

## Leasehold Farming for Improving Livelihoods of Landless People

### Enhancing Livelihoods of Smallholder Farmers in Central Terai District of Nepal- ELIVES

Enhancing Livelihoods of Smallholder Farmers in Central Terai Districts of Nepal (ELIVES) project is a 3 year project funded by DFID and co-funded by ADRA UK and is implemented in four districts of Central Terai region (Bara, Rautahat, Sarlahi and Mahottari) from April 2015. The ELIVES project combines key strengths of project partners - ADRA Nepal, iDE and FORWARD Nepal and district based partners (LNGO) to enhance livelihoods and income for poor and marginalized smallholder farmers with a focus on women and socially excluded groups in particular, Dalits, Janajati and Madhesi.

The project aims to bring tangible change in poor people's lives through interventions on goats, vegetables/lentil and market access/promotion. The project worked with 600 farmer groups comprising over 13,000 HHs. The project's work in developing local service providers and building market systems has ensured that the beneficiaries continue to get services and access to market and also benefitted the wider community. The end line survey revealed that skill enhancement in vegetable and goat production, coupled with increased access to services and markets increased annual income by £80 for 66.5% of beneficiaries.

### Background

Land is among important economic resources, particularly for farmers. Farmland distribution in Nepal highly varies, with about 12% agricultural HHs being landless or near-landless across the country. Landless and ultra-poor households run short supply of food as they can't grow food enough for their families. Even if some are able to grow surplus agricultural produce, they can't get secured markets, nor can they get fair price, due to limited production. Hence, they have no option but secure the livelihoods through daily wage labor, which is less of worth compared to labor and toil they exchange. Those families cannot afford being sick, as one day off means loss of vital income necessary for their livelihoods.

Some of the members in ELIVES beneficiary groups were landless and they were not able to benefit from the association with vegetable producer groups. In this regard, leasehold farming has emerged as an option to support such HHs and the project piloted this approach for 40 HHs. The objectives of the intervention are to make land available to landless and other ultra-poor willing to do farming by utilizing barren lands created by absentee landlordism and/or labor shortage; support farmers for commercial farming of high value crops; develop entrepreneurship of poor households; promote bulk production of vegetables and cash crops to produce sizeable amount suitable for transportation to distance market, directly or through collection centers.

Since leasing costs is high, the crops grown are mostly for market and emphasis is given on cash crops and short duration crops like vegetables and land intensification (several crops are grown per year per piece of land) to maximize profits. It is ensured that farmers earn more than what they invest and its income at least compensates for income otherwise secured from laboring.

### Methodology

The intervention begins with the selection of landless or near landless members within vegetable producer groups that are interested in vegetable growing but do not own land. These people mostly work as farm laborer for landlords and usually have no aspiration of entrepreneurship. The methodology of this intervention is briefly outlined below:

- The project identifies and organizes landless HHs that are interested in vegetable farming in the interest group for leasehold farming.
- Selected HHs are oriented on what they can expect from the project and what they have to do on their own.

- The group searches a land and the project facilitates the agreement between the land owner and the farmers, which is followed by signing a formal contract. The project supports around 100% of the cost of leasing in year 1 and 50% in year 2 with an expectation that farmers will bear the full cost of rental from year 3. In some cases, implementing partners agreed with beneficiaries to contribute 20% of rental in YR 1 itself. Each HH gets 2 katha (around 670 sq m) of land.
- The project also supports these farmers with most of the inputs, including seed/seedling, fertilizer, pesticides, etc., and some basic tools and equipment like hoe, rake, sprayer, etc in the first year. Input support is also decreased on a sliding scale and farmers are expected to be continuing without any external support from YR 3.
- The group members also receive training at different stage of the crops from seedling raising until harvesting. Training included nursery management, pest management, bio-fertilizer making, post-harvest practices etc. They also receive technical support in farming through frequent coaching and mentoring.

## Outcomes and Impacts

### Paradigm shift

The intervention has brought about a paradigm shift. The ultra-poor households with no other assets than their own labor that are mostly dependent on seasonal wage labor are graduating to entrepreneurs. A small support by the project has multiplier effects. The project provided only 2 katha (0.06 hectare) of land to each landless household for commercial vegetable production, but several have rented additional land on their own to expand agri-business. Prompted by the successes of their peers, even some wage labors among non-beneficiary households have started renting-in land for commercial agriculture. Mediation done by the project has also given assurance to land owners of getting a timely payment. As a result, several landlords are no more reluctant to rent their lands, while some skeptics exist.

#### Fact and Figures from ELIVES Project

- Number of HH engaged= 40
- Area of Leased Land=80 katha (2.66 ha) Hectares
- Additional land leased on their own initiative: 40 katha (1.33 ha)
- Annual income=NPR 12,000 (£83) to NPR 65,000 (£427)

### Agricultural commercialization and introduction of new tools and technologies

With the access to one of the important economic resources, the land, farmers are encouraged to adopt commercial agriculture. Provision of tools, equipment, training and technical support has encouraged farmers to continue farming and eased their work. Other supports range from nursery preparation to scientific cultivation practices; fertilizing, weeding and irrigation; sustainable agricultural practices; harvesting, post-harvest handling market networking. Such support has increased crop productivity and income from the products.

### Better economic opportunity and decrease in workload

Compared to wage laboring, own agri-business provides multitude of benefits. Farmers have their own farm to look after and are usually busy round the year. Despite this, workload is lower compared to wage laboring where they have to spend lot of time in field (from early morning to late evening). Now, if the family works for 2-4 hours in their leased land, they can complete their farm works necessary for a day. They also need not to work necessarily under the hot sun in the day time, but can take rest during day and work only in early morning and late evening. Any day lost will also not have large impact in their livelihoods unlike wage laboring, where a day lost means a significant loss of income.

There is a potential to double the income and increase in net benefits by 1.6 folds (see side box). Health and nutrition benefits are also noteworthy as now smallholders have wide variety of vegetables in their diet. Leasehold farmers in ELIVES project have been able to make up to NPR 62,000 (£ 427) per annum.

### Family and community cohesion and wellbeing

Since the effort required in leasehold farming is also less than wage laboring, farmers have more time to spend with their family or at leisure. Women now support their male counterparts in farming rather than just limiting themselves in household chores and working as a wage labor for landlords. Monetary benefits also outweigh wage from laboring (see side-box), so families are able to spend the increased income for family and children food, education, health and wellbeing. Most importantly, smallholders and landless families have the feeling of independence in working on their own. They have also improved the sense of belonging and unity among members. Mutual help, understanding, trust and collective action have also been improved in the families and communities.

### Land owner's perspective

Land owners are also convinced of the honesty of leaseholders and thus accessing their lands is no more an issue. Although there is some cost difference, good quality lands are available at reasonable prices, which secures good harvest for the leaseholders. After the project phases out, the farmers are certain to continue this practice due to high benefits associated provided land owners continue leasing their lands.

### Key Learning

Although leasehold farming provides an ample opportunity for improving the livelihoods and wellbeing of the smallholder and landless families, there are several issues that should be considered for successful implementation of such an intervention. These are summarized below.

- Leasehold farming coupled with initial financial, technical and material support can be an effective vehicle for improving income and livelihoods of landless and smallholder families provided commercial farming, land intensification, and market networking are emphasized.
- Land is often leased for 2-3 years, which deters potential investment in infrastructure like deep well boring for water lifting that is necessary for increasing crop productivity. Moreover, if leaseholders fail to renew the lease, their fate might again turn back to past – wage laboring. Hence, longer period contracts are essential for which policy and local level awareness will be vital.

### Comparison of Benefits/Loss

Parameters	Wage Labor	Leasehold Land
Working Hours	10-12 per day	2-4
Income per year (NPR)	180,000 to 270,000	500,000
Cost (NPR)	0	60,000 - 70,000
Net Maximum Benefits (NPR)	270,000	430,000

**Note: Calculations based on 2 labor force (husband and wife); Leased land is 10 kattha (that 2 people can handle); Wage income considered for minimum 200 working days to maximum 300 working days; 3 season vegetable considered for calculating income from land**

### Case Study 1: Shrijana Vegetable Producer Group (Nareshkhor, Ishwarpur Municipality-5)

This village is a home to poor households mainly dependent on wage labor. They lack enough land to cultivate. Even if they have some land they need to allocate it for cereal crop production, which is important for household food security. After the project intervention, inclusion of these households pose a challenge and hence the project come up with the idea of leasehold vegetable farming. Project facilitated agreement with land owners and provided 2 kattha (0.07 ha) each to five landless households by subsidizing 80% of the cost (NPR 2,000). Farmers had to pay 20% (NPR 500). Besides, project provided all necessary inputs, tools, techniques and technical support. After harvesting a bumper production on first season, most of the farmers have rented-in 5-20 kattha (up to 0.66 hectare) land on their own. They are happy with the increased income, less workload, more leisure and opportunity to participate in wage labor market in off-seasons when they have less work on farm. Child caring and other household chores get more attention and overall family welfare has been unexpectedly better. Due to migration, labor shortage is high and land owners have no other options to rent it out at minimal prices. So, land availability is not a problem. Market is also abundant and farmers need not to worry for marketing their products. Collection centers established by the project has even been facilitating selling of their products at the doorstep of their villages. All the farmers opine this is far better than their earlier job.

- Some landlords are still reluctant to lease out their land because they fear the potential transfer of land ownership to leaseholders or renters if rented out for a longer period. Besides, due to low resource base (capital or income source) of potential leaseholders, the landlords doubt if they can or will pay the rent. Facilitation and mediation roles from NGOs is thus key. The role of local government will be crucial to create enabling environment for land rental market so that leaseholders and landlords will have nothing to fear about.
- On the demand side, leaseholders are deprived of access to loan needed to lease lands and invest in agricultural basic inputs due to lack of collateral, let alone investing for expensive machines such as boring of deep tube wells. Borrowing loan from informal money lenders is very expensive and all the profits from poor peoples' hard work is spent in repaying this loan. Group loan approach from formal financial institution could be an answer.

#### **Case Study 2: Amala Devi Mahato- from farm labourer to commercial vegetable grower**

Amala Devi Mahato (29), a landless lady from from Ishworpur-5, Sarlahi district was working as a farm laborer to feed herself and her three kids. Amala learnt vegetable farming skills through a series of training but she did not own any land to grow vegetables. The project supported Amala and four other landless members to rent 10 katha (0.33 ha) land. In the first year, 80% rental and the cost of inputs were covered by the project. Amala was able to make a net income of NPR 32,300 in the first year. This motivated her group to rent additional 10 katha (0.33 ha) land on their own. In the second year, Amala made a total of NPR 54,500. She is now able to send her kids to school and can meet her food requirements. She has also purchased 55 sq m of housing plot in Gaushala village in Mahottari district. Amala is confident that she can make livelihood through vegetable farming in any circumstances.



- Farmers have also not faced any issues and problems regarding productivity, insect-pest, wild animals, harvesting and marketing, etc., yet they demand for more capacity building training for

enhancing their confidence level. Refresher training is thus necessary to keep them abreast of new development and emerging technologies. In addition, such problems are likely in future due to weather/climate variability and change, which demands for careful planning.

- Landless people are often not recognized as farmers although they do leasehold farming, so they are deprived of direct support from agriculture offices, unlike their fellow farmers. They can not also buy crop insurance policy due to lack of land ownership certificate. Leasehold Farming policy is in place but not yet fully functional. Policy advocacy is thus required in order for them to receive support from the government and business development services including crop insurance.

#### **For further information:**

ADRA Nepal Country Office, Sanepa, Lalitpur, Nepal  
 Phone: (+977)-1-5555913/14; Fax: (+977)-1-5554251  
 Email: [info@adranepal.org](mailto:info@adranepal.org); Website: [www.adranepal.org](http://www.adranepal.org)

**Published Date:** June 2018

The project was implemented by ADRA Nepal in partnership with iDE Nepal and FORWARD Nepal. Four district-based NGOs- JJYC/Bara, RDC Nepal/Rautahat, Chetana/Sarlahi and CDAFN/Mahottari implemented the project in respective districts. ADRA Nepal acknowledges the service of GrowInnova Pvt Ltd in documentation of this practice.

