the evaluation, an interview-guide was developed with a non-exhaustive list of questions from which the interview could branch out into other themes or questions. The interview-guide was changed and refined as we learned more about the context of the projects and villages. The final interview-guide can be found in annex 4.

All village visits consisted of one group interview with anywhere between 4 and 30 village members, depending on availability. The group interviews were designed to gather information on the overall condition of the villages (infrastructure, health, organizations, etc.), the spending of the Core Funding, and how the project affected decision-making in the village.



Mette conducting an interview with NP 14

Furthermore, we conducted individual interviews with villagers, between one and three interviews per village. Individual interviews were conducted to understand the livelihoods of villagers, as well as the effect of Core Funding. Topics included the income benefits of the micro-loans and the changes in their engagement with the village. The choice to conduct semi-structured interviews was made to create a replicative approach, ensuring that all interviews touched upon the same overarching themes while granting the opportunity to discuss special

features of specific villages. The interviews were combined with general observation of the houses, fields, and infrastructure in the villages.

To ensure triangulation of the interviews, ASK's yearly village reports were read before each village visit. Furthermore, long-term trends in the villages were analyzed using the reports' data up to 2017/2018. It is, however, important to emphasize that this evaluation uses our interpretation of the answers we received, which in some cases were limited due to translation or our bounded knowledge of Nepali life and systems. This point will be elaborated further in the next section.

3.2 Methodological considerations

I. Representing Trianglen

Our dual roles as both representatives of Trianglen and as 'independent' evaluators posed an inherent conflict of representation. When visiting villages, we were immediately associated with Trianglen by the Nepalis, i.e. associated with donor funding and programming. This created two issues:

- i. All presentations of the villages and their inhabitants we were shown, including in interviews, were biased so as to display the success of programs. Naturally, village committees wanted to show that the Trianglen funding is being put to good use, so as to encourage continued funding from the organization. While it is beneficial to be shown the functional aspects of the program, we believe we were not always shown where the program might be failing or how the poorer community members lived and worked.
- ii. Perceived as representatives of the donors, we were often personally requested for continued or additional funding from Trianglen. We intentionally tried to avoid this by introducing ourselves as separated from the Trianglen funding and programming, but this was, naturally, not always perfectly communicated or understood by the communities.

II. Translation

Translation is a constant issue in all research, especially while engaging in qualitative interviews like those conducted for this evaluation. Our interviews attempted to understand complex social and economic situations and concepts within a short period of contact, an intensely difficult task. Linguistic and cultural differences only amplify the difficulty, leading to a greater opportunity for misunderstanding and incomplete data. Translation was an issue for three major reasons:

- i. Translation inherently limits the quality of dialogue. Interviews take longer, words are mistranslated, connection is stifled, and higher-level discussion is all but impossible. At the same time, we as non-Nepali speakers did not understand the details and nuances of the group discussions, as only the agreements, rather than the entire discussion was translated to us. These complications were exacerbated over the course of this project because of the varying levels of English skills acquired by the participating translators. In one set of interviews, the translation might present practically no issues while in others, even basic questions and answers were difficult

to relate and understand. The quality of the research in the certain villages, accordingly, was hindered.

- ii. Since the TAPE research took place over the course of four months in a variety of regions, communities, and logistical situations, we were required to work with 6 different translators. In itself, this diversity of translation is not an issue. We often benefited from hearing new perspectives and differing translation approaches. However, working with a new translator every week or two introduces some new challenges. Each translator needs to be briefed on the goal of the project, the content of the interviews, and the approach of the research. It also takes a period of adjustment for us to become accustomed to each individual's strengths and weaknesses as an interpreter. With time, the translator-researcher relationship develops as both come closer in understanding one another. This was not a luxury we had over the course of the project.
- iii. As with every aspect of Nepal, language is incredibly diverse in the country. The Trianglen villages cover many individual ethnic/caste groups across wildly different environments in two distinct regions of Nepal. Subsequently, language was a large barrier in attempting to have equal group discussions with entire village communities. In any given village, we might encounter Nepali, English, Tamang, Gurung, or other dialects and accents. In some more rural communities, it was common for the majority of the villagers not to speak Nepali as a first language. Working with a translator that does not speak the local language, we thereby failed to include most of the potential interview contributors. Those who could speak Nepali (or English) were often the better educated, relatively wealthier men in positions of authority.

III. Time constraints

Though the research for TAPE took place over the course of four months, our actual time in the field (i.e. time spent in the communities themselves) was far more limited. This time constriction can be traced to many sources: (1) the difficulty of scheduling and planning in Nepal; (2) the significant travel times, both in getting to the village areas and in navigating to the individual villages; (3) the numerous festivals and holidays that occur in Nepal around the autumn season, as well as the harvest season keeping villagers busy; and (4) attempting to not take up too much time of translators or ASK staff. All of these constrictions combined to necessitate that that we visit two, sometimes even three village communities in a given day. The timeframe of field visits often felt rushed. We usually only had enough time to speak with one individual in a village, and countless interviews were cut short to make appointments in the next community. Ideally, the in-field research of a project like TAPE would take much longer over an extended period of time. Our results, accordingly, are limited to what could be collected and understood within the confines of two or three hours.

Perhaps connected with the time constraints, privacy was another regular issue. Meeting with individual interlocutors - a necessity if the goal is to discuss weighty topics like inequality, fairness, discrimination, etc. - was often impossible. After meeting with the village committee, a group of villagers (typically, again, the older, relatively better off men in positions of authority) would accompany us through village tours and into the individual interviews.

4. Takeaways

6 key observations about the nature of the Core Funding program and its role within the villages

Takeaway one - Transition to microfinance

Due to the relatively small size of Core Funding grants and the general changing contexts of the villages, the Core Funding program has developed nearly exclusively into a microfinance scheme.

Villages in the Trianglen network have generally followed a similar pattern in how they have spent the Core Funding grants over time. As a rule, all of the villages in the Core Funding program have progressively transitioned greater amounts of their yearly grants toward the distribution of interest-free micro-loans. In most cases this results in a fund of micro-loans, wherein the fund grows yearly with each new Trianglen grant and is distributed to more borrowers in larger amounts, rotating between villagers. This is true for both the “older” villages (in terms of length of relationship with Trianglen) in Kavre and Bheerkot and also for “newer” villages in Aandhikhola, and it aligns with the findings of Henrik Brade’s 2018 report.

The transition to microfinance is not unusual or unexpected, as ASK has been encouraging investment in microfinance for many years. The new information we would like to stress is (1) the completeness of the transition to microfinance and (2) the factors leading the villages to support the microfinance funds rather than other village-level purchases.

I. Completeness of microfinance

Early in the Core Funding program the villages spend their grants on a larger variety of expenditures. The program and its reporting began in the three municipalities at different times (2010 in Bheerkot and Kavre; 2016 in Aandhikhola), which also has an impact on the choices the villages made. In the Bheerkot and Kavre municipalities, the villages began by financing student scholarships and services projects for water, sanitation, and hygiene (see Figure 3).

And while the villages in Kavre continued from 2013 to 2016 to finance some infrastructure projects, those in Bheerkot quickly moved most of their funding into microfinance (61% by 2011 and 91% by 2015). The Aandhikhola villages began receiving grants only in 2016 and started with 69% microfinance apportionment. Figure 4 illustrates the general pattern for each of the municipalities.

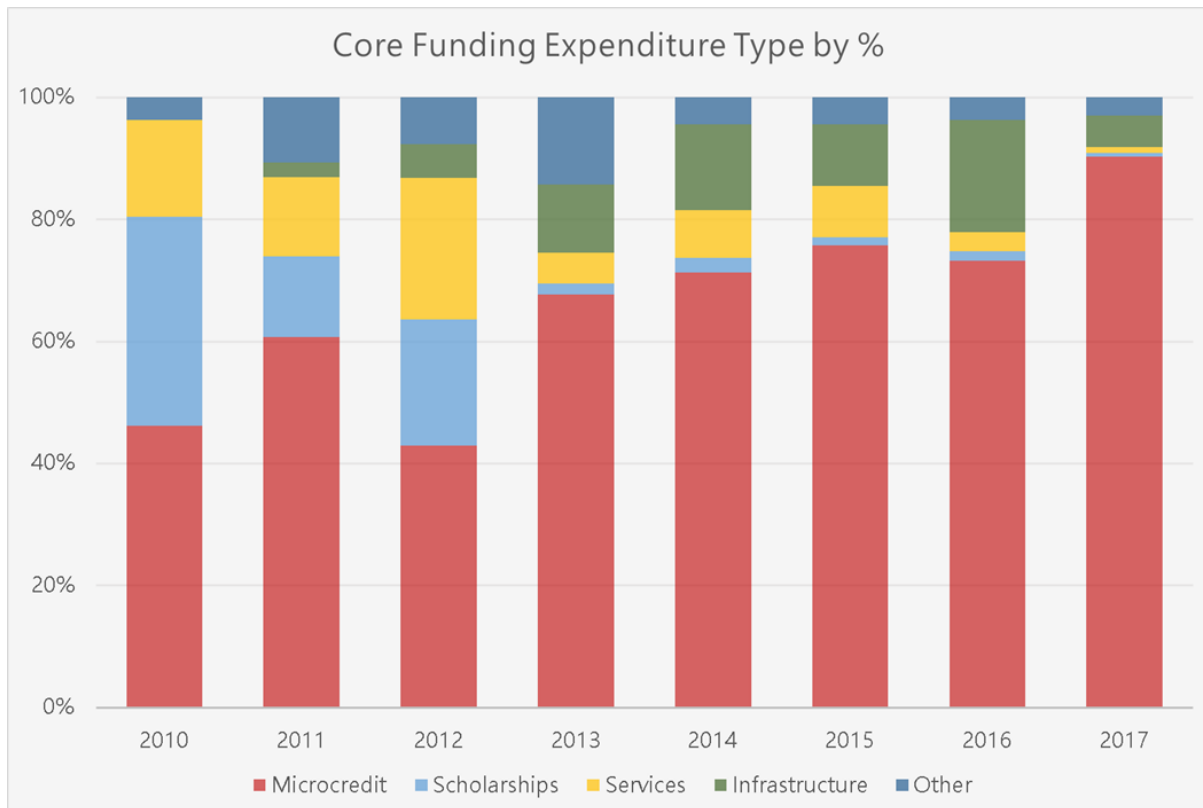


Figure 3: Spending of Core Funding divided by sector in all three municipalities over the past seven years

With the most recent data available from the reporting year 2017/2018, it is obvious to see the complete transition to microfinance. All three of the municipalities in the Trianglen network are approaching 100% (currently 90%) saturation of microfinance investment of their Core Funding grants, with Aandhikhola at 92%, Bheerkot at 95%, and Kavre at 85%. Even with ASK's prodding, these numbers are high and are indicative of some secondary forces encouraging the villages to annually use their funds for microfinance.

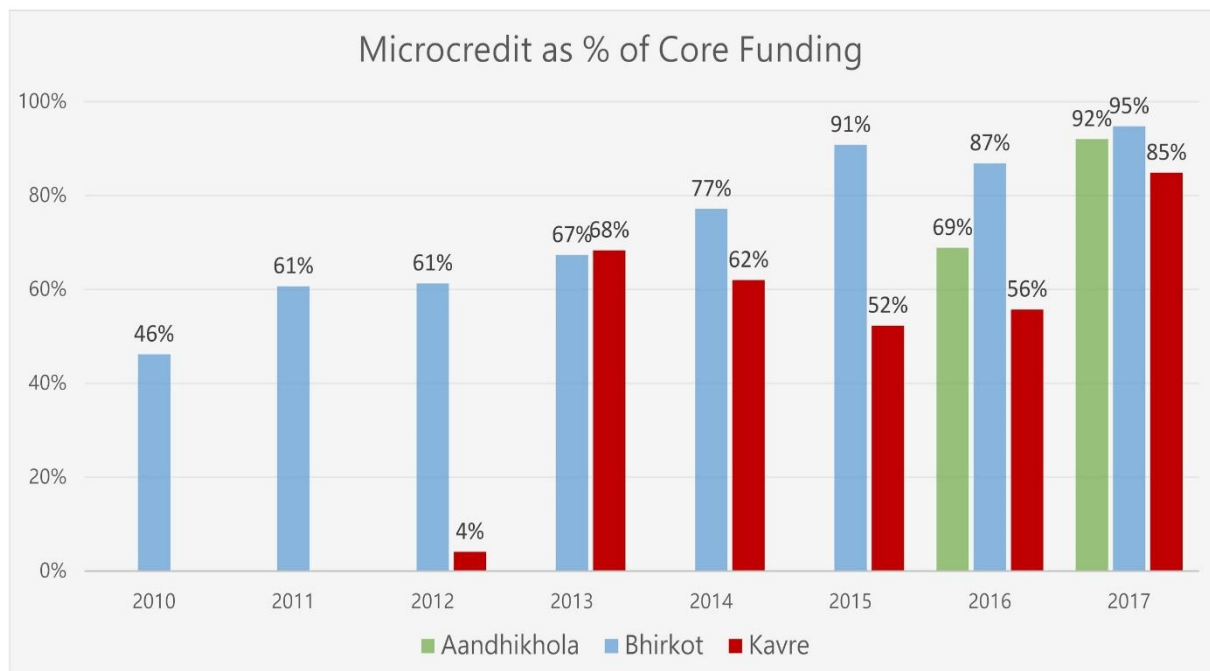


Figure 4: The percentage of the Core Funding in each municipality spent on micro-loans in a given year.

II. Factors supporting the transition to micro-loans

- i. *The size of Core Funding grants is too small to finance any other projects or purchases in the villages.*

The average yearly Core Funding grant of 80,000 NPR is far too small to tackle any of the serious issues faced in the villages (which are outlined in takeaway six). When villages receive municipal grants for local projects (*when* being the operational term), they are given anywhere from 100,000 to 500,000 NPR to repair roads or fix water sources. The villagers often suggested that even these funds are insufficient to truly fix issues, one village quoting that 1,500,000 NPR would be necessary to fully repair their drinking water source. 80,000 NPR, then, falls dramatically short of solving the most pressing large-scale issues in the communities

Instead of partially building roads or renovating half of the furniture in the school, villages instead decide to put the money into microfinance funds. That way, the money does not leave the village and can accumulate over the years. Functionally, the microfinance funds serve as a way for the villages to save the Trianglen Core Funding grants. A very small number of villages have liquidated their funds after many years of saving to be able to, for instance, build a community house. Examples of liquidation are rare (and perhaps not advisable) but do demonstrate how a single year's grant is not sufficient for much else besides microfinance.

- ii. *The micro-loans provide individuals with the ability to finance their own household improvement projects by increasing incomes.*

An argument we heard many times was that because micro-loans help increase the income of borrowers, the borrowers themselves are able to purchase toilets, smokeless stoves, or pay for school expenses. The logic follows the old adage that if you give a man a fish, you'll feed

him for a day, but if you teach a man to fish, you'll feed him for a lifetime. Whether the villagers actually need to purchase services such as toilets or smokeless stoves themselves is uncertain (as will be discussed in the next point), but the logic of keeping money in the village by avoiding one-off purchases stands.

- iii. *The services and infrastructural needs of the villages are now being facilitated by the local government.*

Since the promulgation of Nepal's new constitution and subsequent governance restructuring, the ward, municipal, and provincial governments have become more involved in the rural villages of Trianglen's network. The communities now have regular contact with the local government, and in part thanks to ASK and the Local Democracy project, they are better at applying for direct funding of projects. Village committees no longer need to spend money on toilets, since the government mandated and financially supported the institution of an Open Defecation Free (ODF) Nepal. Money for road repair, drinking water, roofs, and most other larger projects is now (at least in theory) available from the various government levels. The governments of Nepal still have a long way to go to fully support their rural communities, but the framework is there for government money to benefit villages. Takeaway three will reflect more on the growing impact and relevance of government in Nepal.

Takeaway two - Benefits to the poor

Core funding benefits the poor by improving living standards and providing new opportunities to participate in village life and decision-making.

The goal of the Core Funding program to enhance pro-poor development in rural Nepal has been successful. Over the years, the Core Funding has had a positive impact on the lives of the poorest in Trianglen villages. This has happened in several ways which are detailed below.

I. The spending of the funds towards social purposes has improved the living conditions for the villagers in four areas.

The funds have been spent on education, health, communal projects, and infrastructural projects, all of which benefit the poor. Funding for *education* has included improvements to the village school, for items like drinking water filters or furniture. They also included scholarships for children whose parents could not afford sending their children to school by purchasing uniforms, pencils and paper, and lunch at school. Today the Core Funding is no longer spent towards scholarships, as the government issues scholarships to those families.

The funds spent towards *health* included the building of toilets, smokeless stoves, repair of drinking water sources, and occasionally awards to health volunteers in the village. *Communal purposes* included support to mother's groups or youth clubs. For instance, many villages invested in uniforms, nets, and balls for the youth clubs so they could participate in volleyball competitions. The social purposes also included support for the people who struggled the most in society, including stipends for the elderly or people with disabilities. *Infrastructural projects*

included support for building *chautaris* (public resting places), foot trails, or a community house in the village.

All these initiatives have had an obvious positive impact on the lives of the poorest as well as the communities as a whole.

II. The use of the Core Funding for microfinance has made the management of household expenses easier.

The interest-free micro-loans from the Core Funding are required to be spent on income generating activities, which support the villagers in managing their household expenses. The villages that have received donations from Trianglen for many years and have invested the donations in micro-loans now have large funds which are distributed to the best farmers and to the poorest in the community. The loans are spent on livestock, such as goats, poultry, or pigs; on farming vegetables; keeping bees; or on other skill-based activities like candle-making, stool-making, or opening a small shop in the village. The scale of how much the loans increase the income-level of the villagers depends on the type of activity they engage in.



An herb garden in NP 5 – Taruk

III. The village meetings established by the program have increased the opportunity for participation in village decisions.

The overall participation in decision-making of village development has improved over the course of Trianglen's engagement in the villages. Before Trianglen engagement, decisions on village development were taken at the ward office where only a few, often educated male

community members participated. With Trianglen's projects, both the Core Funding and the Local Democracy project, all villagers can influence local development by having open forum village meetings to decide how the Core Funding should be spent or how to prioritize municipal projects.

In most of the villages in Syangja, whole communities further meet about once a month to discuss issues they experience in the village and the progress of the micro-loans. Before Trianglen, some of the villages met regularly to discuss similar things, but in most villages, the whole community did not meet except for in smaller groups (e.g. as mothers' groups). The villages therefore generally appreciate the monthly meetings where everybody can voice their concerns in an open forum. In Kavre, the village meetings have not been as equally successful as the other regions, a topic which will be elaborated in takeaway four. Even though the structure of the meetings gives marginalized people opportunity to participate where they didn't before, the embedded social patterns of Nepal are not necessarily changed through the program model. As elaborated in takeaway three, though, the discriminatory patterns are slowly changing in Nepal in general.

IV. ASK's presence in the villages has inspired new ideas in the villages

ASK's presence in the villages often inspires the villagers to try new things, since the ASK representatives give them ideas of how to prioritize their funds, which further leads to improvements in the villagers' lives. An example would be the aforementioned prodding of ASK to move to interest-free micro-loans. In 2016, ASK also suggested some of the villages to invest in their local schools. That year, multiple villages invested in education despite not having done so for many years, a truly outstanding trend. The increased knowledge from training and ASK assistance (such as in organic farming) has likewise improved incomes and led to greater confidence and independence.

Takeaway three - Trends of Nepal

Broader national trends and forces in Nepal have led most of the transformative development seen in the villages.

Since the Core Funding Program was initiated in 2010, Nepal has changed and developed to such a degree that the foundation on which the project was designed has changed. Without discussing these changes, we cannot understand how the program has worked in the past and is working today. It's also important to understand these changes to discuss the continuation of the project.

Succinctly, the local governments of Nepal are putting an increased effort in the development of rural areas. This can be seen, for example, in the Aandhikhola municipality where Trianglen began in 2016/2017. Many of the villages there have the same services that villages in Bheerkot spent their initial years of Core Funding financing. In Aandhikhola, this is ascribed to government policies having supported these efforts over the past years, which enables them to spend their Trianglen donations on other things (microfinance). So, while the Core Funding has supported the living conditions of the villagers, most of the development in the villages has, especially in recent years, been driven by other forces. The local governments have been

especially influential in building roads, improving water sources, and introducing health initiatives in the villages. Some of the transformative forces are elaborated below. They include both exogenous forces such as the 2015 earthquake and endogenous forces such as government policies.

I. 2015 earthquake

In the spring of 2015, a devastating earthquake killed nearly 9,000 people, injured 22,000, and left an estimated 3.5 million people homeless¹. Some areas were hit harder than others. In an area such as Kavre, almost all the houses were destroyed. The impacts are visible today, where the villages are still being rebuilt. In Syangja, the earthquake was less devastating but still caused damage, creating cracks in the foundations of houses and, in severe instances, destroying houses and killing livestock. Most notably in Kavre, the earthquake stalled development for a period as rebuilding was in progress. Many Nepalis are still waiting for support from the government to repair or rebuild their houses. The earthquake also pushed the promulgation of the new constitution² and, thus, the restructuring of Nepal into a federal state.

II. 2017 restructuring of government administration at the local level

As part of the new constitution from 2015, Nepal was restructured into a federal republic. This restructuring took effect from 2017 and increased the budgets and powers of local-level government³. This restructuring has been important for the development in Nepal as the decentralized government, according to the villages, has enabled their communities to better engage with the government. Before the restructuring, for instance, the yearly Settlement Level Planning (SLP) was held at the ward office, often with only a few participants from the villages. Now, it is held in the villages where more people can be represented. Also, the villagers say they receive more projects from the municipality and the wards than before the restructuring. This includes money for larger infrastructural projects like motorable road construction and reestablishment of water sources. Even though the most remote villages still say that the local government is too far away, several villages have mentioned that the government feels closer than ever, that there are greater levels of development, and an increasing level of opportunity in Nepal.



A cracked house in NP 51 - Gairigaun

¹ <https://www.c-r.org/accord/nepal/uncertain-aftermath-political-impacts-2015-earthquakes-nepal>

² <https://www.c-r.org/accord/nepal/uncertain-aftermath-political-impacts-2015-earthquakes-nepal>

³ <https://kathmandupost.com/miscellaneous/2017/03/15/744-new-local-units-come-into-effect>

III. Government policies

As mentioned in takeaway one, one of the reasons for a quick transformation from infrastructure towards microfinance is also due to government policies. Most villages mentioned several policies which have helped them progress towards development, especially regarding hygiene and sanitation. Most notably, the government of Nepal embarked on a quest to declare all regions of Nepal as Open Defecation Free Zones by 30. September 2019. The municipality of Syangja was itself declared ODF in 2016⁴. During these years, the Government gave subsidies to poor households for materials to build latrines, thereby minimizing the need to spend Triangle funds. The same could be said for smokeless stoves, which are a very small expense supported by various organizations and the government. After 2013 this is especially true, where an initiative (Clean Cooking Solution for all by 2017 (CCS4ALL)) was launched by the Government⁵. Thus, when initiating the Core Funding program in villages in Aandhikhola in 2016-2017, many of these fundamental services were already supported through government policies.

Takeaway four - Village structure

Village size, centrality, and composition are important factors in determining the effectiveness of the Core Funding in achieving its objectives.

Two of the objectives of the core funding are 1) to create a better social inclusion in the villages and 2) to improve living conditions in the villages. How to most effectively achieve these objectives depends on the size and centrality of the villages as well as the composition of the villages.

I. Village size and centrality

One of the most important factors for the success of the Core Funding program is the size of the villages which receive the grants. We think that smaller villages have a better condition for success than larger ones. In general, the villages are smaller in Bheerkot and Aandhikhola, with an average of 57 households per village compared to those in Kavre which have an average of 112 households. Likewise, it is significant how dispersed the villages are in shaping the effectiveness of the program. A comparison between the two regions can illustrate this difference in the effectiveness of the funds.

i. Social inclusion

In Syangja, most villages have monthly meetings where almost all of the households participate. In Kavre it is more common that they hold village meetings every three months without all of the households participating. This might be due to the travel distance to the meetings for some of the villagers. In a few of the villages, only the people who participate in the loan rotation are present at the meeting. Often, this is only around 25 people, perhaps a fourth of the village. Since the meetings are a place for everyone to raise their concerns or

⁴ <https://thehimalayantimes.com/nepal/syangja-declared-open-defecation-free-zone-2/>

⁵ <https://aepc.gov.np/nepalcookstoves/background>

engage in dialogue with other community members, this component of the program works better if all households participate, and it is more realistic that all households are represented if there are fewer households.

ii. Use of funds

The size of villages likewise has implications for how well the microfinance works in the villages, as the amount a village receives is the same regardless of the number of households. In smaller, more centralized villages, the Core Funding can make an actual difference in the village - the infrastructure improvements reach a higher percentage of the community and, especially in the villages who have invested several years in microfinance, the micro-loans can reach a higher percentage of inhabitants. In comparison, the microfinance fund is limited to a very small ratio of the villagers in the larger villages.

Both the villages in Kavre and Bheerkot have received funding since the beginning of the program, but there's a difference in the reach of the microfinance. In Bheerkot, the average Trianglen fund is 466,500 NPR, and with an average loan of 10,000 NPR, about 46 people can receive a loan yearly. This corresponds to ~80% of the households. In Kavre, however, the villages have an average Trianglen fund of 225,000 NPR. This can be distributed to about 22 persons a year, which corresponds to ~20% of the households. Even if the average fund size in Kavre matched that in Bheerkot, still only 41% of the households would be able to get a loan yearly. Of course, it is not sure that all households in either Bheerkot or Kavre are eligible or want to take out a Trianglen loan, but the differences remain striking.



Villagers meeting in NP 45 - Narikot

II. Community composition

Community composition matters in terms of how effective the Core Funding program is in improving social inclusion and cohesion in the villages. Community composition can entail the following parameters.

i. *Caste and ethnicity*

Due to the historic discrimination of certain castes and ethnicities in Nepal, the villages with a heterogenous composition might have the largest need for improving inclusion in village life. However, all over Nepal the discrimination of Dalits and other marginalized communities is decreasing and will hopefully disappear as younger generations come to prominence.

ii. *Gender inequality*

When talking to the villagers, they described that gender equality in their village has been improved, as women now also have a say in village decision-making where before it was a select few men. The empowerment of women was in some instances clear, where villages had strong mothers' groups or female chairpersons and committee members. Through observation at the village interviews, however, the traditional gender roles are still being maintained in Nepal. Men would almost always sit in the front while the women would sit in the back or on the side. There was almost always one man who quickly would take control of the interview by answering most questions, while the women, in general, participated less. This is of course a generalization, but there were few exceptions. The division between the genders might have been due to the odd situation of the interviews with foreigners, and women might be more active in the normal village meetings. It is more likely, however, that the Core Funding program will not change the gender patterns of Nepal in the villages, despite its emphasis on equality.

iii. *Income inequality*

Income inequality was a commonly described aspect of village life. Households vary in wealth based on who receives military pensions or remittances from relatives abroad and based on farm size. With "more land and more hands," certain households are able to retain a higher level of income than their neighbors. In other villages, though, villagers told us that they were "all poor".

In prioritizing the distribution of loans from the microfinance fund, the villagers either lent to those most in need or everyone in the village in rotation. Another factor in determining who receives loans is the borrower's perceived ability to do farming or animal husbandry. Those who can manage the loans in a satisfying matter are granted funding by the committee, and those who are not trusted are not. This sounds fair but is at risk of excluding the poorest in the community from getting the loans.

Another component that addresses inequality is the requirement that village committees must be comprised of different castes and have equal participation of women and men. Most often, the village committee is chosen by the whole community. Selection is based on who is deemed clever and educated and who will do good for the community. Several mentioned that now, the village committee makes decisions based on the best for the whole community rather than based on individual interests. Currently, there is no rule for how long people can sit on the

committee. The selection process does not in itself pose an issue, as it ensures that the committee manages the program well. However, it might have implications for the wider capacity building of the community members if the people with less experience are never chosen for the committees.

Takeaway five - Synergy of programs

The Core Funding program has an effect on Trianglen's other efforts.

I. Core Funding and Local Democracy

The Local Democracy project was initiated to enable the villagers to better engage with the local authorities regarding development in the villages. We have not specifically evaluated this project, but many other Trianglen representatives have, often with positive findings. Henrik Brade, for instance, writes in his 2018 report, "The forming of Village Committees with the initial purpose of deciding on the use of Village Funds and with extensive training in Settlement Level Planning, Social audit, Right to Information and project preparation has changed the mindset and outlook considerably. It has enabled villagers to take an active part in the decentralization reform process, that Nepal has been through since 2015."

As previously mentioned in this report, the villages generally have increased success in obtaining project funding from the municipality. We have experienced that this success has incentivized the villagers to move their Core Funding away from infrastructural projects and toward microfinance.

Likewise, and because of the monthly community meetings initiated in the Core Funding program, the villagers now have a forum available to them where they discuss the projects from the municipality. Without the encouragement to meet and discuss the Core Funding, the community might only meet a few times a year during the SLP process.

II. Core Funding and Organic Farming

The micro-loans from the Core Funding donations are occasionally used for both conventional and organic farming, especially for the purchasing of vegetables seeds. Specifically, in Kavre – where the Organic Farming project has run since 2014 and will continue for a new project period – the percentage of micro-loans spent on agriculture compared to livestock has been increasing each year (see figure 5). It can also be noted that the organic farming committees are more important in Kavre, where they meet more regularly than the Triangle committees. In Syangja – where the Organic Farming project did not start until 2017 – the use of micro-loans for agriculture has been much smaller. Figure 5 shows the trend in Bheerkot. The Aandhikhola villages are excluded from the figures, as they received support for a much shorter duration. Their Core Funding has primarily been spent on micro-loans for livestock so far (94% in 2016 and 75% in 2017).

It should be said, there is no definite causal proof that the use of micro-loans for agriculture coincides with the onset of the Organic Farming project. It might also be due to other factors such as Kavre having better conditions for organic commercial farming or other traits of the

district. However, it can be concluded that the micro-loans from the Core Funding donations help the transition to growing more diverse organic crops.

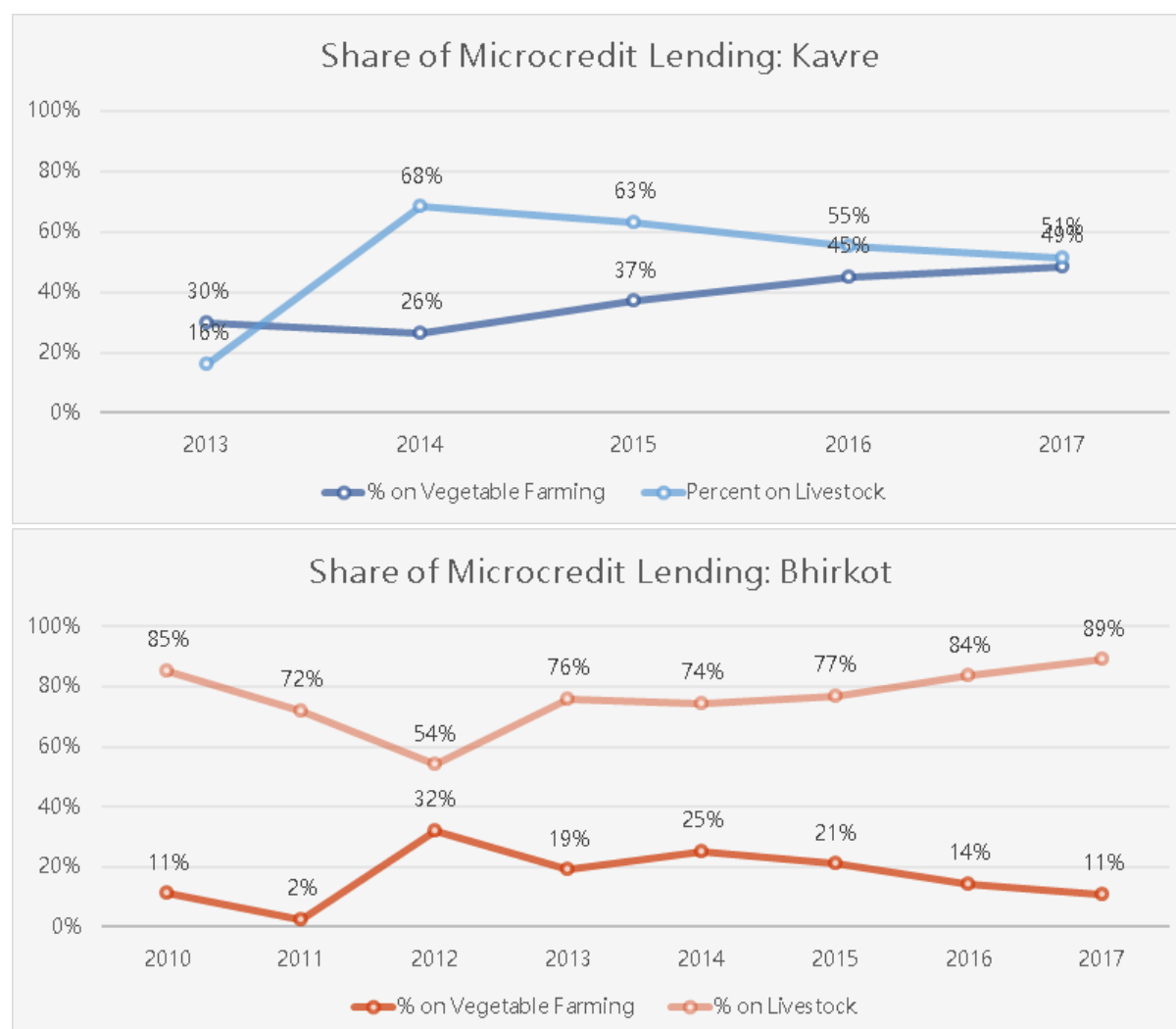


Figure 5: The two charts compare the percentage of microloans expenditures (in NPR) used for vegetable farming and livestock rearing in Bheerkot and Kavre. Other microloan types are not shown but do contribute to the total microloan expenditure calculation.

Takeaway six - Common issues

There are a variety of common issues experienced by most villages. These issues impact everything in village life, including farming, livestock raising, and opportunities for the future.

Many of the villages in the Trianglen network experience a similar set of issues. Some of them are reflective of the state of development in Nepal and some are only relevant to the rural communities Trianglen seeks to support. Either way, it is important to know and understand these issues in order to fully contextualize the Core Funding program and its role within the

villages. The following list is not comprehensive, and it does not provide solutions to what are often extremely complex issues.

I. Road quality and the remoteness of the villages

The single most mentioned issue in the villages is roads. Nepal ranks 118 out of 137 countries in road quality, according to 2018 World Economic Forum report⁶. This report only considers national opinions of roads, perhaps even overstating the true quality of the mountain roads that lead to the villages of Trianglen's network. Outside of Kavre, the roads near Trianglen villages are almost entirely unpaved. This means that during the rainy season, the dirt roads can be destroyed and subsequently reconstructed upwards of 10 times a year.

Combined with the road conditions, the remoteness of some of the villages creates numerous issues for the communities. The most remote villages in Syangja are two hours away by jeep (only 14km in distance) from the closest paved road and market town. Everything in village life is made more difficult because of remoteness and the road quality. It is more time intensive and costly to travel to nearby towns or cities; the delivery of goods in both directions is made more complicated (especially important for the marketing and sale of organic produce); health posts are too far away for urgent care or check-ups; and school children must walk far distances (sometimes hours) to reach the schools closest to them. Along with clean drinking water, almost all of the villages (Kavre being the major outlier) prioritize roads as the most demanding issue they face. Municipal money for road repair is common, but these funds do not solve the underlying issue of unpaved roads, instead simply band-aiding the problem.

II. Accessibility of clean drinking water and irrigation

The climate of Nepal poses a particular struggle for rural communities when it comes to water. In the monsoon months, water is abundant but can easily become contaminated. In the dry months, some villages face water shortages for weeks at a time. The country's climate is changing dramatically as well. Germanwatch's Global Climate Risk Index listed Nepal as the 4th most climate affected country in the world in 2017⁷. And while it's beyond the scope of this report to fully discuss the water situation of the rural communities, it would be an oversight to not discuss the immediacy of the issue.

The villages in Trianglen's network receive their water most often from natural water sources in the hills. Long plastic pipes connect those sources to villages' central water taps. The distance between the villages and the sources, the infrastructure at each point, and the drying-up of sources are all problematic for the villages. For example, the source for the villagers in the lower section of NP 42-Sepat has run dry, and the villagers now must walk more than 7km to the next source that services some of the villages in the hills above Sepat. Similarly, in NP 28-Tikaja, the source has dwindled so much that the village has constructed a water tank at the source to collect water over time. Lacking infrastructure to transport the water, they carry what they can down from the tank into the village. Stories like these can be heard in almost every village in the Trianglen network. Like with roads, the municipality supports efforts to repair these water sources, but it is often not enough to address the inherent problems underlying the water situation.

⁶ <https://germanwatch.org/en/16046>

⁷ http://reports.weforum.org/pdf/gci-2017-2018-scorecard/WEF_GCI_2017_2018_Scorecard_EOSQ057.pdf

Irrigation of crops provides yet another issue that the villagers face that might become more pressing as they start growing organic produce.

III. Migration of youth and working-age individuals away from the villages

Issues of mass-migration are not novel in Nepal. The country has been sending its ambitious and desperate youth to the cities and abroad dating back to the early 1800s with the Gurkha soldiers⁸, and it is no secret that the modern state of Nepal is held up by the remittances of foreign laborers. One tenth of the working-age population of Nepal currently lives abroad⁹, and this outflux affects the village communities the hardest. Many of the villages in Trianglen's network are shrinking, some dramatically. The number of households in NP 1-Sirukharka has decreased from 62 to 42 in the last ten years, and NP 3-Salikosh has decreased from 60 to 30 over the same time frame. NP 45-Narikot only had two young men left in the whole village of 55 households when we visited. The problem is not limited to any specific municipality and varies from village to village, but it is truly a national issue.

With the working-age labor migrating abroad and the talented youth heading to the cities for education or work, the village communities are in many places left populated by only the very young and elderly men and women. The imbalance is stark in all of the villages. Our meetings were often attended by mostly women and a spattering of older men. Such demography is not inherently an issue, but the lack of a working force to cultivate the fields can make it difficult for households to manage their farms.

IV. Destruction of crops

The wide array of changes in Nepal (climatic, economic, etc.) has created new issues across the country and in the Trianglen villages, especially regarding organic farming. Growing new crops using novel techniques has left the village farmers susceptible to a few common problems including monkey harassment, crop killing fungus, and pest-borne diseases. This list is not exhaustive, only reflecting the most common complaints we heard.

- i. *Monkey harassment*: Monkeys are not new to Nepal, but they do pose a new existential crisis to the future of vegetable farming in the mid-hills. For a variety of reasons, monkeys have been driven closer to the Trianglen villages in Syangja. Their movement coincides with the introduction of organic vegetable farming in the region, and what results is "monkey terrorism," according to one villager we met. The monkeys eat the vegetable crops as they ripen, forcing the farmers to either sacrifice a portion of their crop or harvest prematurely. In no village did the community have a sure-fire solution to the problem. The government does not allow poaching of the monkeys (as they are considered holy), and non-traditional trapping or fencing does not appear effective. During the harvest season, some farmers take to sleeping out in the fields to wake up throughout the night and bang on metal to scare off the apes. This solution, however, is not sustainable nor 100% effective.
- ii. *Fungus*: The climate of the mid-hills leaves farmers especially susceptible to crop fungus. Early morning mist keeps the plants watered during the dry season but also

⁸ Kunwar, Laxman Singh. "Emigration of Nepalese People and Its Impact." *Economic Journal of Development Issues*, July 2017, pp. 77–82., doi:10.3126/ejdi.v19i1-2.17705.

⁹ Malla, B., & Rosenbaum, M. S. (2017). Understanding Nepalese Labor Migration to Gulf Countries. *Journal of Poverty*, 21(5), 411–433. <https://doi.org/10.1080/10875549.2016.1217578>

makes them vulnerable. One farmer from NP 29-Barpipe lost an estimated 30% of her tomato crops to fungus at each harvest. It appeared to us that the organic pesticides proffered by ASK and the government are not effective in preventing the fungus.

- iii. *Disease:* As with all organic farming, disease is an issue. The farmers in Trianglen's network are unskilled and undertrained in creating their own organic pesticides (though ASK is now hosting organic pesticide trainings). Initial harvests after transitioning to organic are typically smaller, according to farmers. The leader farmer from NP 57-Makaibarigaun stated that in addition to being unable to sell organic produce for a higher price, organic yields were initially smaller and slower to grow. As time moves on and the farmers become more skilled, this issue can hopefully be solved.



Steep paths, fungi, and returned migrant

5. Analytical considerations

What does this mean going forward? Three analytical considerations about the future of the Core Funding program

5.1. Micro-loans - effective or not?

The goal of this report is meant to better contextualize what the Core Funding does and what its shortcomings are. At the center of the entire discussion sits the micro-loans, which, as we've shown, are currently the overwhelming dominant component of the program.

The micro-loan funds, as discussed in takeaway two, are effective in what they are: small loans to help poor farmers start small scale profit earning through livestock and agriculture. Looking to the future, though, two significant hurdles could prevent the Core Funding from functioning effectively. This report does not contain solutions to these problems. Part 3 of this section will detail potential future trajectories for Trianglen, but those trajectories do not present direct solutions to the two problems detailed below. Trianglen's board, members, donors, and ASK should deliberate on how best to address these shortcomings.

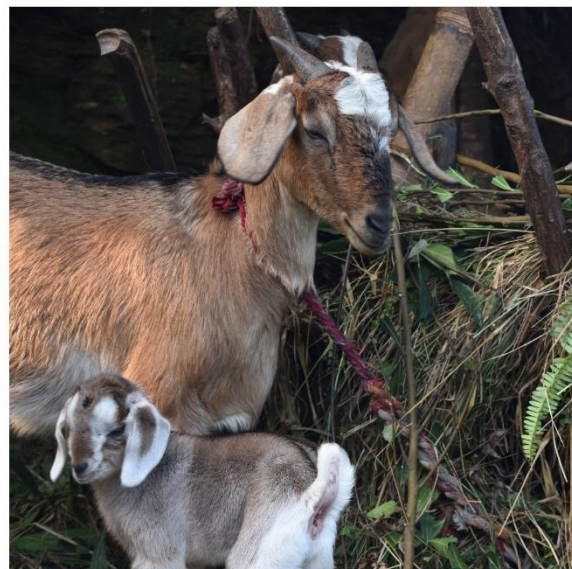
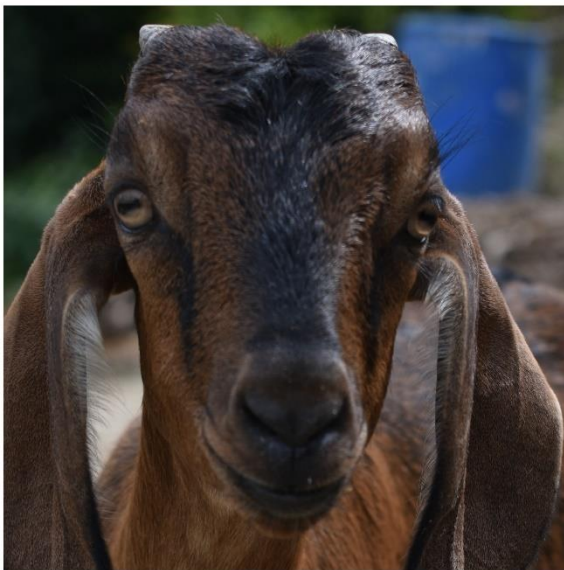
I. The micro-loans are small and getting smaller due to real depreciation.

The loans from the Trianglen funds are small. This is by design, but it also poses a significant issue of scale and growth. Using data from 2017/2018, the average loan taken from the Trianglen micro-loan funds is less than 9,000 NPR (~530 DKK). In the current market of Nepal, that amount is not quite enough to purchase one goat (approx. 10,000 NPR). That one goat can produce an estimated average profit of 20,000 NPR in one year, which corresponds to less than an average monthly wage of a relative's remittance one month of wages. While this can, of course, accumulate over many years, a single loan is not enough to make a great change in the living standard of a farmer.

Many of the "older" villages in Bheerkot have followed this pattern and developed over time into what we call the "goat economy". That is, each villager receives a number of micro-loans over the course of 10 years, most often purchasing one goat per year. Some farmers choose to purchase poultry, bees, or other various income-generating investments, but by-in-large, goats are most often purchased. In a more successful village like NP 8-Pakhere, each household now has 6 or 7 goats to add to their buffalo, bees, and organic kitchen garden. Beyond this, though, there is a barrier. The farmers are unable to care for a greater number of goats without sacrificing the time and effort reserved for their conventional agriculture of wheat, maize, and rice. Accordingly, they choose to sell-off their surplus goats.

This "goat economy" is just one example where the size of the Trianglen funds creates constriction. Where large amounts of capital are needed to invest in bigger goat farms, collective vegetable farming arrangements, or handheld tractors, the Trianglen micro-loans prove too small to be of assistance. 10,000 NPR is simply only enough for a goat, and villages are resistant to increase the average size of the loans, potentially to keep the loans rotating.

In comparison to the average loan from Trianglen funds, local cooperatives and banks around the villages provide loans of upwards of 150,000 NPR or more. A farmer we spoke with in NP 43-Kamere had recently taken out a 60,000 NPR loan for poultry-raising from the local farmers cooperative. In NP 58-Kafleigaun, the local women's group lends up to 30,000 NPR at a time to its 16 members for the purchasing of a buffalo or small construction projects. NP 22.1-Kalyendanda has a village-level development bank which regularly finances loans greater than 100,000 NPR. In nearly every village in Trianglen's network, the villagers have access to alternative loans schemes of significantly greater capital than the Trianglen fund. These alternative schemes, it should be noted, take (generally high) interest and are not always used for income-generation (more often for construction or sending relatives abroad), but they do demonstrate how Trianglen loans of 10,000 NPR might appear meager in the face of what other financial opportunities are available.



The goat economy

Perhaps the greatest issue facing the present and future of the Core Funding program, however, is the relative depreciation of the value of the grants. The amount villages receive from a Trianglen grant has approximately **halved** in the last ten years.

Despite the “old” Trianglen villages receiving a static grant of 5,000 DKK for the last ten years, the price of consumer goods in Nepal has risen 80% since 2010¹⁰. At the same time, the currency exchange rate has not mirrored this trend. The value of the Nepali Rupee has depreciated only 29.94% to the DKK (1 DKK: 12.96 NPR in 2010; 1 DKK: 16.84 NPR in 2019) since the program began¹¹. Meaning, the value of 5,000 DKK in 2019 produces about half of the real value to villages that it did in 2010. What used to buy fourteen or fifteen goats now buys eight.

This depreciation of value has significant implications for the sustainability of the funds in the future. Even with continued Trianglen support, inflation will still out clip the currency exchange rate and increasingly reduce the grant’s value, and without support, the village-controlled funds will continue to dwindle in value. Consequently, the impact of the Core Funding program on the villagers’ lives will become much smaller over time. Within five years, the value of Trianglen’s grants will have become meager at best. Within ten years, they will become an insignificantly small amount for villages of upwards of 120 households.

It is essential that future Trianglen grants are large enough to account for the last 10 years of depreciation or that they reach different village communities where 80,000 NPR can make a more dramatic impact. Following that logic, it is essential that the village-level Trianglen funds are able to *at least* outpace inflation. This topic is discussed below.

II. The village-level micro-loan funds are not sustainable.

The microfinance funds in the villages are typically dependent on continued donations from Trianglen. Very few of the villages have taken measures to grow the funds themselves and many of them are reluctant to do so. The villages ascribe this to (1) the loans being meant for the poorest community members, (2) Trianglen rules, or (3) the fact that it is a donation that they don’t want to profit from.

Considering the relative depreciation of the grant’s value, however, failing to take interest (or ensuring fund growth in other ways) will make the fund irrelevant within a few years’ time, even considering Trianglen’s continued support. In general, it is poor practice for recipients to become dependent on donors, and the villages should thus be encouraged to take ownership and control of the sustainability of the fund. Trianglen should discuss with ASK and the villages how the funds could best be grown in the future, whether that be through taking marginal interest, collecting monthly “dues” (as we’ve seen many village communities do outside of Trianglen committees), or through other methods.

Currently, almost all of the Trianglen committee meetings are held with facilitation from ASK representatives. The role these facilitators play in the meetings and in the management of the funds varies from village to village. In some communities they are essential to the bookkeeping and calling of meetings, while in others, they merely attend as a formality. For the funds to be

¹⁰ IMF CPI data, 2019: <http://data.imf.org/regular.aspx?key=61545849>

¹¹ Currency rates are provided by Morningstar to Google
(<https://www.google.com/intl/da/googlefinance/disclaimer/>)

sustainable going forward, it's important that the villages are independently able to manage the Trianglen micro-loan funds. Efforts in this regard should be made in conjunction with ASK.

As a minimum, Trianglen and ASK should ensure sustainability of the funds going forward. In using the term sustainability, we suggest that the funds be self-managed and keep at least a constant real value. Real growth would be preferable as well. However, there are a range of other possibilities for Trianglen to move forward, which we explore in section 3.

5.2 Potential for out-phasing

The Core Funding program was initiated over ten years ago without a definitive out-phasing strategy. The lack of a clearly defined exit timeframes or goals makes discussing the appropriate time for out-phasing difficult. Our only certain recommendation is that in the future, Trianglen should define timelines and exit strategies for its programs from their onset. That being said, we propose four considerations that should be made in determining if and when the Core Funding program should be out-phased.

I. What the Core Funding program has not already accomplished in the “older” villages, it will not accomplish in the future.

This point relates, again, to the fact that the funds today are used almost exclusively on micro-loans. According to the general happiness with the microfinance scheme in all the villages, it seems unlikely that they will target the donations into other areas of village development. Thus, we do not think that the remaining issues in the villages, like access to clean water or better roads, will be solved through the Core Funding if they haven't already.

II. The Trianglen microfinance funds need to be financially sustainable in the future.

As elaborated in the previous section, if the micro-loan funds are not sustainable, they will dwindle within a few years after out-phasing. It is therefore important to address the sustainability issue in any villages Trianglen out-phases to ensure a lasting impact in the villages.

III. The Trianglen micro-loan funds need to be wholly self-managed by the village.

Sustainability includes self-management of the micro-loans. The committee or villagers should be managing the bookkeeping, ensuring relevant meetings are held, deciding who receives loans, as well as monitoring the loans, and knowing how to deal with potential defaults. The management should be conducted without support from the facilitator or ASK in the future. However, for this to be feasible, there might be a need for continued facilitator support for a few years. This aligns with the findings of Henrik Brade in his report from 2018: “However, even after out-phasing the Village Fund support, Trianglen and ASK should continue to monitor and develop the planning, RTI and similar democracy institutions in the “old” villages for some years.” This relates mostly to the components from the local democracy projects but could also apply to the Core Funding. In a potential out-phasing, the funds for continued monitoring should be ensured, either from Trianglen, the local government, or other donors.

IV. Potential out-phasing needs to be discussed and conducted alongside ASK and the village communities.

For out-phasing to be successful, the self-management must be discussed and planned in each village with the help from ASK. Some guidelines for how to proceed in the future, including how to grow the funds and how much continued facilitator support should be in the villages might be developed by ASK, too. If the villages have different wishes for how to proceed, those should be considered. For instance, the villages can continue using their Trianglen committee or they could choose to incorporate its tasks into other existing groups. Regardless of the course of action, it should be decided on a case-to-case basis.

The decision of which villages should be phased out can be based on different parameters:

- The amount of years Trianglen has been present in the village
- Which municipality/ward the villages are in
- The amount in the village fund, and how many can receive a loan each year
- How successful the village is in obtaining funds from the municipality



A proud farmer from NP 21.1 - Kalyandanda

If Trianglen decides to out-phase some or all of the “older” villages and move the support to other villages in the region, it could be a good opportunity for the organization to reevaluate how the project can provide benefit to these new villages. This will be elaborated in consideration three below.

5.3 The foundation of the Core Funding program has changed

The foundations on which Trianglen’s operations were based 10 years ago are no longer the same. The municipality now takes larger responsibility for development in the villages and the Core Funding program is no longer a donation scheme where villages choose to spend it on different social purposes; it is de facto a microfinance program. Accordingly, Trianglen needs to choose the direction it wants to take in the future. We ideate three different avenues.

It is neither our goal nor charge to be prescriptive of how Trianglen should operate in the future, but we hope to inspire the organization to use the content of this report as a discussion-starter in planning future programming.

I. Trianglen – The Microfinance Organization

As explained in the section above, the situation of microfinance in the villages has evolved in the last 10 years. The yearly grants are worth less now and will continue to depreciate; the availability of other forms of credit has increased; our knowledge about the efficacy and limitations of the scheme has grown. If Trianglen believes microfinance is at the core success of the Core Funding, the program needs to adapt. This would not preclude Trianglen from continuing its Organic Farming or IT programs, but it would place the focus of the private donations on microfinance. We believe there are at least two, not mutually exclusive options:

- i. Increase the size of the yearly donations and make the funding exclusively for the growth of a microfinance fund. Even with larger donations, sustainability is still an issue, and so the larger grants would need to be given with the stipulation of *at minimum* inflation-matching interest rates.
- ii. Fully invest in the growth of microfinance farms. Since most of the Trianglen micro-loans are used for goats or poultry, create a framework through which the loans support farmers to grow their farms, increasing the amount of livestock or crops they can keep. Instead of farmers diversifying with a stagnating level of 4 or 5 goats, work with them to create profitable goat farms of greater size. If the goal of microfinance is for farmers to have a kitchen garden, 4 goats, and a more stable life, then the current model works. If exiting poverty is the goal, however, the scale needs to be addressed.

II. Trianglen – The Organic Farming Organization

If Trianglen does not see itself as a microfinance organization but instead as an organic agriculture organization, changes could be made to the Core Funding model. Trianglen would need to, more or less, rebrand itself as such, as it would no longer serve social community development in any real way. We believe there would be at least two, mutually exclusive, options for using the Core Funding moving forward:

- i. Fully incorporate the Core Funding grants into the Organic Farming project. Make the creation of an organic farming fund, where farmers borrow to buy seeds, equipment, or organic farm livestock. It should be considered whether all community members participate in the organic farming project (such as the community members with the least or no land), and how it might affect their ability to obtain a loan if not.
- ii. Use the donor grants to specifically bolster collective marketing, certification processes, and advanced training. This approach would be much more hands on, with less direct support to the farmers but could potentially help remove the roadblocks that keep organic farming from being successful in Nepal.

III. Trianglen – The Social Cohesion Organization

If Trianglen wants to continue enhancing social cohesion in the villages, they should be aware that the current microfinance scheme might water out these efforts. Since all of the villages spend almost all of the funding on loans each year, the inclusion aspect of decision-making might disappear. Thus, Trianglen should choose another approach to work with social inclusion in the villages based on caste and female empowerment. It is important to note that the Local Democracy project has done an important job in improving the relationship to the municipalities, and Henrik Brade suggests to continue these efforts: “Trianglen, ASK and local

authorities should discuss how to expand the teaching on SLP, Social Audits and RTI to more villages. The local authorities can provide (or share the costs of) various forms of training, seeds, farming equipment etc.” Given the improved connection the villages now have with local authorities, Trianglen and ASK should continue the efforts with promoting democracy in other villages as well.

6. Conclusion and Acknowledgements

It was our hope in creating this TAPE report that we could provide a document of real application. These 6 takeaways and 3 considerations we've listed are intended to be actionable or, more precisely, provide the grounded information needed to take action. The report is not reflective of everything we've learned during our four months in Nepal. Indeed, it is only a distillation of what we consider the most important details for Trianglen to know going forward. Much of what we have written could be construed as obvious, but as a collection of ideas, they represent exactly what we heard, saw, and understood.

As stated earlier, we do not want to prescribe what Trianglen should do with the Core Funding program. That is both beyond what we were tasked to do and simply beyond the scope of our research. Instead, we hope the various stakeholders in the Trianglen-ASK network can use the information we've presented to set a directed course for the future. That should include Trianglen's board, members, and donors, ASK-Nepal, and the village communities themselves coming together to make decisions. With each party's knowledge and considerations combined, the program can overcome the issues we have outlined and develop new opportunities going forward.

Finally, we would like to thank the people who have helped us throughout the last four months. From Trianglen, Christian, Gert, Peter, Rabin (the elder), Ulla, Jette, and others helped shape our knowledge of the programs, guide us in our research, and provide necessary critique. We're so grateful to have been given this opportunity and have been happy to support an organization being of real benefit. From ASK, Rukum, Hari, Badri, Rabin, Tara, Sunita, Saugat, Shiva, and Khadak all provided tremendous support in every aspect of our trip in Nepal. We would never have been able to navigate the mid-hills without all of their cultural instruction and helpful demeanors. And most notably, we would like to thank the people of Nepal who took time out of their days (even during the harvest season) to answer our questions and help us learn.