

## **Executive Summary**

### **Background to the Kudumbashree Review**

Kudumbashree is the State Poverty Eradication Mission organised under the Local Self-Government Department of the Government of Kerala (GoK). Focusing on poor women, the objective is to remove absolute poverty from the State within a period of 10 years. The programme started in 1998. It grew out of two earlier Unicef supported poverty alleviation programmes in urban Allappuzha and rural Mallappuram. Kudumbashree is organised as a 'temporary' mission with a minimal structure of its own and relying on the Panchayat Raj Institutions (PRI) structures, state and district administration and GoK and GoI funding sources.

Kerala is a focal state for Netherlands Development Assistance. In the context of their common priority to strengthen the Local Self-Government/Decentralisation process with poverty alleviation as the overriding objective, GoK has requested support to strengthen the capacity of the Kudumbashree programme: particularly in the fields of research and training, entrepreneurship and business development and the involvement of NGOs in women's empowerment through PRIs.

Since there has been no evaluation of Kudumbashree to date, a four-member independent review/appraisal mission was fielded by the Royal Netherlands Embassy (RNE) to assess the present functioning of the programme and map out areas for possible Dutch support. The Review team was temporary joined by one-two members from UNICEF and took place between 22 July and 15 August 2002.

### **The Kerala context**

Kerala is a small and highly populous state. It is very different from most other states of India, distinguished by its high human development indicators, being the only total literate state in India, with low infant mortality rates and a positive sex ratio. Not only does Kerala compare well with other developed countries, what is significant is that it has achieved this economic and social transformation without high levels of economic growth or per capita income as well as without any significant external help. Instead, the state has focused on land reforms, high investment in human capital and a strong participative political culture.

A series of fiscal crises since the early 1990s has undermined Kerala's earlier model redistribution programmes. Today, under- and unemployment are higher than the all-India levels. Kerala now imports up to 80 percent of its food grain requirements. Traditional industries such as coir, cashew, rubber and handlooms have dwindled.

What kept hope alive in Kerala was the Gulf boom of the mid-1970s-80s and the subsequent remittances from migrant workers. However, most remittances went into consumption, mainly construction of ostentatious houses. In recent years, Gulf income has been drastically reduced. Kerala also faces a serious environmental crisis, which has a direct impact on the quality of life and reduces the resource base available for sustainable development.

Compared to other states of India, the incidence of poverty is still relatively low. Though Kerala has little absolute poverty, there are pockets of persistent poverty in the state: an estimated 15 percent of the state's population have been left out of the process of development. These include, fishing communities, agricultural labourers (often scheduled caste) particularly female, some adivasi communities, migrant workers, artisans and many other casual labourers.

The educated-unemployed constitute almost 77% of the population of unemployed people, mostly lacking entrepreneurial talent for self-employment. This has led to disguised poverty: adequately housed, educated and well dressed people but perhaps without a meal and with little development opportunities.

The commonly held view is that 'the position of women in Kerala is not typical of India'. However, despite high female literacy, women's health status above the national average, and a

positive sex ratio, the power of women to influence the development process and their participation in the political and public arena is limited. Women's mobility and access to the public domain are constrained while issues of increasing violence against women and sexual harassment at the workplace dominate the public agenda.

In the economic realm the women's position is weak as well: in the informal sector and even in agriculture there are widespread gender inequalities in wages and there are limited opportunities for women to enhance their skills.

Compared to other states in India, the growth of secular strong development-NGOs has been rather limited in Kerala. Many NGOs are part of Christian church structures and have often been engaged in charity type activities. In recent years, a number of NGOs have been promoting Self Help Groups (SHGs) and thrift and credit activities. Some NGOs are involved in governance and human rights, minority and gender rights. NGOs in Kerala have generally shown a reluctance to work closely with PRIs.

However, the large secular statewide non-governmental KSSP movement has played an active role in the State government People's Plan Campaign (PPC), promoting decentralised and participatory planning.

Since the 1970s, the state has been engaged in a variety of anti-poverty programmes with a thrust on providing credit and self-employment opportunities to beneficiary families 'Below the Poverty Line' (BPL). Since the late 1990s a nine-point index based on normative features of poverty was introduced.

In the context of poverty alleviation, the PPC introduced the concept of the Neighbourhood Group (NHG): a number of actual (physical) neighbours of women and men of all classes, with several perceived common interests, relevant for local planning in the urban and rural areas. The NHG was and is seen as an additional sub-structure under the Kerala PRI system at Ward level and below, to take care of the large number of people/families to be covered under one Gram Sabha. Because the PPC, built up by bureaucrats and party people, was very much based on instructions, much of the early principles have watered down.

## **Kudumbashree**

Mission:

*"To eradicate absolute poverty in 10 years through concerted community action under the leadership of Local Governments, by facilitating the organisation of poor for combining self-help with demand-led convergence of available services and resources to tackle the multiple dimensions and manifestations of poverty holistically."*

Kudumbashree aims at: *"Reaching families through women and communities through the family."* Kudumbashree refers to itself as a mission, a process, and a methodology for identifying needs of the poor, an organisation involved in poverty reduction and as a movement of the poor. Kudumbashree is planned as a ten-year programme and is not set up to become another permanent structure in the state. Poverty is seen in its broad manifestations:

*"Poverty is a state of multiple deprivation of basic minimum needs, of basic minimum facilities and of basic minimum services."*

## **Key findings and comments**

Even though the Kudumbashree programme only expanded from late 1998 as a statewide programme, all 991 rural Panchayats were covered at the time of this Review. Throughout the state, group formation of poor women has taken place, training is being provided, thrift and credit activities have been started, micro-enterprises are set up with subsidised loans, houses or house-building grants are provided and numerous state and central anti-poverty and other service programmes are implemented using Kudumbashree as the channel.

To structure service delivery activities to poor women and their facilitate bottom up planning Kudumbashree set up a three-tier structure: the Neighbourhood Group (NHG) at the habitation level, Area Development Society (ADS) at ward level and Community Development Society (CDS) at the local body level: the Panchayat in rural areas and the Municipality in urban areas.

A total number of 97,370 NHG have been formed and are federated in 10,500 ADSs. In each of the Panchayats and the Urban Local Bodies CDS have been formed: 1049 are registered or in the process, as legal entities under the Societies Registration Act.

- *Neighbourhood Groups*

*Group formation, selection and exclusion*

The speed and methods used to form NHGs in all Panchayats in the state in such a short time have their drawbacks: many of the Kudumbashree groups have not emerged organically. Kudumbashree's expansion is mostly based on instructions, on targets that had to be met. That does not allow *organising* women organically, but only *mobilising* or *collecting* women under the NHG banner on the basis of promises of expected benefits or, reportedly, under threat of loosing certain entitlements.

In some areas the formation of NHGs, was a rather easy task as many BPL (and APL) women had already been organised by NGOs and church groups in Self Help Groups (SHG), and as such had experience in running such groups. Promoted as permanent groups under a government structure, rather than temporary groups under a (sometimes foreign-funded) NGO, ward members were able to bring women under the new Kudumbashree NHGs.

The present NHGs do not include all actually poor women. In certain instances the very poor had not been included in the group on grounds of social/economic differences, their inability to save money, or the 'risk' of accepting women living in (annually) rented houses. Women, who are excluded from membership or for other reasons did not join the NHG, often belong to SC or fishing communities.

Many of the members, especially those in leadership positions indeed fulfil four out of the nine criteria to be registered as BPL, but would still be in a position to make ends meet within their families without external assistance. This shows the limited usefulness of the criteria in a programme to eradicate absolute poverty.

*Meetings, revolving fund and other activities*

The NHG groups meet weekly, save, take loans and discuss welfare and community issues. What they expect to gain from group membership was clearly expressed: loans, subsidies, government welfare benefits, and (self) employment opportunities.

The NHG's internal thrift and credit revolving fund is seen as an important instrument to take care of small, mainly consumptive, financial needs and emergencies, without having to resort to exploitative moneylenders. Expenses for school going children, ceremonies and especially medical emergencies within the family are the main purposes for which loans are taken. Group members social control works as guarantee for timely repayment.

The most important reasons for forming a group and for regular thrift behaviour is the expectation of a one-time low interest 'matching loan' from a commercial bank to augment the group's revolving loan fund and the scope to get 50% subsidised loans for group-based small enterprises.

*Micro planning*

Preparing micro plans at NHG level towards consolidated ADS and CDS development planning has been one of the key notions behind considering Kudumbashree an additional sub-structure, a next step in the decentralisation of governance. This is not much developed yet as a regular system and in most places such plans do not go beyond the level of a 'wish-list' of usually the same 'needs'. Plans are often prepared on the basis of funds available under different schemes.

Little long-term vision seems to go into the micro plans and reportedly the same holds true for the consolidated ADS', CDS' and Panchayat plans.

- *Area Development Societies*

The purpose of appointing a local body official to assist the ADSs and NHGs has been to provide a linkage between the local body and the NHGs. Yet, Community Organisers and Charge Officers, dealing with 60 NHGs on average, can only visit each NHG once every two or three months. Hence, their contribution to the group building process and micro enterprise development is minimal.

Neither the ADS nor the functionaries supporting them seem adequately equipped to play a dynamic role in micro enterprise development. They lack the knowledge and long term vision on business development and marketing. Though many functionaries have undergone training, their capacity to support the enterprises is inadequate.

- *Community Development Societies*

CDSs are registered as independent societies and as such are in a position to develop programmes, attract funds and operate independent from the PRI structure.

A CDS is also recognised as an agency to which local governments can entrust execution of small public works. Considering there is a close co-operation as well as working relationship between PRI/LSGI's officials as well as CDS office bearers, such allocation of works is sensitive.

It appears that the CDS management is not up to their tasks yet. Longer-term vision for planning and skills for monitoring are absent. Adequate technical support for their task is not available from the Panchayat/ULB offices.

- *Training and orientation*

Kudumbashree has covered the entire state in three phases, each starting with massive orientation and training programmes for PRIs, government officials and others who will play a role in the programme development. Training again is provided in three phases, related to the development of the programme.

Kudumbashree has developed an in-house faculty team and conducts training by using the facilities of already existing training institutes. The Training curriculum was developed with the help of external experts and Kudumbashree faculty. Training sessions, however, have not been optimal in content and especially in the methodologies used.

- *Micro Enterprise Development*

Kudumbashree views Micro Enterprise Development (MED) as an opportunity for providing gainful employment to poor women. The strategy is to increase funds flow and also ensure markets for the products. The approach is extending continued support to the entrepreneurs (group and individual) by means of 'hand holding', and also offering training in functional areas of management.

So far, 959 group enterprises and 12,869 individual enterprises are established in the urban areas covering 14 districts, while in rural Malappuram district alone, 250 group- and 12,677 individual enterprises have been established. There are about 90 different economic activities ranging from the production of ethnic food delicacies to IT units. Almost all of the women in group enterprises were given training in technical skills on machines for production.

The success rate of the larger numbers of individual entrepreneurs varies but no specific results can be claimed as there is no follow-up and no assessment or evaluation has taken place so far. No specific evaluation and or monitoring indicators are identified to measure their performance.

Generally members of Kudumbashree groups were proud to run their own business. Many were happy to be engaged in the enterprise giving them the opportunity to work and meet other women outside their homes. Most enterprises operate on a full time basis. Work conditions are generally as bad as most enterprises working with wage labour in similar fields.

For most women in the MED groups prior exposure to and experience in micro enterprises, business and the industrial world was almost nil. A 'business culture' and aptitude was missing in most women. Many have started just because the money was made available. Kudumbashree promotes group enterprises with ten members in a unit, as that is the minimum required number of members under the main loan subsidy schemes. Yet many of the units do not require ten people.

Women tend to select traditional products, which have very low profit margins. However, there are also a number of groups undertaking activities that break through traditional gender roles, such as the repair of water meters.

The performance of many of the micro enterprises run by the women is an area of great concern. Many of the schemes are very unlikely to lead to any sustainable profit and a number of schemes may not even recover the investment costs (the loan) even after deducting the subsidy component, certainly not if any payment for work has to be made to the members as workers.

Project formulation and establishment procedures like loan application, procuring government contracts, sometimes even purchase of raw materials and market linkages, are generally done by the concerned Kudumbashree officer, not the groups themselves. Viability studies or business plans are not formulated.

Canteens and IT units operating under patronage/contracts of the government or local bodies are likely to be successful and sufficiently profitable for real income as long as the protection continues. However, many of the small manufacturing units and marketing operations do not appear to be viable in their present set-up.

Banks are funding NHGs because of Kudumbashree's presence. They do not assess entrepreneurial capability or micro enterprise related aspects. Often, they do not even meet the women. The lack of business knowledge of Kudumbashree staff and the ADSs/CDSs puts the women entrepreneurs in a very vulnerable position, where they take the financial risks at the suggestion of others, without adequate knowledge.

- *Empowering women?*

The present approach of Kudumbashree ignores the dynamics of gender-power within households, which determine women's control over income earned. The assumed elasticity of women's labour and the instrumentalist emphasis on their rational economic behaviour in the larger interest of family welfare, overlooks the possibility for change in men's roles and responsibilities and therefore undermines the potential for gender equity.

Access to credit and income-generating opportunities may meet women's practical gender needs but these are rather limited aspects of women's empowerment. Economic activities may improve women/the family's economic situation and extend the range of options open to them. But they can be an additional burden for poor women without providing them the space to question their gendered roles as women or address other problematic aspects of their lives.

There is no doubt that NHGs are providing an important public space for poor women. They are gaining leadership and enterprise development skills and learn how to negotiate with government departments and bureaucrats. In addition, political empowerment may be increasing with greater participation in Gram Sabhas and elected positions. However, the reported increasing politicisation of NHGs as vote banks of the poor for political parties at both ends of the spectrum as well as covert communalisation by all religious communities threatens to affect the sustainability of ongoing efforts to empower women.

- *Linkages with NGOs and other civil society institutions*

Given the nature of civil society in Kerala and the limited scope for NGOs to scale-up poverty alleviation through SHGs to the extent that Kudumbashree is able to, it is not surprising that there is competition and often conflict between the two sets of actors (public/voluntary). For NGOs, Kudumbashree is a huge GONGO, which is rather male-dominated and hegemonic in its approach, trying to dismantle all NGO-formed SHGs and put them under the umbrella of Kudumbashree NHGs, despite notification to the contrary.

- *Organisational capacities of Kudumbashree*

Staff is recruited from government cadre in the state. They work in Kudumbashree on deputation from their 'mother' department for a period of maximum five years. Staff generally chooses Kudumbashree for its scope to learn and get additional training and the flexibility it has compared to the rigid government pattern they are used to. Most of the staff does not bring training or experience in participatory processes of development or women's empowerment. Their knowledge and experience with self-employment and entrepreneurship development is generally absent. Surprisingly there are only three women among a total of 20 senior staff members.

The management of Kudumbashree is rather centralised. A second echelon management with adequate power at central level as well as a decentralisation of certain decisions has yet to be developed.

### **Risks and challenges for the future**

Within the time span of only a few years Kudumbashree has been established as a 'trade-name' for anti poverty programmes. It is portrayed as the 'flagship' programme of the state of Kerala. The programme has attracted national attention and is seen by GoI as a model for poverty eradication elsewhere. Internationally the programme is appreciated as well and it has received a number of awards.

However, the very success and popularity of the Kudumbashree programme, and the speed with which Kudumbashree has been spread also hold risks that may undermine or weaken the chances to achieve the ultimate objectives.

#### *Kudumbashree as additional sub-structure in the decentralised governance structure*

Under Kudumbashree the Neighbourhood group consists exclusively of BPL women. When 10% for the women's component of the Panchayat's budget goes to Kudumbashree NHGs, it is likely to lead to conflict: APL women are excluded from those benefits.

The CDSs - as independent registered societies - will handle all anti-poverty schemes channelled through the Gram Panchayat. Panchayats may loose control over funds and activities handled by Kudumbashree groups. The activities are run more by government officials rather than PRIs.

#### *Kudumbashree as effective conduit for government programmes*

Many government programmes and services are to be channelled and implemented through the Kudumbashree structure. The NHGs will get overloaded as a delivery system. In the process of channelling 'benefits', the women are easily instrumentalised and not seen as actors in their own right. NHGs are likely to loose sight of their self-help functions towards strengthening their position.

#### *Micro Enterprise as a solution?*

Women's poverty and their present un-equal power position in society cannot be addressed through economic empowerment alone. Women's social empowerment will need to be addressed as well. However, with the current preoccupation with micro-enterprise development, women's participation in making improvements and influencing decisions in the social sector is marginalised.

Even when focusing on women's economic empowerment, micro enterprise development cannot be seen as the panacea. Most women (and men) prefer secure wage labour employment. Policies to promote the development of sustainable wage-labour employment opportunities are required. MEDs should not be developed separate from mainstream production processes.

Promoting lasting and profitable micro enterprises requires business/profit orientation, knowledge and experiences generally not available with government officials or development NGO staff. Moreover private sector development is not a prime task of the government.

#### *Danger of overpowering and patronising*

Kudumbashree is easily overpowering NGOs and Panchayats, some of whom have done good social mobilisation and organisation building among the poor. Kudumbashree's ability to mobilise large numbers of women throughout the state is attracting political parties. This may lead to pursuing vote bank interest instead of/ or beyond the interests of poor women's development and empowerment and thus undermine what Kudumbashree set out to work on.

The staff has reasons to be proud of what could be achieved through Kudumbashree. Yet it is the achievement of the women to which staff has only contributed. The often visible and reported patronising attitude of a number of Kudumbashree staff in relation to women organised under the programme undermines attempts towards an empowering process.

### **Conclusions and recommendations for RNE support**

In the past Kerala has made serious attempts to address injustices. Yet the state is full of social injustices. Kerala also invested much in social welfare. Today much of those earlier services and qualities can not be taken for granted anymore. In recent years Kerala has invested much in decentralising development planning and governance.

With great enthusiasm Kerala initiated the statewide poverty eradication programme Kudumbashree. Even if there are many aspects of the Kudumbashree approach that require serious attention, need to be changed and improved, the programme holds potential to make a difference in the lives of many poor and middle class women. The NHGs play an important role in the mobilisation of women. Many of the group enterprises may disintegrate, but based on the experiences gained smaller group- or individual enterprises may emerge with greater chances of success. Given the many constraints a government has compared to strong, flexible, well endowed development-NGOs, Kudumbashree has, with limited means and staff, been able to make a start - statewide - with activities that may positively influence the lives of many women and increase their role in decentralised development planning.

Given the high priority GoK gives to poverty eradication and the promotion of Local Self Government and at the same time the potential that the Kudumbashree programme holds, and RNE's desire to support GoK in these fields, the Review team recommends to consider financial support to GoK to strengthen the Kudumbashree programme. Prior to decisions about support by RNE, GoK will have to conclusively address a number of challenges and policy issues that will determine the scope of the programme. Only after resolving the issues indicated, it will be possible to formulate and decide on the type of support that is required towards the ultimate objectives of Kudumbashree.

#### *Recommendations*

RNE support to Kudumbashree may be considered in the fields of developing need-based training methodologies and materials, survey and (group-self) monitoring methods. Micro Enterprise Development will require major strengthening in its different aspects. Training and strategy development for bottom up planning processes for NHG, ADS CDS and its integration in the PRI/LSG plans require support as well.

Given the size of its operations Kudumbashree will have to improve its fund- and other management systems. Staff will have to be adequately oriented on gender-power issues both in their field of work and the Kudumbashree mission set-up.