

Review of Kudumbashree Kerala's State Poverty Eradication Mission

1 Background to the Kudumbashree Review

Kudumbashree is the State Poverty Eradication Mission organised under the Local Self Government Department of the Government of Kerala to remove absolute poverty from the State within a period of 10 years. It was launched by the Government of Kerala in 1998, with active support of the Government of India and NABARD. The Kudumbashree Mission focuses on women Below the Poverty Line (BPL) organised in groups in both rural and urban areas. It is organised as a temporary 'mission' with a limited organisational structure of its own, relying on the Panchayat Raj Institutions (PRI) structures, state and district administration and GoK and GoI funding sources for its activities.

Kerala is a focal state for Netherlands Development Assistance. One of the two priority sectors identified for bilateral co-operation between Government of Kerala (GoK) and Government of Netherlands (GoN) is the strengthening of Local Self-Government/ Decentralisation with poverty alleviation as the overriding objective. It is in this context that the Kudumbashree programme has been proposed for Dutch support in the course of 2001. RNE officials made a brief visit to Kudumbashree in 2001.

GoK has indicated specific needs of the Kudumbashree Mission for which it seeks external support. These include:

"(i) strengthening of the programme's research and training capacity; (ii) an expert support system including gender specialists and advisors on entrepreneurship development, rural management and business development; (iii) additional TA for identification of micro-enterprise possibilities and other areas; (iv) action research and support to NGOs for improved micro level planning for the 'women component plan', empowering women for better participation in PRIs and urban local bodies and other gender (mainstreaming) issues; (v) additional resources for micro-credit/community funds." (in ToR for this Review)

Unicef has been a key actor in two anti-poverty programmes in Kerala, on the basis of which Kudumbashree has been developed. Because of their earlier involvement and their possible role in future support, Unicef became involved in the preparation of this review. RNE, Unicef and GoK have discussed the option of providing the RNE financial contribution through Unicef.

In the light of the request by GoK for support to Kudumbashree, the Royal Netherlands Embassy in collaboration with Unicef-ICO and GoK agreed to field an external Review Mission to broadly appraise the present functioning of the Kudumbashree programme¹ and map out areas for possible Dutch support. It was decided that the drafting of a fundable proposal, originally planned to be combined with the appraisal, would be separated from this review to allow for adequate internal reflection and planning by Kudumbashree and GoK, based on the review findings. It is envisaged that after such internal reflection, deliberation and writing of a first draft plan and proposal by Kudumbashree, the external team will come again to assist Kudumbashree to prepare a project document for a formal funding application.

¹ The Kudumbashree programme has not been evaluated to date. Also for the two anti-poverty programmes which have provided the basic principles for Kudumbashree, no external evaluations are available.

2 Objectives of the Review, composition of the team and methodology

Terms of Reference

The objective of the RNE Mission's first phase was to review the present activities implemented under Kudumbashree and identify the areas, which need to be strengthened to assist Kudumbashree to achieve its goals.

The objective of the RNE Mission as formulated in the Terms of Reference²:

1) To review/assess:

- *Appropriateness of the applied programme strategies to achieve the programme goals*
- *Efficiency, effectiveness and sustainability of the main types of interventions*
- *The monitoring and evaluation systems and the information provided through these systems on the performance of the programme*
- *The institutional and management capacity of the implementing organisation*
- *The financial management capacity of the implementing organisation*
- *Options and plans for the expansion of the Kudumbashree initiative (geographically, in terms of population coverage, and the forms of support that are envisaged to be provided) and for its longer term institutionalisation within the PRI-system, in the light of GoK's programme of decentralisation and broader anti-poverty objectives*

2) *To identify the main risks and challenges involved in the expansion and institutionalisation of the Kudumbashree programme, and the implications of these challenges for the design of support to the process*

3) *To advise whether and in what respect the programme's capacity, coverage and effectiveness can be strengthened in the above mentioned areas. The recommendations may distinguish between measures that can be effectuated immediately and areas where further study or assessment is required.*

The ToR indicates that the preparation of a programme support proposal and budget based on the assessment and discussions with all relevant stakeholders will be the objective of the Mission's second phase to be planned and organised subsequent to the first phase. During the review process it was also decided in discussion with RNE and Unicef representatives that the possible involvement of Unicef in this collaboration programme between Kudumbashree and RNE would only be considered later.

Composition of the Review Mission team:

Jan Reynders (Independent Consultant), Mission Leader, Institutional Development Approaches and Methodology

Sara Ahmed (Independent Consultant), Gender and Women's Empowerment

Subhash Mittal, (Subhash Mittal and Associates), Finance specialist.

Hina Shah, (ICECD, Ahmedabad), Micro Credit and Small Enterprises specialist

Tapas Datta (Unicef), Convergent Community Action specialist

From the side of Kudumbashree the Programme Officers Kesavan Nair and Ramanunny accompanied the Review team on most of the visits to activities and government officials in Thiruvananthapuram. Kesavan Nair also came along with the team during the first few days of visits to other districts.

Chandra Sekhar, Assistant Evaluation Officer of Unicef joined the team for the first six days of the Review.

The Mission took place between 22 July and 15 August 2002.

² The full text of the ToR is provided as Appendix 1

Methodology and process followed

The Review Mission started with introductions at Kudumbashree and a briefing session with the RNE Kerala State co-ordinator.

After a thorough introduction by Kudumbashree on the history, key features, activities and factual achievements of the organisation at present, the Review team conducted a half-day workshop with the senior staff and management of Kudumbashree at their office in Thiruvananthapuram.

In order to solicit maximum participation and ownership of the outcome, going beyond the formal questions of the ToR, the Review Team made an inventory of expectations and apprehensions of the Kudumbashree staff about the Review. The staff first of all hoped for feedback on the current process of group formation. Intellectual inputs were expected from the Review team, amongst others, on ways to strengthen the PRI system, on developing non-traditional approaches to poverty alleviation, scope for HRD/capacity building of staff and improving their professionalism.

The only apprehension that was mentioned related to the risk of new proposals that might reduce the present freedom and flexibility that Kudumbashree has and that is seen as the cause of the success of the programme. The fear was expressed that after one year of waiting since RNE's first visit, it may be a long time before a support programme can be approved by RNE. While the need for research activities was recognised, there was a request not to spend much funding on studies.

The Review team conducted a small exercise to understand, which poverty problems are presently covered by Kudumbashree, what still needs to be done; what vision and dreams the staff members of Kudumbashree have for the period to come and what would need to be done to make those dreams become reality.

Staff feels that while community mobilisation of poor women, micro credit, training, and women's empowerment in general is well covered, micro enterprise development has only just been initiated.

A number of issues are yet to be covered according to the staff: drinking water and sanitation, housing, health issues, high cost of education and social issues like alcoholism, suicide, child labour. Staff also feels that women headed families, women between the BPL and APL categories, physically and mentally handicapped, people in distress as well as 'destitute women' will require more attention.

Towards the future the staff feels that there is a need for more and permanent professional staff, rather than only the present deputation. Some would prefer to see Kudumbashree develop into a QANGO: a quasi-autonomous NGO, and get recognised as a training institution rather than only a facilitator. They also feel that a better monitoring system needs to be developed. To improve the programme staff felt there is a need for more sharing of experiences, more learning. Performance evaluation should be introduced.

At the programme level staff saw the need to develop a market network for the products of the Micro Enterprise (ME) groups. They feel there should be financial support to augment the group revolving funds at low interest rates.

To become more effective government rules and regulations should be reduced and become more flexible. It was felt that through convergence of all state and national government anti-poverty and other schemes, it should be possible to cover all the needs of the poor, to solve all their problems of deprivation. All such programmes should go through the PRI system.

After the programme introduction and opening workshop, the Review team planned and undertook a series of discussions, interactions and field visits to gain insights into the

Kudumbashree Mission's performance and impact in the field, its strengths, weaknesses and capacities. In eight districts meetings were held with Kudumbashree staff and visits were made in urban and rural areas to groups organised under the Kudumbashree structure, to micro enterprises, individual entrepreneurs, PRI- and Corporation level elected members and staff. Interviews were conducted with NHGs and with women running micro enterprises.

The Review team also visited a number of NGOs and some of the groups organised by these NGOs. They met with state and district level government officials, NABARD and commercial bank staff, faculty members of a government training institute as well as academics and journalists to acquaint themselves with development plans and activities undertaken by different players related to poverty reduction and development in the state³.

Interviews were conducted with facilitators, training co-ordinators of Kudumbashree, CDS Presidents and ADS Presidents. A review was made of the reports and training/teaching materials, training designs and course syllabus and progress reports available in Kudumbashree HO and District Office, CDS, ADS and local bodies.

The Review team completed their field visits and presented their findings to stakeholders in two separate de-briefing meetings: in Thiruvananthapuram for Kudumbashree/GoK on August 12th and in Delhi for the Royal Netherlands Embassy (and representatives of Unicef, DFID and UNDP) on August 14th.

Scope and limitations

Given the size of the programme coverage in the entire state, it has not been possible to visit all the districts. Naturally only a small selection of organised women's groups and enterprises could be visited. Kudumbashree staff did most of the selection of women's groups for these visits. They also informed the groups, who would otherwise not have met during weekdays. Most enterprises were also informed about our visits beforehand. Some groups or persons were visited at random and unannounced at the Review team's initiative. **At times the Review team was accompanied by a large number of uninvited - mainly male - officials, visibly making the women's groups with whom we wanted to interact feel uncomfortable and inhibited to speak freely.**

Apart from broad statistics no adequate baseline and subsequent monitoring data are available for the communities or groups covered by the programme, making analysis of effectiveness and sustainability a difficult task. Adequate programme performance indicators are yet to be developed and documentation to assess the micro enterprises is minimal. Hence measuring results against plans is difficult. The review team relied on verbal information provided by Kudumbashree staff and women's groups/entrepreneurs and whatever cashbook and other data were available.

The review took place just over three years since the start of the Kudumbashree programme and in a number of places group formation had started less than six months back. It would therefore be unfair to expect much in terms of results and impacts at this moment. Trends, however and systems could be observed.

The report

Notwithstanding the limitations mentioned, we believe that the combination of data available, the samples from the field, the discussions with staff, the detailed interviews with women's groups and entrepreneurs, NGOs, Government officials and others well aware of the Kudumbashree Mission, have given us a fair overview and sufficient basis for the analysis provided in this report.

Kudumbashree's own staff and clientele of the programmes and others interviewed have - in one way or another - expressed many of the concerns and critical issues raised in the process. Some of them have also given their feed back on preliminary findings in the presentation

³ See programme/itinerary attached as Appendix 2

workshop. We are confident that this report will not hold surprises or upset Kudumbashree, but will rather function in support of the learning process in meeting the challenges Kudumbashree faces.

The review by nature supersedes, yet draws from separate activities, enterprises, and groups or staff member performance. The examples referred to in this report serve to raise issues regarding the Kudumbashree programme as such. They are not intended to pass conclusive remarks about individual activities, groups or staff.

We have briefly described successes in the programme as they were reported to us, to learn what led to those successes and which needs they answered. Because the ultimate objective of this review is to assess how Dutch development aid could possibly strengthen Kudumbashree towards its goals, we have concentrated on the weaknesses, dilemmas and critical issues of concern, which require action in the future. For detailed data on Kudumbashree's activities and performance we refer to Kudumbashree's own annual and other reports and statistics.

3. Analysis of the Kerala context

3.1 The Kerala Model of Development

Kerala is a small and highly populous state, which came into existence as a political entity in 1956 by integrating the Malayalam-speaking former princely states of Travancore and Cochin with the Malabar district of the British Madras Presidency. Due to the diverse nature of its natural resources and the commercialisation of agriculture, Kerala was able to foster strong trading links with the outside world without disturbing the rigid caste structure. It was not till the 19th century that colonial capital decided to penetrate directly into the Kerala economy, exploiting its natural resources through infrastructure development, expanding plantations and relying on cheap labour. As a result a class of rural proletarians emerged by the turn of the 20th century (Kannan 2000), which weakened the foundation of the caste structure by encouraging greater mobility, particularly among the intermediate castes. Subsequently, these groups provided the backbone to struggles for the social and economic upliftment of the poor.

The princely states of Travancore and Cochin had given importance to primary education, particularly for women. This was complemented by the role of various socio-religious reform movements, especially those led by the Church and later taken up by the post-colonial state. It is in this brief historical context that we need to situate the so-called Kerala Model of Development 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 indeed 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.

However, whether the so-called Kerala Model of Development is indeed a ‘model’ or simply an alternative development experience is a contested perception (Parayil 2000). Typically, the Kerala model is defined as having the following characteristics (Franke and Chasin 2000: 17):

- A set of high material quality of life indicators coinciding with low per capita incomes, both distributed across nearly the entire population of Kerala.
- A set of wealth and resource redistribution programmes that have largely brought about the high material quality-of-life indicators.
- High levels of political participation and activism among ordinary people along with substantial numbers of dedicated leaders at all levels. Kerala’s mass activism and committed cadre were able to function within a largely democratic structure, which their activism has served to reinforce.

Amartya Sen (in a personal communication, Parayil 2000: 13) while endorsing the features of the ‘model’ suggests that it carries too strong a normative perspective in a context where economic growth has been compromised and that therefore the use of the term ‘development experience’ is more appropriate. Without getting into the debate of whether Kerala represents a model or not, it is clear that many communities, estimated as up to 15 percent of the state’s population, have been left out of this process of development. These include, fishing communities, agricultural labourers (particularly female), some adivasis, migrant workers, artisans and many other casual labourers.

A series of fiscal crises since the early 1990s has further undermined Kerala’s model redistribution programmes, while under and unemployment continue to remain higher than the all-India levels.

Stagnation in the rate of growth in the primary sector in the 1990s had led to a trade-deficit, forcing Kerala to import up to 80 percent of its food grain requirements, as well as products like vegetables, eggs and milk. In addition, declining agricultural production, especially of rice affected food security and the increase in prices of raw material coupled with competition from

other states and countries with cheaper labour has had a negative impact on traditional industries such as coir, cashew, rubber and handlooms. Investment in new industries was also limited because, apart from labour, Kerala had higher costs of production and inadequate infrastructure support (e.g. severe power shortage).

What kept hope alive in Kerala to some extent were the Gulf boom of the mid-1970s-80s and the flow of remittances from migrant workers. At its peak, in 1987 it was estimated that more than 300,000 Keralites were in the Gulf states, nearly one in every 12 households was thought to have a member there and remittances were said to account for almost 28 percent of the state's income (Jeffrey 2001: 215). However, most remittances went into consumption (construction of ostentatious houses) and were blamed for not only inflating the price of land and labour, but also increasing dowry. Increasing mental illness amongst young wives left behind, either alone or with in-laws, was also a cause of concern.

Today, Kerala also faces a serious environmental crisis, which has a direct impact on the quality of life indicator and reduces the resource base available for sustainable development. Extensive deforestation till the mid 1980s, high population density and intensive land-use have made it difficult to demarcate protected areas pushing poor and marginalised communities into further unsustainable livelihood practices.

3.2 Poverty and Livelihoods in Kerala⁴

Despite Kerala's highly commendable human development indicators and the absence of absolute poverty, it is now recognised that there are pockets of persistent poverty in the state and that there are several 'outliers' of the Kerala model who are still poor and deserve special attention. According to the 55th round of the NSSO (1999-2000) an estimated 12.72 percent of the population are placed in poverty with rural areas accounting for 9.38% and urban areas, 20.27% of this figure. Rural poverty is estimated to have declined from a high of 59.2% in 1973-74. Despite conflicting indicators of poverty (some estimates maintain that the probable poor are about 20% of the population), there is broad consensus on the need to address differential groups among the poor. These include:

- Adivasis who constitute 1% of the state's population, but many of them are poor and suffer from malnutrition.
- Scheduled castes constitute 9% of the population – a large number of them are poor and work as agricultural labourers.
- Fishing community is affected by seasonal and acute poverty – little tendency to save and high alcohol consumption amongst certain groups as well as competition from mechanised trawlers.
- Workers in traditional sectors such as cashew and coir production are under stress and minimum wages are hardly observed in these sectors.
- Educated-unemployed constitute almost 77% of the population of unemployed people, mostly lacking entrepreneurial talent for self-employment.
- Landless poor, despite land reform and homesteads given to nearly 300,000 families, a large number of these have been partitioned or sold out so that most of the poor have little more than their house plots.
- Women within poor households.

In addition, falling agricultural labour opportunities and a decline in government (public sector) job prospects has further complicated the poverty situation. A characteristically high trade union activism has also constrained the investment climate, though this is changing with growing investments in the IT sector and tourism. Reduction in remittances from the Gulf countries

⁴ Further details on the context, poverty levels and Kerala State development issues are provided in Appendix 3

coupled with a growing number of returning Non-Resident Indians (NRIs) as a result of the Gulf war, diminishing economic opportunities and the hiring of more Arab labour, is also likely to have an impact on the ranks of the unemployed.

Apart from the gender dynamics underlying poverty (see next section), the structure of the population is also placing a strain on household incomes. Decline in fertility rates and an increase in life expectancy has led to a larger proportion of elderly people in the demographic structure and thus, more dependency – the dependency ratio stood at 52.02 in 2001 and is projected to increase to 87.68 by 2041 (Prakash 1999).

Kerala also presents the paradox of disguised poverty - that is given education levels, health awareness, and generally better living conditions than the poor in such states as Bihar or U.P., it is often difficult to identify 'who are the poor', especially in case of the younger generation who will dress well, wear fashionable ornaments, but who may be going without a meal.

Since the 1970s, the state has been engaged in a variety of anti-poverty programmes including IRDP (1978) with its thrust on providing credit and self-employment opportunities to beneficiary families below the poverty line. Alongside access to credit, the state made comparatively massive investments in education and health to raise human capabilities. Apart from the characteristic bureaucratic delays in programme implementation, questions were also raised about the transparency of the indicators used to identify the poor or those below the poverty line (BPL).

In the early 1990s after various poverty surveys and the use of different indicators, it was decided to adopt a 9-point index developed under a Unicef supported Urban Basic Services Programme in Allepey town. It was felt that the conventional head-count system was too remote from people and that a transparent index based on normative features of poverty would be more acceptable. The nine risk factors, each reflecting a kind of material or non-material deprivation were identified as:

- Kutcha house
- No access to safe drinking water
- No access to sanitary latrine
- Illiterate adult in the family
- Family having not more than one earning member
- Family getting barely two meals a day or less
- Presence of children below 5 years in the family
- Alcoholic or drug addict in the family
- Scheduled caste or tribe family

A family, which has four or more of the above risk factors, was identified as high-risk poor. The index was useful for a number of reasons (Vijayanand, no date): The factors were simple enough for the community to understand. It did away with patronage and partisanship in the identification of the poor. The presence of various factors provided a more holistic understanding of poverty, than an index based on income alone. The inclusion of multiple factors provided a basis for needs identification in poverty alleviation programmes.

The Allepey methodology of poverty assessment was later extended to other urban local bodies and introduced in Mallapuram district in 1995 (see section on background to Kudumbashree).

3.3 The Gender Paradox in Kerala

It is commonly held 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 inform the development process and their participation in the political and public arena is limited (see table below on the position of women in Kerala). Critics have pointed out that the model of development in Kerala was built and implemented on a structural approach where change was analysed in terms of class struggle (Erwer 1998). Development was to include *all* sections of society and hence women, but it was never explicitly aimed at changing or challenging gender relations of power. That women have achieved a high socio-economic status was thus, *unintentional* as Kerala's social policies targeted girls and boys, women and men. In other words, Kerala's development strategy was not necessarily directed or informed by *gender awareness*.

Table 1 Key demographic and gender related data on Kerala

	1991	2001
Sex ratio	1036	1058
Sex ratio 0-4 years	957	954
Sex ratio <15 years	969	960
Percentage of girls in population of 0-6 years		49%
Population density (3rd highest in India)		819 persons/sq.km
Literacy rates (% of literates of the population aged >7 years)		male 94.20%; female 87.86%

Source: 2001 Census; Unicef 2001 - District Atlas of Women and Children in Kerala

Table 2 Atrocities against women (number of cases reported)

	Indicators	1991	1995	1999
Crime against women	Molestation	569	810	31
	Sexual Harassment	5	14	1643
	Rape	211	266	423

Source: (Unicef 2001 - District Atlas of Women and Children in Kerala)

In the economic realm, gender is one of the markers of exclusion in the disadvantaged groups identified above. For example, in fishing communities, mechanisation has affected women's role as vendors denying them access to good quality fish at auctions where large male merchants tend to dominate (Dietrich and Nayak 2002). Traditionally boats used to be jointly 'owned' but now they are increasingly being registered in the name of men.

In the informal sector and even in agricultural there are widespread gender inequalities in wages and there are limited opportunities for women to enhance their skills. For example, in agriculture, male wages are as high as Rs 160/day while for women it is only Rs 110/day (in season). While as casual labourers men may earn between Rs 70-80/day and women only Rs 50/day. However, in terms of the organised sector women's work participation is higher than in other states - for e.g., 28 percent of government employees are women and 36 percent of all employees in organised economic enterprises are also women (Jeffrey 2001: 219).

In terms of political participation women are even less visible – whether at the state parliamentary level or in the Panchayats or in administrative and managerial positions. Women's organisations are also fragmented and there is no powerful statewide feminist organisation – the government closed down the Women's Commission and has stopped funding the Mahila Samakhya (Women's Empowerment) programme. To some extent too, women tend to be divided by the struggles against patriarchy in the religions, which bind them, for example, Christian women have been fighting to establish their claims to parental property under Christian inheritance law (Jeffrey 2001: 225). Moreover, Kerala's history of matrilineal inheritance, albeit amongst certain communities only like the Nairs, is widely seen as a contested terrain in terms of women's status and rights.

The People's Plan Campaign aimed at decentralised planning and governance has facilitated women's participation in local bodies, but has not necessarily addressed questions of gender inequalities. Women's mobility and access to the public domain remain constrained while issues of increasing violence against women and sexual harassment at the workplace dominate the public agenda. Although Kerala has just been declared the first baby friendly state in the world, state expenditure on public health is declining. Moreover there are regional variations in the sex ratio with hilly districts such as Wyanad and Idduki having a sex ratio much lower than the state average and the 2001 census indicating a negative female ratio in the age group of 0-6 years. Dowry, which has been increasing over the years as a result of male migration to the Gulf states, persists as a significant source of female impoverishment and probably in the long run on the status and well-being of women/girls. On the other hand, the return of migrants with little job opportunities or old and sick has placed an additional economic burden on women.

3.4 Decentralisation: Participatory and gender sensitive governance under the People's Plan

Kerala has never had a strong history of decentralisation, therefore when the LDF coalition launched the People's Campaign for Decentralised Planning (PPC or People's Plan Campaign for short) in 1996 it became a symbol of the potential for decentralisation in India. Democratic decentralisation means more than just the devolution of power – it implies that people are participating in day-to-day governance. According to Isaacs and Heller (2001) significant progress has been made in:

- Administrative decentralisation: all local government bodies in urban and rural areas have been given new functions and powers of decision-making and officials from many line departments have been brought under the authority of locally elected bodies.
- Fiscal decentralisation: 40 percent of all development expenditure has been allocated directly to LSGIs
- Political power has been decentralised: elected representatives now have the autonomy to design, fund and implement a full range of development policies and projects.

In the context of poverty alleviation, the PPC provided a forum for participatory local level planning for needs identification and demand-led convergence in the delivery of developmental and welfare services. The provision of basic needs such as housing, access to potable water supplies, sanitation and electricity improved considerably. Key resource persons have been identified at different levels (state, district, local) and training for capacity building has been extended through IMG and KILA.

Under the PPC the concept of the Neighbourhood Group (NHG) was introduced, consisting of a number (15-40) 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 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. Researchers indicate that the inclusion of rich and poor, women and men in these committees had the advantage that the rich also had to realise and take some interest in the poor as their common interest was also at stake. Because the PPC built up by bureaucrats and party people was very much based on instructions, much of the early principles, however, have watered down.

One of the most important aspects of the PPC was the mandatory allocation of 10% of plan expenditure (grant-in-aid to local bodies) to the Women's Component Plan (WCP) for projects directly targeting women and for facilitating greater women's participation in democratic institutions. According to a recent evaluation of the WCP (Unicef 2001) its major achievements over the past three years (1997-2000) include:

- Increased participation of women in all spheres including project preparation, monitoring and implementation.
- Promotion of self-help groups by several Panchayats.
- Qualitative change in the nature of projects to challenge gender stereotypes of m/f roles.
- Significant capacity building, leadership development and communication skills.
- Gender auditing – separate chapter on women’s welfare in the annual development report prepared by each PRI.

However, the evaluation also outlined a number of limitations of the WCP process:

- Since the WCP was a fully subsidised programme, beneficiaries had limited stakes in projects. Neither, it seems, did officials and elected representatives for whom the WCP was a minor consideration, which they had to deal with as it was mandated, but not because they were committed to gender issues.
- Though the selection of beneficiaries is done by the Gram Sabhas, because of the lack of time there are many short cuts in the process. Consequently, little attention is paid to skills and aptitudes or the need for group cohesion in group projects.
- Most women’s projects have been formulated in isolation from the overall planning process with little scope for marketing of products and poor monitoring.
- The poorest of the poor rarely have access to micro-credit, therefore the state needs to think of interventions that support destitute women in particular.

In sum, most of the projects under the WCP met women’s practical gender needs (jobs, income, infrastructure), without really questioning their ownership or control over the income from assets transferred to them and without addressing larger strategic gender issues of equity, changing gender roles and processes of negotiation with patriarchal structures.

3.5 The Role of Civil Society in Kerala’s Development

Kerala has had a long history of social reform movements striving for social and economic justice for the disadvantaged with a strong priority put on education and health care. Perhaps the most famous of these in the contemporary period is the people’s science movement (KSSP) launched in 1962 with only 42 members. Today the KSSP has a membership of some 45,000 people from all walks of life and was closely associated with ‘mentoring’ the PPC. The Christian churches have been another institution of power especially in the field of education and health care. Even today about 50% of the education and health facilities are run by church institutions of different denominations. Churches have also facilitated community groups and later forming their own church-based NGOs in each diocese, earlier mainly involved in charity activities, later also in income generating activities and micro credit. However, questions have at times been raised about the secular nature of their work, and their approach to poor people’s organisation building. Are the church groups today really prepared to assist the poor to get organised independently? For long, many of the church groups have maintained a strong patronage over their clientele to avoid control by trade unions and left-oriented political parties, rather than that they promoted their independence. Even now that some church groups have changed and done away with charity, the question is still raised today whether the church groups will attract and support the poorest in Kerala (personal communication Kannan to member Review team 2002).

Compared to other states in India, the growth of secular strong development NGOs has been rather limited in Kerala. In recent years some NGOs have come about in relation to donor related development schemes (a/o World Bank). Competition is growing between NGOs over access to limited subsidy schemes.

Broadly speaking in the context of decentralisation, NGOs are perceived to have the following roles:

- Community mobilisation
- Facilitating the horizontal transfer of skills and lateral learning
- Developing innovative approaches and mainstreaming them as ‘models’
- Documentation, participatory M&E, action-research

There are approximately 600+ NGOs in the state working on a range of issues including micro credit (promoting the formation of Self Help Groups), livelihoods, watershed development and more recently governance and human rights, including the rights of dalits, minorities and gender rights. Funding is both from international agencies and Indian government and non-government bodies and their total annual turnover is between Rs 350-450 crores. It is estimated that NGOs in Kerala have promoted some 30-40,000 SHGs most of whom have been linked to the banking structure. But the scope and capacity of NGOs to address critical development concerns varies considerably and there is much scepticism, even amongst NGOs themselves about the extent to which they are able to form partnerships with the state or provide a viable alternative institutional mechanism for development interventions. NGOs in Kerala have generally shown a reluctance to work closely with PRIs.

It is this context, which is more complex and even different from the often-idealised Kerala model and gender power situation – that we shall assess the Kudumbashree Mission.

4 Kudumbashree

4.1 Genesis of the Mission

The Kudumbashree Mission grew out of two Unicef supported poverty alleviation programmes in respectively the Allappuzha⁵ municipality area (1992-93) and the Malappuram district rural areas (1994). Based on the earlier success of the Urban Based Services (UBS)/Urban Based Services for the Poor (UBSP), the State Government ordered all Urban Local Bodies at the end of 1994, to set up Urban Poverty Alleviation Cells and to implement Poverty Alleviation programmes with community participation as it was done in Allappuzha: the Allappuzha (or Alleppey) urban model. Different from earlier anti-poverty programmes, this model used nine criteria, both economic and non-economic, to identify 'risk families' (ref. chapter 3 Analysis of the context of Kerala and Appendix 3 for further details).

The Allappuzha model introduced a community based participatory approach of poverty eradication with a three tier organisational structure: Neighbourhood Groups (NHG) at community level, Area Development Societies (ADS) at ward level and Community Development Societies (CDS) at Municipality level. The CDS was registered under the Charitable Society Act. Initially the programme concentrated on thrift and credit. At a later stage the CDS started giving importance to income generation activities through women led micro-enterprise activities. NABARD along with other leading banks provided the loans. From an original sanction of Rs. 4 million, the loan amount has gone up to Rs 12 million today.

Along similar principles of organisation the Community Based Nutrition Programme and Poverty Alleviation Project (CBNP & PAP) started functioning in the rural areas of Malappuram.

Kerala State government planners were enthused with this approach of poverty reduction and formulated a project on similar lines for the entire state: Kudumbashree (which literally means family welfare). The Prime Minister inaugurated the statewide project on 17th May 1998. Functionally the project was launched from 1st April 1999⁶.

Kudumbashree

The new project, was approved by the Government in October 1997 vide GO (MS) No. 240/97/LAD⁷. The State Poverty Eradication Mission was formed as a nodal agency to implement the Kudumbashree Project. The Mission has been registered as a society on 18th November 1998 under the Travancore Cochin Literary Scientific and Charitable Societies Registration Act 1995. The earlier state Urban Poverty Alleviation Cell merged with the Mission and all the poverty alleviation programmes, both centrally sponsored and the state schemes, are to be implemented under the banner of Kudumbashree.

The management and control of the Mission is vested with a Governing Body with the Minister for Local Self Government as Chairman and the Secretary, Local Self Government (Rural) as its vice-Chairman. The Executive Director is the Chief Executive of the Mission, who is responsible for the management, administration and implementation of the project in accordance with the rules and regulations and policies laid down by the Governing body.

GoI has declared Kudumbashree as 'State Urban Development Agency'. Thus centrally sponsored Urban Poverty Alleviation Programmes such as SJSRY and NSDP are being implemented through Kudumbashree.

⁵ Earlier known as Alleppey

⁶ In Mallappuram district, the CBNP & PAP were merged into the Kudumbashree programme from Aug'99.

⁷ Kudumbashree Annual Report 1999-00

4.2 Mission and strategy

Kudumbashree's 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."*⁸

Kudumbashree aims at: *"Reaching families through women and communities through the family."* Kudumbashree refers to itself as a mission, a process, a methodology for identifying needs of the poor, as an organisation involved in poverty reduction and as a movement of the poor. The Kudumbashree Mission wishes to follow a process approach rather than a project approach. Kudumbashree is seen to bring planning, decision-making and control over anti poverty programmes closer to the people. Kudumbashree is planned as a ten-year programme and is not set up to become another permanent structure in the state.

Different from individual state and central government anti-poverty programmes, Kudumbashree looks at poverty in its broad manifestations:

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

To achieve its mission Kudumbashree uses most of the principles, structures and activities developed under the Allappuzha and Malappuram programmes:

- organising women 'below the poverty line' (BPL) according to the 9 criteria selection, into self-help groups, called neighbourhood groups (NHG) in the Kudumbashree programme
- build up a three tier structure to facilitate upward and downward co-ordination and convergence of programmes, activities and plans
- facilitate planning of development activities bottom up
- using all available state and central government development/anti poverty schemes
- promoting thrift and credit activities at NHG level to take care of small financial needs
- promoting and supporting the development of micro enterprises by BPL women

"In Kerala Kudumbashree is perceived and accepted by all Local Self Governments as a further step in the decentralisation process."

Review team observation:

Very few government programmes or NGOs have such a comprehensive mission statement to govern their programmes. While that is much appreciated, the mission statement at the same time includes assumptions, which may ultimately not cover and solve the key problems faced by the poor. Local Governments do not necessarily have the interest of the very poor (families meeting four or more criteria) at heart, their willingness to take adequate leadership in this effort can therefore not be taken for granted. The better off who still hold much of the power in Local Governments have benefited from the 'availability' of the poor, even if such labour relations have changed over time. There are more structural dimensions to poverty than can be resolved by a perfect convergence and delivery of services and resources under the control of the government. Structural demands by the organised poor will go beyond the anti-poverty programmes and facilities on offer. **Poverty, especially of women, goes beyond the absence of facilities and services, it also deals with rights, entitlements, responsibilities, justice and equality.**

But because the Kudumbashree Mission is committed to follow a process approach, there is scope for changes on the way. Strong and self-controlled organisations of poor women will start making their demands at home, in the community and in the LSGIs.

⁸ Quotes in this section from Kudumbashree, concept, organisation and activities, 2002 and the Powerpoint Presentation to the Review team.

5 Key findings and comments

Even though the Kudumbashree programme only started late 1998 as a statewide programme, all 991 rural Panchayats were covered at the time of this Review. Activities in some areas have been ongoing for more than three years. Some areas have only very recently been covered and activities are just starting. The 'third-stage' training for the most recently covered Panchayats is expected to be completed by September 2002.

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, 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.

Statistical details of Kudumbashree's coverage and performance are provided in Kudumbashree's own (annual) reports and documents. The Review team presents its own findings, followed by detailed qualitative comments.

5.1 The three tier system of organising poor women

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

Including the groups in the 58 Urban Local Bodies (ULB) and among the adivasi communities in five districts a total number of 97,370 NHG have been formed. The NHGs are federated in 10,500 ADSs. In each of the Panchayats and the Urban Local Bodies CDS have been formed: 1049 already or being registered as legal entities under the Societies Registration Act.

5.1.1 Neighbourhood groups: NHG

Concept

The basic unit in the Kudumbashree structure is the Neighbourhood Group: women of BPL families in a neighbourhood come together to form a group for solidarity, self-help, mutual financial support through a thrift and credit (revolving fund), joint planning of activities and other interest they may have in common.

Structure

Groups are organised by 15-40 BPL women, though smaller groups were also found. Each group has five volunteers forming its 'Barefoot Organisers' committee: President, Secretary (Resident Community Volunteer), a community health volunteer, an infrastructure development volunteer and an income generation activity volunteer. Selection of these volunteers is done more on consensus rather than by election. Often the selected members were said to have a better educational background or exposure to community work, etc.

Meetings

Meetings are convened weekly in a member's house. Generally meetings follow a standard structure: a prayer, reading the previous meetings minutes, discussion on minutes and approval. Normally the first item on the agenda is the savings and loans. These are handled first, after which other items are discussed. Monies collected are recorded in the savings or loan repayment registers. Loans are sanctioned to members after discussion. Members' passbooks are updated. Money is normally handed over to an office bearer, generally the secretary or president, for depositing in the bank account. If any persons have not deposited their thrift or loan repayment, reasons for these are discussed and solutions proposed.

Normally interest ranges from 1% to 2% per month. Some groups do not charge interest on loans given for medical purposes, or death rites. Social issues, mainly social gatherings to be organised on any religious / national festivals are discussed, but also individual problems that members are facing like serious sickness in the family. In case CDS/ADS have sent any messages these are also discussed.

Activities undertaken

- Thrift and Credit: One of the major activities of the group is to collect members' savings and provide loans (credit) to fulfil members' small financial needs. These savings and loans are collected and distributed through weekly meetings.

Thrift and Credit Operation

As on 30th April'2002

	NHG	ADS	CDS	Thrift Rs lakh	Credit Rs lakh
Urban	7848	616	58	1802.98	1853.34
Rural	64475	6750	700	5750.23	33981.09
Tribal	993			55.09	15.76
Total	73316	7366	758	7608.3	5850.19

- Micro Plan: The groups also prepare a micro-plan at their level for development activities. This is a periodical exercise.

Fund Management

In case of rural groups, a bank account is opened in the name of the group. It is the responsibility of the secretary to deposit the funds saved in the bank account. In case of urban groups, no bank account is maintained at the group level, instead the bank account is maintained by the ADS with whom this responsibility rests. It is the secretary's responsibility to ensure that funds reach the ADS.

Documents / reporting /controls maintained at the NHG level

Each NHG is required to maintain a minute book register, which should have proceedings of the meetings. In addition to the above, a consolidated prescribed register is to be maintained by each group. The register has sections for keeping record of memberships, their specific poverty indicators, Loan (credit) particulars of each member, Savings and withdrawals register of each member, income and expenditure record and consolidated month-wise Thrift and Credit record of each NHG. This format also becomes the basis of further reporting to ADS by the NHG. In addition to this, each member is issued a passbook, which is updated on a regular basis.

In the case of urban areas, as the bank account is maintained at the ADS level, it is the duty of ADS secretary to follow-up, in case any NHG has not deposited the funds in the bank account.

Comments by Review Team

Group formation, selection and exclusion

Whereas Kudumbashree has to be congratulated for its ability to form NHG in all Panchayats in the state in such a short time, the speed and methods used also have drawbacks. Many of the Kudumbashree groups have not emerged organically. Similar to activities undertaken when the People's Plan Campaign was undertaken as a state level campaign, Kudumbashree's build up is based on instructions, on targets that had to be met. Some ward members informed the Review team that they were given the instruction to bring all BPL women under new Kudumbashree Neighbourhood Groups within a given very short period of time, in one example only 7 weeks. That does not allow to *organise* women organically, but only to *mobilise* or *collect* women under the NHG banner on the basis of promises of expected benefits or, as we were told a number of times, under threat of losing certain entitlements, like ration cards.

In some areas the build-up of NHG, was a rather easy task as many BPL (and APL) women had already been organised by secular 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 NHGs. (also refer to the last section of this chapter)

From the field visits and discussion with group members, staff and others it became clear that the present NHGs do not necessarily include all actually poor women. In certain instances we were told that the very poor had not been included in the group on grounds of social/ economic alienation: *“they are very different from us”* or *“those very poor women can not save money anyway, what is the use of membership”*. Another reason for exclusion by NHGs was living in a rented house: it was seen as a risk if these women would become entitled to taking loans from the revolving fund after six month membership⁹. Some NHGs mentioned that very poor women were not interested to become member or felt ashamed in such a group, as they would not be able to save regularly. Many of the women, who were excluded from membership or for other reason did not join, belonged to SC or fishing communities.

From the discussions with NHG members it was also obvious that many of the members, especially those in leadership positions may 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, showing the limited usefulness of the criteria in a programme to eradicate absolute poverty. The Review team was informed that the criteria are being revised at this moment. (also refer to chapter 8)

In order to accommodate women SHGs formed by NGOs, which often include both BPL and APL women, Kudumbashree has formally allowed such groups (in rural areas) to join without the strict BPL criteria. In urban areas, however, only the BPL women can become members of NHGs.

During our interaction with NHGs, it became clear that the group’s major responsibilities lie on the shoulders of the president and the secretary: often even the thrift and loan administration, which was said to be a task of the volunteer for IGA. The three other volunteers are not involved much, perhaps due to a lack of activities in their fields. Sometimes some of the volunteers did not even appear to be aware of holding such positions.

Meetings, revolving fund and other activities

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

Notwithstanding the weaknesses in bringing BPL women under the Kudumbashree NHG banner, the groups visited and many others reported about meet weekly. The NHG’s internal thrift and credit, revolving fund is seen as an important instrument to take care of small and sudden 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. But even repayments to a moneylender have been mentioned. Group members social control works as guarantee for timely repayment. In case of unforeseen problems, however, group solidarity to solve - reschedule or wave – repayment was reported. NHGs in that way also bring out welfare mechanisms from the stronger to the weaker member on a voluntary basis, though it is not known at what cost in terms of social control and otherwise.

⁹ House owners generally rent out their houses only for periods of 11 months to avoid administrative and tax hassles. Though most tenants would certainly remain in the area, they would have to move house and could possible run of leaving a debt.

The source of the weekly thrift deposits varies: some women pay from their wage labour, 'coolie' work (in season), most group members reported to get money from their husbands or keep aside some money received for their shopping. Through their weekly cash savings of Rs. 10 to Rs. 50, the groups in total have saved Rs 98 crore till date, with savings between groups varying from Rs. 2,000 –100,000. The total amount given as loans to members stands at Rs. 89 crore (cumulative).

Some groups reported that their revolving fund can take care of most of the members' small consumption and emergency needs sometimes even the purchase of goats. Other groups indicated that some members still go to moneylenders, as their build-up capital is not enough to satisfy all the members needs at the same time.

One of the reasons reported for the regular thrift behaviour is the expectation of a low interest 'matching loan' from a commercial bank, if after six months the NHG fulfils the group quality criteria of NABARD. The one-time matching loan (mostly referred to by the groups as matching grant!) doubles the inner-group lending capacity.

Though some groups were reported to have saved substantial amounts of money, the loans members take are rarely used for investments. Members reported that they would find it too risky to invest 'their' savings into their members' productive enterprises, even if they would have the capital. They would prefer to use the 50% subsidised loans available under a government scheme, and keep their own money for emergencies.

While NHG caution to hold on to money for emergency lending with their group is well understood, their evaluation of business investments as too risky requires more attention (ref. section 5.4 Micro Enterprises development). This will require further study.

NHG in some areas reported problems when opening a bank account. When, even after interventions by Kudumbashree staff, rural government banks refuse to open a bank account in the name of the NHG, the group is forced to open an account with a co-operative bank. In that case however, the group cannot avail the matching loan for their savings, as NABARD reportedly restricts that to government banks.

The NHG revolving fund clearly answers an important need among the poor women. In rural NHGs the system is fully controlled by the group itself and – certainly aided by the high literacy rate allowing full knowledge of records – no problems of major defects in administration or worse have been reported. The revolving funds appear to be managed rather informally. If the fund increases and further develops linkages with banks, a more 'business like approach' may be required, in terms of administration, rules, interest, credit management, etc. Training will have to be geared towards that stage.

The most important reason reported by NHG for forming the group and maintaining the required NHG system's discipline is their expectation of subsidised bank loans and other benefits under various government schemes. That is also the main motivation used by Ward members interviewed in their formation of NHGs. To what extent, therefore, the NHG discipline can be maintained if such benefits are not forthcoming within a short time, remains to be seen and requires adequate attention. If in that case the 'benefits' of a solidarity group or the inner NHG lending does not match the time invested in the NHG, the groups may easily disintegrate. So far most groups, new as they are, seem to maintain adequate discipline in their functioning.

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 a next stage in the decentralisation of governance. Documentation for micro-plans was requested at a number of places. Often such micro plans were not available, and some NHG were hardly aware of its purpose. At two locations when the plans were available they had been prepared in 1998. Kudumbashree staff clarified that micro plans are prepared only periodically. Sometimes a

prescribed format is provided to the groups while at other places the plan is made on plain paper. It was reported that in most places the plans do not go beyond the level of a 'wish-list'. It was noted that in Allappuzha, almost the same micro-plans were received from each group. These mainly consisted of Health Training, Eye Camps, Latrine construction, House construction, House Repairs, and Electrification of houses and self-employment schemes. The explanation was that often plans are prepared on the basis of funds available under different schemes. For example almost all NHGs had put Rs. 1000, - as fund requirement for health training and eye-camps. This was because only this amount was available under the scheme.

Obviously a micro-plan should be based on real needs of the people and not just on certain instructions/ requirements of a particular scheme that happens to be available. 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.

Chitfund

A number of NHGs reported that they have started a chitfund in cash. A fixed weekly/bi-weekly contribution by each member goes into a pool, which is given as a one-time grant to the member who wins the draw that time. Excluded from the draw until all members had their chance, the chitfund system becomes a capital injection that members can count on with regular intervals. It helps to make somewhat larger investments. Chitfunds have been a long tradition in Kerala (and elsewhere) among all classes that can afford the contribution. This is not an activity promoted by Kudumbashree. However, with NHGs as a new grouping, it is spontaneously reviving in many communities.

5.1.2 Area Development Society: ADS

Concept and Structure

Each ward has an Area Development Society, a federation of 8-10 neighbourhood groups. Presidents and Secretaries of the federated NHGs (along with representatives of Resource persons selected from the area) form the general body of the ADS. A seven-member Governing Committee is formed from the general body.

A Community Organiser, who is an employee of the municipality, responsible for a number of functions there, also serves as a member secretary of each ADS. A Community Organiser can be member secretary of a number of ADS, 10-15. In smaller municipalities, where no Community Organiser is available, a Project Officer may also double as a Community Organiser. In Panchayats, the Charge Officer generally does this work.

A Monitoring and Advisory Committee is also required to function under the chairmanship of the ward member, to streamline the NHGs/ADS activities with those of the PRI.

Functions

An ADS functions like a bank for all NHGs in the urban areas, providing them the facility of depositing / withdrawing of their funds. Since the ward is the basic unit of laying down priorities for local level development, the ADS is supposed to help in preparation of development plans of the local body at the ward level. An ADS also prepares a mini-plan based on the micro-plans of individual NHGs.

Documents / reporting /controls maintained at the ADS level

An ADS prepares an NHG-wise monthly report of savings and loan repayments classified under different categories such as IGA, Consumer Loan, Bank Loan, CDS loan. The format also gives the status of new loans provided. The basic purpose of this report is to enable the CDS to monitor the overall financial situation of each ADS.

The ADS also plays a key role in the micro enterprise development. At their level the loan for any ME is arranged.

Comments by Review Team

The Community Organisers and Charge Officers hold a number of responsibilities in the local body set up and often cannot spend much time as a member secretary of the ADS, leave alone make regular visits to NHG. The role requires them to monitor the activities of ADS and help them to solve their problems. In case of urban areas the responsibilities are increase much as the ADSs collect handles the thrift and loan funds from NHGs and maintains the bank account. It was reported that Community Organisers and Charge Officers can only visit NHG once every two or three months as they deal with 60 NHGs on average.

It is well understood that 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. But due to lack of time, the contribution that these officials can make to the group building process is inadequate. Sometimes active ward members take an interest in the functioning of the NHGs and ADS, after the initial formation stage, those however, appear to be exceptions. Especially in areas where no prior active group formation (SHGs) has taken place more support is required for an adequate build-up and running of NHGs and ADSs.

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 businesses and marketing. Though different functionaries have undergone training at different moments their capacity and systems of technical and financial appraisal and monitoring in support of the enterprises are not effective. They are not in a position to offer any professional support to the women entrepreneurs. The present procedures and processes for administration of micro enterprise development are not in tune with their prescribed roles and functions. Perhaps too much is expected at this stage: their own exposure to micro enterprises as well as credit management is minimal. Adequate support and additional practical training is required.

Presidents and Secretaries of the NHGs who also sit on the ADS general body and get elected as its Governing Committee do this work as volunteers and only get an honorarium to cover their travel expenses. It was reported that often they are motivated to take on these responsibilities to be recognised in society as doing useful work, be out of their homes, use their education and have opportunities to meet with officials. Some may also nurture political ambitions. While such voluntary spirit has to be recognised and appreciated – in fact local self-governance could not survive without it – the sustainability of the present structure needs further attention. Very poor women can ill afford to take on such positions (if they would get elected): they need to work to survive. Once attractive alternatives for income are available to the present elected women, their social motivation may not suffice and groups may have to contribute towards their maintenance. Such contributions again, can only be expected if the added value of the roles they play at ADS level is visible to NHG members.

The review team was surprised to learn that the NHGs in the urban areas, with obviously more banking facilities than in the rural Panchayats, do not operate their own bank account, whereas rural NHGs do. Rural NHG manage their financial affairs themselves, revolving their savings into loans, collecting interest, etc. Urban NHGs require the ADS' formal approval of their lending proposals except in emergency situations. Interest paid for loans taken by NHG members accrues to the ADS and not to the NHG. In terms of strengthening the capacities of NHGs, their independence and their learning to relate to banks, the present situation may not be optimal.

Documentation of financial matters and reporting requires attention. It appears that the reports prepared by the ADS are mainly being used for reporting of thrift and credit to the HO. For their own and NHG use, the monthly package of reporting should include a number of statements, which ensure that members' funds lying either with NHG (in rural areas) or ADS (in urban areas) should be reconciled with the individual balances as indicated in the pass-books of the members.

Total funds lying with the ADS in case of urban areas will also need regular reconciliation with different NHG groups, to ensure that funds of each NHG are actually lying with the ADS. These

statements should be reviewed at the appropriate level on a regular basis. All such statements should also be audited at least once in a year. The review team learned from one of the auditors in a district that such statements are neither being prepared nor being audited at present.

5.1.3 Community Development Society: CDS

Concept and Structure

A Community Development Society is formed at the local body level: Gram Panchayat, Municipality or Corporation. The CDSs are legally registered as Society under the Travancore – Cochin Literacy Scientific & Charitable Societies Act 1955. All ADSs falling in the jurisdiction of a local body are federated into a CDS. The General Body of the CDS consists of all ADS Chairpersons and ADS' governing body members along with representatives of resource persons, and Officers of the Local Body, involved in poverty alleviation and women's empowerment programmes. A Governing Body is selected. The President is elected. The Member Secretary is the Project Officer (in urban areas) of the municipality/corporation, or the Charge Officer (in case of rural areas) of the Panchayat. Other Government officials and representatives of resource persons will be nominated

A CDS also has a Monitoring & Advisory Committee. Normally Municipal Chairperson / Panchayat President are the Chairperson of the Committee, which is convened by the Municipal /Panchayat secretary as the convenor.

Functions

The CDS prepares the 'anti-poverty sub-plan' of the Local Self-Government on the basis of the consolidated plans prepared by the ADSs. This plan has to be approved by the CDS general body as well as the Municipal Council/ Panchayat Samiti.

Comments by Review Team

CDSs are registered as independent societies¹⁰ and as such are in all practical terms in a position to develop programmes, attract funds and operate independent from the LSG 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 LSGI's officials as well as CDS office bearers, such allocation of works needs to be looked at carefully.

The tasks of CDSs in preparing plans, supporting ADSs, and managing, monitoring and supporting activities under diverse programmes implemented through the Kudumbashree structure and linking up at Panchayat level/ULB are enormous. From discussions it appears that the CDS management is not up to such tasks yet. Longer-term vision for planning and skills for monitoring are absent. They are not in a position yet to be pro-active in their role.

Adequate technical support for their task in relation to credit handling and micro enterprises also does not seem to be available from the Panchayat/ULB offices. Women's micro enterprise development, business management and marketing are not their experience either, hence they cannot play a support role.

5.2 Training and orientation

Before and during the process of introducing the Kudumbashree programme in a new area, orientation meetings are organised by Kudumbashree staff for PRIs, government officials and others who will play a role in the programme development.

¹⁰ Kudumbashree refers to them as CBOs Community Based Organisation. Given their 'third level' distance from the actual community, the Project Officer and the nominated Government officials, CBO may not be an appropriate name any longer.

Kudumbashree has covered the entire state of Kerala in three phases, each starting with massive orientation and training programmes. Training again is provided in three phases, related to the development of the programme.

Workshops and training have been provided with the purpose of capacity building at different levels. Kudumbashree has taken two approaches for providing training, General training and Specialised training.

- The General Training covers aspects of organisation, community mobilisation, community participation, promotion of voluntarism, etc. for elected representatives, resource persons, organisers of CBOs and Trainers on Call.

- The Specialised Training programmes are conducted for the prospective entrepreneurs and training of trainers

- Training under the two approaches includes orientation on SJSRY/NSDP schemes, Workshop on Convergent Community Action, Repayment Information System, specific trade related skill development such as, Direct marketing, Computerisation of Registration Dept. data, Urban Survey, training on adivasi issues, community development, vision sharing, etc.

- *State level training*

The Panchayat Presidents, Vice Presidents, Chairpersons of Women Task Force and KRPs of the Gram Panchayats were given training at State level. Block Co-ordinators, District Convenor (PPC) and DMCs/ADMCs of Kudumbashree participate as well.

The training was of 3 days duration organised in 3 batches.

- *District level training*

In the selected Panchayats for Kudumbashree activities, leaders of existing SHGs, Voluntary organisations, youth clubs, Panchayat members and local resource persons were trained. These are one-day training sessions. Following this training, conventions of the women in the Panchayat were held to declare the formation of NHGs.

- *Village level Training*

On formation of the NHG, almost all the NHGs started thrift and credit operations. They were supplied with Minutes Book, Pass Books and Account Books for documenting the proceedings of their meetings and to maintain accounts. Leaders of the NHGs were trained in maintaining accounts and keeping the registers. The topics of the two-day training programmes for the leaders of NHGs included leadership/communication skills, poverty and its manifestations, micro enterprises. Hands-on training on maintaining accounts was also given.

Human resource development through training

Because of the importance Kudumbashree gives to training and the larger numbers of people to be covered, Kudumbashree developed an in-house faculty team and conducted training by using the facilities of already existing training institutes. The Training curriculum was developed with the help of external experts and Kudumbashree faculty.

Some of the institutes involved in these training are NABARD, LES, EDII, Ahmedabad. Also services of many individual experts from different disciplines were utilised for these training.

Three training modules were prepared of which the third one is exclusively covering the functional areas of micro enterprises management. Topics covered in modules in the different phase of the development programme of Kudumbashree are:

Phase I

1. Self esteem
2. Community development – new approach
3. Urban community development – historical background
4. SJSRY–NSDP- Aim, objectives, components and basic principles.
5. Women empowerment – new developmental approach
6. Identification of poor – new indicators

7. Structure of CBOs
8. CDS functionaries – roles and responsibilities
9. Thrift and credit operation and
10. Thrift and credit accounting
11. Agenda of meeting and preparation of minutes
12. Importance of participatory approach
13. Training for social work
14. Training methodology
15. Social work
16. Planning from the grassroots

Phase II

1. Leadership and team work
2. Gender issues in development process
3. Child rights
4. Plan monitoring and evaluation
5. Communication
6. State action plan
7. Conflict management
8. Decision making

Phase – III

1. Entrepreneurship Development
2. Developing Enterprises
3. Identification of Projects for Successful Entrepreneur
4. Personnel Management
5. Production Management
6. Inventory Management
7. Finance Management
8. Marketing strategies for micro enterprises
9. Communications and public relation
10. Plan assistance of local self government

Specialised Training

Separate from the general orientation and training provided, special training programmes have been organised.

- *Performance Improvement Programme*
In order to provide a handholding escort to newly established DWCUA units a Performance Improvement Programme (PIP) has been conducted in collaboration with EDII. 10 PIP programmes were conducted. Under this programme, 1170 entrepreneurs from 141 units were imparted training in Business Development.
- *Sensitisation Programme for Programme Officers (PO) and Charge Officers (CO)*
To sensitise the field-level implementing officers such as POs and COs, a six-day sensitising programme on entrepreneurship development was conducted.
- *Training of Trainers Programme*
A fortnight long training of trainers programme was conducted for the district level functionaries of Kudumbashree.
- *Community Finance Management*
This programme is conducted with the support of NABARD for improving capacity in Financial Management and Account Keeping in NHGs.

- *Community Mobilisation and Social Marketing*

This programme has been conducted with the faculty support of management schools in Kerala. Women from 1.96 lakh families have been mobilised in 7848 NHGs in urban area and 8.93 lakhs families into 64475 NHGs in rural area (figures do not include last phase).

Comments by the Review Team

Kudumbashree must be praised for its ability to plan, organise and manage such large numbers of orientation and training sessions in different parts of the state. Numbers of training sessions and people trained, however, do not provide any insight in the quality of the training as such. The review team could only observe three different training activities. From our observations and interviews with different people, we must conclude however that the training sessions have not been optimal. Training and orientation meetings are generally organised as lecture type instruction sessions on principles, features, systems and rules in the Kudumbashree programme, mostly a one-way communication. We are well aware of the large numbers of people that need to be covered with limited staff and funds available. Even if the facts that are communicated are new to the training participant and it is in his/her interest to acquire that new knowledge, such one-way sessions are not empowering and have a very limited impact. The prevailing lack of understanding of issues covered by the various training sessions among those who attended such training is an indication of the limited value of the didactic methods used.

It appears that in line with long traditions in Kerala, the Kudumbashree programme is introduced through top down instruction and target setting. Training activities are much conducted along those lines.

5.3 Kudumbashree as State Urban Development Agency (SUDA)

In Kerala the role of SUDA is taken up by Kudumbashree. For that it undertakes training programmes for improving the functional and technical skills of poor women and linking them with micro enterprises.

Kudumbashree also implements and monitors SJSRY and NSDP financial schemes. So far, Rs.2604.339 lakhs have been released under SJSRY (USEP & DWCUA). For comments on the micro enterprise approach see below.

5.4 Micro Enterprise Development

5.4.1 Conceptualisation and approach of Kudumbashree

Kudumbashree views Micro Enterprise Development (MED) as an opportunity for providing gainful employment to poor women. It believes that micro enterprises need to be supported by better access to institutional finance through banking, which is normally not available to poor women. The strategy is to increase funds flow and also ensure markets for the products.

The approach of Kudumbashree for micro enterprise development is extending continued support to the entrepreneurs (group and individual) by means of 'hand holding', and also offering training in functional areas of management (like production, inventory control, finance, and marketing).

A special training module has been developed, which covers the following topics on enterprise creation and management:

- Entrepreneurship
- Micro enterprises
- Business opportunity identification
- Business opportunity guidance

- How to establish and run micro enterprises
- Marketing
- Group dynamics
- Communication
- Steps to achievement
- Conflict management
- Decision making
- Leadership quality

In the context of urban micro enterprise creation, the following criteria are considered:

- Investment between Rs 5,000 to Rs 2.5 lakhs
- Enterprise should have a potential to generate at least Rs 1500 per member per month (as wage or profit or both together)
- Enterprise fully owned, managed and operated by members themselves.
- Minimum turn over of Rs 1 - 5 lakhs

Kudumbashree views micro enterprise development as a gradual process, starting with low capital/low risk/low profit at the initial stage. It is expected that it will gain momentum and later switch on to low to medium capital, and then be able to take on low to medium risk. In an advanced stage, it may even reach medium capital medium risk and medium profit with appropriate technologies, emerging technologies or even with low cost technologies.

After women from a number of NHGs under one ADS have decided to start a micro enterprise activity and have undergone the technical production training, the women are linked to funds under a variety of financial schemes of the government. (All such schemes have a subsidy component built in as cash subsidy and operate with reduced rate of interest).

Kudumbashree has selected thrust areas for micro enterprises and identified a range of anchor activities:

- Ethnic Food Delicacies
- Tender Coconuts and Products
- Agriculture Nurseries
- Soap Making Units
- Remedial Education Centres
- Paper Bag Making
- Courier Services
- Direct Marketing
- Food Processing
- Dairy Products
- Solar Cookers
- Bio-Technology
- IT @ School
- Integrated Coconut Processing

So far 959 group enterprises and 12,869 individual enterprises are established in the urban areas covering 14 districts while in rural Malappuram district 250 group and 12,677 individual enterprises have been established.

There are about 90 different economic activities ranging from 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 and a few (1170 women from 141 units) were offered a six-day residential Performance Improvement Programme (PIP).

5.4.2 Micro enterprises: reported outcome and observations

Since 1998, the following results have been achieved.

- 35,196 women are engaged in micro enterprises
- 26,506 enterprises are created (individual and group)
- Total investment Rs.6384.369 lakhs (as on 30.4.2002)
- 70,292 people got employment (including family members)

The group and individual micro enterprises visited during the review varied in age. Some groups in Allappuzha as well as some other urban areas have been in operation for some years, other groups have started only a few months ago. Enterprises visited operated in/from premises rented by the group, occasionally in structures belonging to the group or they were using the existing facilities – canteen and kitchen or school building rooms – in the institution contracting them for their services. To increase their ‘visibility’ as Kudumbashree women’s enterprise, almost all the groups we met had their own uniform. ‘Kudumbashree’ was always visible in their stationary, signboards, etc.

Generally members of Kudumbashree groups were proud to run their own business. Many said that they 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. In some operations the entrepreneurs work long hours, in the IT units the work is organised in shifts, maximising the use of the capital (PC) investment. Work conditions in terms of space, heat/ventilation, lighting, hygiene and risks for occupational hazards do not seem to get much attention and are generally as bad as most enterprises working with wage labour in similar fields.

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.

It is difficult to say at this stage how many will give up their business. The experiences worldwide suggest that if proper development and training inputs are given and followed by timely and appropriate escort support, then over half the women in individual enterprises will sustain in business.

Start

Prior exposure to micro enterprises, business and the industrial world for most women in the ME groups is almost nil. They lack vital information and many doubt their own abilities to be able to undertake profitable economic activities. A ‘business culture’ and aptitude was missing in most women.

Although many women are interested to start income generation or other businesses, only very few actually decide to take the plunge and start their enterprises. A key barrier seems to be the risk. Availability of credit through Kudumbashree was a major reason for starting business, despite lack of confidence and risk taking abilities. Many have started just because the money was made available.

Kudumbashree prefers to promote group enterprises with ten members in a unit, as that is the minimum required number of members under one of the loan subsidy schemes. Yet many of the units observed do not require ten people for the present level of production and could become economically viable with only two or three women

Many women in the (individual and group enterprises) businesses tend to make unrealistic investment decisions (up to 40% higher loan than required). This causes a heavy strain on their performance in the crucial initial period of operation (most of the soap making, candle making, coffee and spice packaging units, a few catering services, book binding etc.). Apart from a lack of adequate knowledge and skills about the investments required, these mistakes can also partly be

attributed to schemes under which funds are available and which have a maximum amount for which 50% subsidy is available: usually the maximum amount is applied for.

Training/guidance

Most of the women participating in group-enterprises were trained and acquired technical skills for manufacturing. A few women did receive some input on business management in short training courses. Not much impact of such training could be witnessed in their understanding of the basics of profitably running micro enterprises.

While it is difficult to isolate performance from the wider socio-cultural and economic environment within which they operate, there are reasons to believe that due to the absence of adequately focussed guidance at the start, certain attitudinal and operational features have affected project formulation, implementation and management negatively.

Product choice

Women tend to select traditional products, which have very low profit margins. This brings unhealthy competition in the market. Only a few units can perform successfully, while others will slide back in performance. The progress reports at Kudumbashree office report this product selection process without expressing such concerns: *“Most of the women in individual enterprises have selected traditional products i.e. food processing, grinding, rice sales, pappadam, spice packaging, sweet, goat rearing, garments tailoring, handloom, animal husbandry and retail trades.”*

There are a number of groups undertaking activities that break through traditional gender roles e.g. water meter repair, masons/house building group (now preferred over male masons)

Many products – suggested to or selected by the entrepreneurs have not met with the technical or marketing or commercial viability criteria and as such do not generate good profit. E.g., soap products without an added quality value or lower price than the global market soaps.

Performance

The actual 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.

Majority of the (group) entrepreneurs is earning less than Rs. 1000 (approximately 500 to 700) per month while only few have profits over Rs.2000 per month.

Management

Practically in all the group businesses, management was done by one person or a small team of people, instructing others what to do, similar to a wage-labour type set-up. In one case the ‘leader’ was the only person getting a fixed and good monthly wage whereas the income of others depended on their units ability to make money.

In case of individual enterprises, often other family-members and some times POs performed ‘management’ functions, rather than the entrepreneurs themselves. Vital aspects like ‘cost per unit’ or ‘break even’, were often unknown, indicating little understanding of the economics of the enterprise. This is equally true in most group-enterprises.

Generally the individual entrepreneurs preferred to keep the financial information and such matters in memory. Very few were keeping proper accounts. It was very difficult to extract information regarding turnover and profits, making external monitoring and guidance a difficult task. However, most people maintained selling and purchasing details.

For none of the MEs observed or asked about, any definite projects or business plans were formulated. This is obviously due to the absence of adequate business knowledge and skills amongst the women themselves, the ADS, the CDS (and their advisory committees) and Kudumbashree’s own staff.

Project formulation and establishment procedures like loan application, procuring government contracts, sometimes even purchase of raw material and market linkage, are generally done by the concerned Kudumbashree officer. The entrepreneurs themselves are not groomed in this learning process

Viability

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. Many of the small manufacturing units and marketing operations (including packaging) do not appear to be viable in their present set-up.

Kudumbashree's plan to guarantee a market for the small manufacturing units by compulsory sales/buying among Kudumbashree groups is not likely to be successful beyond a short period of forced solidarity. It certainly does not promote the commercial thinking required to make production units viable in the 'real' market.

Many units suffer liquidity problems: they buy their raw materials on cash payment but often sell their products on credit. IT units doing Malayalam data entry for the government had to employ additional staff ('trainees') to handle the workload, but now suffer as a result of delayed payments by the government.

5.4.3 Micro Enterprise Development Training Programme

Technical Training for production has been provided in many areas. The duration varied from one month in soap making to six months in computer assembly. Such training is provided by outside experts/consultants.

Enterprise Development training is conducted by Assistant Mission Co-ordinators, Local Body Project Officers and Community Organisers. So far, 1170 women entrepreneurs from 141 units have been trained (5 day's duration with 30 to 40 participants in each programme). Hence, from the total number of women initiating enterprises (959 in group activity, 12869 in urban areas and 12677 in rural areas), the ED training was provided to less than 5% of the women.

This training is based on the handbook on micro enterprise prepared by Kudumbashree (ref. above for main topics). Reviewing the syllabus and listening to the women entrepreneurs we have to conclude that the material does not match the needs and capacities of the clientele. It also seems to assume that everyone can be trained to become an entrepreneur. Neither the training of the trainers nor the training syllabus for entrepreneurs (a mere translation of the ToT material) includes methods for the identification and selection of entrepreneur-training candidates.

Trainees under the Kudumbashree ME are 'housewives', part time workers, women in agriculture, low-income artisans and young girls of urban, rural and adivasi communities. Their varying socio-economic backgrounds calls for different approaches. Also the different age groups, features of the area (urban, rural, adivasi, developed, less developed), attitudes of women from different areas, the linkages with the market, credit and finance requires variation in the training. One syllabus will not suffice. Obviously the trainer's capabilities and didactic qualities and experience influence the quality of the training considerably.

- Most of the programmes implemented were more on the informative side and for awareness creation rather than for capacity building.
- Though the ME training programmes were conducted for women only, the language of the manual lacked gender sensitivity and did not consider specific gender based constraints in MED
- The training has not freed the trainees of the general fear by women of technology, nor did it provide an exposure to a variety of new products and activities: hence most groups and

individuals have stuck to traditional products, for which the market is highly competitive and to a great extent saturated.

- The duration of the training is only 2 days + 5 days package, insufficient to be able to develop a person's knowledge, skills and behavioural competencies as self employed/ entrepreneur, especially considering the target group's lack of past experiences in the field, literacy level and general understanding.
- Structure and sequencing of the course content is ad hoc
- Training methodology used was mainly lectures, partly discussions. No experiential methods were used. To create confident women entrepreneurs, trainee-centred training methodologies need to be used. The emphasis should be on case studies, participatory exercises, role-plays and real life fieldwork.
- Personal, attitudinal and behavioural competency inputs required ME were not used. The training inputs concentrated on product selection, finance and marketing and other general inputs, which are knowledge based.

Some of the Kudumbashree officials and other persons involved with the training were trained (ToT) and assisted by EDII, Ahmedabad. Based on interviews and a scrutiny of training materials the Review team observed some basic problems with this one-time training approach:

- EDP training material used by EDII was not need-based and did not consider or include vital gender issues.
- Training contents/methods in the training were without identification of needs and problems faced by poor women at micro enterprise level i.e. no needs assessment was done in order to design the Training of Trainers (ToT) programme.
- Most training contents of the ToT were oriented to medium and small firms (investment from Rs 50,000 to Rs 20,00,000) while the Kudumbashree 'target women' aim at very tiny/micro enterprises and women's education/experience background was not of the quality and level needed for such investments. This created the mis-match between the contents used for WED/MED for women's training, and their actual needs.
- The implemented training programme for women did not cover all modules on entrepreneurship. These inputs were of higher level and not much relevant for the types of enterprises selected by women of different areas. It needs to be noted that enhancing personal entrepreneurial characteristics of the owner-manager is a pre-requisite for success of the business. This was missing in the development inputs of Kudumbashree programmes.

5.4.4 Micro Enterprise Development: strengths and weaknesses

Strengths

- Large number of units established with diverse activities.
- Many women who otherwise do not have any income, now have an opportunity to earn.
- Many women have learnt new skills.
- Some of the units are earning profits.
- Opportunity for BPL women to work together in a group, increasing their social bond.
- Opportunity for women to experience running of business units.
- Most of the groups are making loan repayment on schedule.
- Reporting of all units exists in the form of a monthly report of income and expenses.
- Almost all groups have been able to access some subsidy or other.
- Setting up of as many as 56 Direct Marketing Units (as at March'02) to market the products of micro entrepreneurs of Kudumbashree.
- Participation of DWCUA units in India International trade Fair at New Delhi, resulting in a few export orders.
- Kudumbashree officials constantly look for new opportunities in terms of markets, products, and activities.
- Units also get full support from these officials in any Government related negotiations, clearance, etc.

Weaknesses

- Most units have little experience of the activities that they had undertaken. Except for IT related units, where the members had certain computer exposure, in most other cases the units did not represent a *natural* need for such a unit felt by the group, but appeared more as an initiative of Kudumbashree officials. A natural organic growth of the enterprise or the group is missing. Often it appeared as if the group had been artificially grafted into the venture and there were no roots to sustain the activity.
- No serious market/viability survey undertaken before starting of the enterprises.
- Most groups that we met had not undertaken any cost analysis or identification of the break-even point.
- Most groups are not likely to make any profit.
- Most groups hardly had any idea about fixing of sale-price. It appeared that some of the services, particularly those relating to government departments were being provided at the rate fixed for them by these departments in different districts, irrespective of different cost outlays.
- No exercise undertaken to prepare any cash-flow statements
- Monitoring is not resulting in any awareness about issues relating to profit-analysis, fixation of profitable sale-price or long-term viability of the enterprises.
- Most energy of Kudumbashree officials at present are going into organising new enterprises and ensuring that government departments utilise the services of these micro-enterprise units.

5.4.5 Kudumbashree's role in ME capacity building

Building management capabilities

In the actual operation and management of the micro enterprises a number of lapses were observed which should have been covered by either the prior orientation or the 'hand-holding' process as planned:

- Absence of knowledge of project development
- Low technical skills (no skill upgradation)
- Absence of planning
- Inadequate working capital and management
- Poor accounting, costing and record keeping
- Errors made in developing marketing strategy
- Low market development effort

It is obvious that many of the women involved in the micro enterprise development did not have the required business aptitude of profit making, cost minimising and effective marketing. Many women entered the activity as it was suggested, appeared attractive, seemed remunerative and certainly provided an opportunity to be out of their houses in a joint respectable activity. None of the women have invested their own savings or other capital in the ventures. Basic entrepreneurial competence and attitude is often missing.

Sadly enough the above problems were often not seen or felt by women themselves, the ADS or CDS, the local body support-staff or even Kudumbashree officials. Only when concretely calculating all monthly recurring costs, and the actual sales/turnover, some of the groups realised that they were not making any profit, in fact may soon not be able to meet their monthly expenditures if sales do not improve. And that too, without calculating any 'wages'. Analysing why such calculations were not made earlier, most women referred to training in production skills only, not the economics of starting and running a profitable business. Businesses were selected and started without undertaking any feasibility studies. A systematic enterprise management capability-building component is missing in Kudumbashree.

Feasibility

The Review team has not seen feasibility studies for any of the enterprises. The Review team was told that such businesses were simply assumed to make profit. It was said that if others can make profit in these fields Kudumbashree groups can do it too. Government patronage would

also guarantee a market, especially in the canteen business (at government institutions) and the IT business (IT@ school and IT units processing government data).

Getting groups ready to start a ME and as a next step obtaining credit appears to be the main task and objective under this programme the more micro enterprises the better. Promotion of the financial scheme seems more prominent than the promotion of entrepreneurial spirit and awareness. Many of the women are in business because of the available subsidy-based financial scheme, and that too, being handled by Kudumbashree.

For a specialised group of women (Computer Assembly, Computer Training at schools and a few Canteens), initial marketing and facilitation of their entry in to business is organised by Kudumbashree. For many of the production units there is no adequate preparation, 'handholding' or guidance available, even if they are visited by Kudumbashree staff. Yet, without building the business capacity, development of women, for long and independent sustainable entrepreneurial activities becomes difficult.

Monitoring ME successes is not much developed yet: the only indicators of achievement appear to be of the turnover and the ability to repay their loan.

The decisions by government/local bodies' officials, collectors, Panchayats, etc. to grant contract jobs (e.g. IT, catering) exclusively to Kudumbashree groups without going through a public tender certainly provides guaranteed work for BPL women. But it also leads to a lot of patronage by and dependency on Kudumbashree for work contracts in this captive market. Little seems to be done at this moment to capacitate the groups for direct linkages to such government institutions and to prepare them for ultimate competition in the unprotected market.

The legality of these direct contracts is doubtful and could sometime in future result in legal action against such practices.

Banks expressed that they are funding NHGs because of Kudumbashree's presence. They do not assess entrepreneurial capability or micro enterprise related aspects at all. Often, they do not even meet the women. Given that Kudumbashree staff is not equipped to assess the viability of the proposed schemes, this is a matter of great concern. It also denies the women the learning experience of directly (perhaps accompanied) linking up with banks.

The lack of business knowledge of Kudumbashree, ADS/CDS puts the women entrepreneurs in very vulnerable positions, where they take the financial risks at the suggestion of others, while others profit from their investments. For example, when IT groups invest in PCs for a data processing IT unit or an IT@ school project, they place these computers in buildings belonging to others, without any insurance coverage against theft, fire or natural calamities.

No information or training is provided regarding the possible health hazards of certain enterprises. For example: when IT units processing data pay their members at piece rate, women are likely to maximise their time for income running the risk of RSI. No warning, exercise training or other arrangements are made for an adequate protection.

The micro-enterprise groups take loans for purchasing computers, they have very little overheads and members of the group who work extremely hard with long hours and very few facilities being available to them are hardly compensated for their work as their first priority seems to be to repay the loan. One wonders whether the Govt. is using poor and hard-working women's energies to fulfil its own responsibilities at a fraction of the cost.

Having said that, still one has to recognise that for any business to be successful it has to struggle and work hard in its initial years and it is hoped that the groups are able to understand the business culture and learn its intricacies to be able to earn profits and be sustainable. For that understanding to come about better training and guidance is required.

5.5 Empowering women?

'Empowerment' is one of the most misused words in the context of women's development with numerous definitions. Broadly speaking it is an *enabling* process of change involving three aspects (Rowland 1997):

- the contextual or material (access/control of economic resources)
- structural (changes in relations of power undermining access to institutions)
- inner or personal development (self-efficacy or the confidence to act)

In short, empowerment is not only a process of gaining self-confidence or dignity but, more significantly, a process of exercising choices within an expanding framework of information, knowledge and analysis, that is, a la Freire, developing critical consciousness as 'subjects'.

Limitations of economic empowerment through micro-credit and micro-enterprise

*"It is not in terms of volume of credit, nor in terms of the frequency of loans taken or the repayment formula that indicate whether micro-credit interventions are a success or failure. The single most important indicator is whether there has been a **reduction in exploitation in the immediate economic environment** - that incomes are not getting diverted to line the pockets of middlemen and other vested interest groups in the economy,"* (Stephen 1999: 5).

Kudumbashree's almost singular focus on the thrift and credit/revolving fund development for women in NHGs followed by the facilitation of women's micro-enterprises raises a number of critical questions from the standpoint of women's empowerment. Not only does it ignore the dynamics of gender and power within households, which determine women's control over income earned, or their ability to repay loans, it also fails to address the larger institutional structures within which poor women's livelihood strategies are embedded. Emerging evidence from other countries such as Bangladesh where micro-credit has been an important poverty alleviation tool, suggests disturbing linkages between access to credit and growing domestic violence as well as increasing demands for dowry.

In a large number of cases where women had taken loans to start their own/individual micro-enterprises (e.g., petty shops), they were running these economic activities with the help of their husbands. While it was clear that there were economic benefits accruing to the household, it was equally clear that women alone were responsible for loan repayment. But what is not so apparent, and this would apply to group micro-enterprises too, is whether women have a greater say in household decision-making or whether there have been any changes in the gender division of labour.

Micro-enterprise as a strategy of poverty alleviation for women and by extension their families, is also rooted in the gender blind, but extremely popular, *efficiency approach* to integrating women in development (Moser 1991). That is, the assumption that increasing women's economic participation will *de facto* lead to an enhancement of women's economic status and greater gender equity. While the recognition of poor women's productive potential is probably to be viewed positively, barring a few examples of 'successful' micro-enterprises, most enterprises promoted by the Kudumbashree programme, were not profitable. Therefore the Kudumbashree groups, which we interacted with, were, not by design but in effect, increasing women's vulnerability. While women work long hours in some enterprises, Kudumbashree has failed to question *who* is undertaking women's unpaid workload within the household. Poor or no economic returns to women 'entrepreneurs' at this stage, as they are repaying loans, means that they are unable to 'purchase' labour replacing services. Hence, they will have to depend on daughters, mothers or other dependants to share the burden of household work, or do it themselves by extending their working day.

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.

Targeting incentives and opportunities to women without facilitating changes in gender relations of power, not only negates the critical connections between productive and reproductive work in women's lives but in the long run affects their well-being, which is ironically the starting point for such interventions.

Which women - poorest of the poor?

Time and again we heard that before the advent of Kudumbashree women were 'idle', that they had free time on their hands and once children went to school, they were free to watch TV, chit chat and so on. Moreover, where women were not yet earning from group micro-enterprise activities, they often had husbands or other family members supporting them (category A). This means that even in the BPL category, there is a creamy layer for whom such enterprises appear to be little more than an opportunity for social interaction and togetherness. On the other hand, there were poor(er) women in some enterprises who had to supplement income or the sheer lack of it by looking for additional coolie work (daily labourers, category B).

Such economic reality is in sharp contrast with the 'welfarist' or charity perception of women's livelihood needs by elected representatives and some Kudumbashree officers. For them, women were not in micro-enterprises to make profit (and an 'entrepreneurial spirit is therefore not required'), but simply to meet basic, minimum livelihood needs and to do something productive rather than sitting at home 'idle'. While this minimum threshold level may not be well-defined, (not more than Rs 50/day according to one male sarpanch!) it certainly raises questions about which women are involved in Kudumbashree enterprises - those who are simply passing their time and can for the most part, afford to do so (category A)? Or those women for whom such enterprises are an important source of livelihood, but neither are they making profit nor are they able to meet their basic needs (B).

Moreover, in a number of groups, not all BPL women in the given geographical context of the neighbourhood, were members of the group, simply because they were too poor to save and were not able to contribute the weekly Rs. 5-10/-. When we asked the women who were members, how they could save money for thrift activities if they were not engaged in any paid work, the standard response was that they were saving from the household budget. Typically, they would add that the other women who were non-members were not willing to or could not save.

In some groups (e.g. Kollam CDS) we found BPL women originally from neighbouring states such as Tamil Nadu, excluded from group membership because they were living in rented accommodation. "How can we trust them to repay loans - when the lease period is 11 months and the loan repayment period one year, they may just leave?" was the standard explanation we got.

At another level is the difficulty in identifying who are BPL women - while results are being awaited from the recent survey (1999, in rural areas), it is clear that there is emerging dissatisfaction with the 9-point poverty index. Modifications have been suggested, but more importantly, many BPL women who were group members are now finding that they are no longer classified as BPL and have technically moved up to the APL category. While some are contesting this re-classification, it raises a number of serious questions:

- How are groups being formed - if Kudumbashree is a poverty-alleviation programme why are the poorest women not part of NHGs?
- What happens to long-term members if they move out of the BPL category?
- Is group identity or cohesiveness only a function of thrift and credit activities?

Kudumbashree's leadership is well aware of some of these anomalies and is looking at social security programmes for destitute women (widows, female-headed households) as well as evolving new indicators of poverty.

Absence of gender rights

Although each NHG has volunteers for health and infrastructure development, little is being done to address these issues from a rights (or even minimum needs) perspective - for example, access to water as a basic right, or women's reproductive health rights or protection against gender violence. For bureaucrats, mostly male, who like to show-case Kerala as the most gender equitable state in the country, the articulation of such rights is not seen as a priority. However, not only does Kerala have the highest suicide rate in the country, violence against women, particularly in the public domain, is increasing.

In a number of NHGs we found young women members who were unable to get married because their parents could not afford the prohibitive dowry demands. When asked why the group doesn't pledge to not accept or give dowry for their own sons/daughters respectively, the almost immediate response was that we do not have the power to change deeply embedded social values and structures. One single woman or even one NHG cannot change such practices, but a CDS or all the CDSs in the district/state have tremendous potential for social change. But such issues seem to be considered outside the purview of Kudumbashree.

In the few regular meetings, which the Review team was able to attend (groups usually meet weekly on Fridays, Saturdays or Sunday), we saw that after the money transactions discussion was limited to who needed loans or the planning of cultural festivals, but that there was no discussion on gender rights issues. However, it needs to be pointed out that in some NHGs, the money collected was frequently given to needy women usually for emergency health reasons or other contingencies and that this is an important aspect of social capital. Some groups mentioned instances of opposing alcohol consumption or coming together to prevent wife beating, but these were limited examples. Even the exemplary work being done in Mallapuram on HIV/AIDS (providing condoms) is rooted in the discourse of coping rather than looking at how power and sexuality shape the lives of poor women and men.

The extent to which NGO-SHG are engaging in these issues varies considerably - we found for example, that in the groups facilitated by the KSSP there was discussion on gender concerns at the weekly meetings, initiated either by an external resource person or someone from within the group. It is suggested that one reason for this could be, and this is the reason that advocates of mixed BPL/APL groups give, is that in such mixed groups the marginally better-off APL women would provide the social consciousness and leadership to talk about larger gender concerns.

In sum, access to credit and income-generating opportunities may meet women's practical gender needs but they 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 look at their gendered roles as women and at other problematic aspects of their lives.

There is no doubt that NHGs are providing an important public space for poor women, particularly from cultural contexts where their mobility is restricted (such as Mallapuram). It is also true that 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, but it is too early to judge if these can be translated into more gender-aware development interventions. 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.

Political strengthening of women

Some concrete success in empowerment, to which Kudumbashree activities may have contributed, must be mentioned here. In the last local body elections, 44 NHG members were elected as people's representatives. One as Panchayat President of Akathethara Gram

Panchayat, three as Gram Panchayat members of different Panchayats and 40 as municipal councillors of 18 different urban local bodies.

It was reported that Kudumbashree's entrepreneurs' groups sometimes come to Panchayat meetings in their 'uniform' forming a block as poor women. Gram Panchayats apparently have complained about this, indicating that their growing power is recognised.

To what extent organising of poor women under the Kudumbashree structure is leading to greater participation in Gram Sabhas cannot be established yet. In 2001 total attendance in Gram Sabhas meetings Kerala was as little as 10%.

5.6 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, 'clumsy' GONGO (government organised NGO), which is rather male-dominated and hegemonic in its approach, trying to dismantle NGO-formed SHGs and put them under the umbrella of Kudumbashree NHGs, despite notification to the contrary. According to a government order, local bodies should try to consult local NGOs before forming new groups and/or affiliate existing NGO-formed SHGs to the Kudumbashree ADS/CDS structure. But it is clear that the application of this rule varies according to the willingness and openness of individual Panchayat leaders to co-operate and of course the nature of the relationship that already exists between the local NGO and the PRI.

According to one NGO, between 200-300 of their 700 SHGs painstakingly formed over the past 10 years have been 'broken' because of the lure of subsidies and benefits to BPL women under NHGs. Field-workers maintain that ward members enlisted with the task of forming NHGs have threatened their SHG members that if they do not join the Kudumbashree groups they would lose their ration cards (or not get them renewed) or pension benefits. The ward members claim that the government /state is a legitimate body, but that NGOs may be here today and gone tomorrow - they do not have any long-term stakes in poverty alleviation. Besides why should their groups get funding from a government programme when NGOs have access to foreign funding?

In contrast, NGOs argue that Kudumbashree has been able to capitalise on its SHGs, not only in terms of the numbers, but more importantly, women members have gone through extensive capacity building, organisational and leadership development with the NGOs¹¹. And it is this 'free' human resource development which Kudumbashree is able to capitalise on as the women already know how to run meetings, keep minutes and accounts, etc. Questions are also raised about the role of the state in organising women's SHGs - can and will the state mobilise the poor effectively and address women's empowerment?

Problems of registering SHGs (organised by NGOs) under Kudumbashree also persist - many women members claimed that they were not allowed to stand for office bearer positions in the ADS or CDS simply because they were part of an NGO-SHG. Often women are deliberately not informed of meetings by the charge officers, or there is misinformation about programmes. It is not surprising then that NGOs claim that there are two kinds of (women's) citizenship emerging in Kerala - those who are members of government groups and programmes and those who are not. For example, another women's organisation claimed that its members who had been organised into catering groups, similar to Kudumbashree's, had lost their contracts in

¹¹ During the first stage selection of Panchayats for inclusion under Kudumbashree, preference was given to those areas that already had SHGs. Such SHG have been formed by NGOs and various other government institutions and programmes.

government offices as it was felt that Kudumbashree organised groups should have priority in such allocations.

In 1996-97, before Kudumbashree was initiated a meeting was held at CDS, Thiruvananthapuram to facilitate understanding between NGOs and the state about approaches to the organisation of poor women and the formation of SHGs/NHGs. However, NGO leaders complain that "Kudumbashree leaders literally picked our brains yet when project /programme documents were released no mention or appreciation was made of the role of NGOs." Today there are few common platforms or formal mechanisms for Kudumbashree and NGOs to interact on/through, which adds to the growing misunderstandings and misrepresentations of each other's roles and responsibilities.

Perhaps the biggest threat that NGOs perceive is that if their groups are lured to Kudumbashree for subsidised loans, they may default on their loans which, in turn, will put a tremendous financial pressure on NGOs who are the guarantors for huge sums of money borrowed from NABARD, etc. So much so, that at a recent meeting of some 30 NGOs to formally inaugurate a network of development NGOs in Kerala, it was decided to present a comprehensive MoU to the government outlining the problems they are facing on account of Kudumbashree undermining the financial discipline of their SHGs.

Because of the limitations of time, we were not able to gauge the strength and weaknesses of NGO-formed SHGs - it would therefore be wrong to conclude that these SHGs do not have group cohesion or (feminist) solidarity if they could have been broken so easily by Kudumbashree. More to the point would be to look at such group membership from the perspective of poor women who would seek, and rightly so, to maximise their own livelihood and social security benefits first before looking at group building as an empowering process. Thus, it is not uncommon to find women with multiple group memberships or a mother in one NGO-SHG and her daughter or daughter-in-law in another Kudumbashree NHG.

One also needs to be realistic about the weaknesses of many NGOs in Kerala and the opportunities for change. Apart from the limited capacity of NGO-SHGs to address critical gender rights issues such as dowry and violence, the NGO movement in Kerala lacks the visionary leadership characteristic of NGOs in other parts of the country. Kudumbashree, some feel, has provided a good and timely opportunity for NGOs to look *within* themselves, at organisational structures of gender and power and at the larger role of CBOs in the context of decentralisation. NGOs will have to work with LSGIs, but they need to do make these institutions accountable to the poor and support /strengthen the participation of women in decision-making. This could lead to a productive co-operation between NGOs and Kudumbashree.

So far NGOs have been rather reluctant to work with LSGIs as they feel those elected bodies are too politicised, not really interested in poor people's development and easily abusing their power. But as the other side indicates from experience, many NGOs themselves have not been very open, more accountable to their donors than to their clientele. NGOs are often blamed for a patronising attitude, not promoting poor people's independent decision making. Many NGOs are said to have started micro enterprises employing the poor, but not giving them the ownership. They are afraid to loose control over their clients, loosing them to other institutions, whether Kudumbashree NHGs, unions or even other NGOs.

Given that there are different qualities among NGOs, with a great variety of experiences and skills for development and a realisation that NGOs can play a vital role in the development of a dynamic civil society and poor people's capacities for development, a stock taking of the available development NGO capacity would be required to further the scope for co-operation.

At the district level, however, sometimes there is co-operation between particular NGOs and Kudumbashree staff, especially when NGO staff is asked as resource person during

Kudumbashree training activities. Centrally Kudumbashree is well aware of the need to co-operate with NGOs as they realise that some NGOs have experiences and capacities that Kudumbashree lacks. Listening to the harsh accusations, claims and blames from both sides it is obvious that more discussions and exchanges will be required to 'clear the air' before regular co-operation and mutual strengthening can be expected towards the common goals that both sides claim: poverty eradication.

6 Organisational capacities of Kudumbashree

6.1 Structure and staffing

Structure

Kudumbashree is set up as a temporary – ten year – mission. Even though it is separately registered under the Societies act and in all legal terms indeed a GONGO, it is intended to exist only for the planned ten-year period i.e. till 2008. Legally, an independent body but by virtue of the bylaws Kudumbashree operates under the Department of Local Self-Government of the Government of Kerala.

Kudumbashree operates through existing as well as newly set up structures. It relies on all relevant departments and their staff at state and district level, the existing LSGIs/PRIIs and the newly created NHG-ADS and CDS structures.

Kudumbashree itself has a modest office outfit and staff in its head quarters in Thiruvananthapuram and in each of the districts. The central office has the Executive Director, two Programme Officers and support staff. The state is divided in three zones; each headed by a zonal director. Each district has a District Mission Co-ordinator and an Assistant District Mission Co-ordinator and generally two support staff. District offices are mostly housed in the District Collectorate. All district offices are connected with the Kudumbashree head office through the Government system e-mail facilities.

Apart from funding for salaries of staff deputed under the programme, the State has allocated Rs 22.5 million for the present fiscal year for Kudumbashree's administrative and office expenditures.

Given the coverage of Kudumbashree today and the demands of the programme in fields in which few government officials and elected local bodies are equipped, the Review team considers the present staff of Kudumbashree inadequate in number and content capacity.

Staffing

Staff is recruited from existing government cadre in the state. No outsiders can be recruited. Positions are advertised and based on its own criteria and procedure Kudumbashree selects its staff among applicants. All Kudumbashree staff works in Kudumbashree on deputation from their 'mother' department for a period of maximum five years.

Though staff generally commented that working for Kudumbashree is very demanding – overtime and weekend work is 'standard' – generally staff appears to be happy with the opportunity to work with Kudumbashree. Staff often chooses Kudumbashree as it allows them to work according to own skills and interest, the scope to learn and get additional training and the flexibility the programme has compared to the rigid government pattern they are used to. Staff is encouraged to be creative. Salaries are paid according to standard government pay scales. Because Kudumbashree can recruit from the entire state cadre it has been said by some government officials that they have been able to attract the best cadre available in the state. Staff generally appears to be well motivated – inspired by the executive director – to help poor women in improving their situation.

Most of the staff does not bring appropriate 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 and needs to be developed during their tenure in Kudumbashree. As their tenure usually is 2-3 years, the scope for adequate orientation, training for this poverty eradication programme is rather limited.

Addressing gender and equity concerns

Though Kudumbashree is set up as a mission to strengthen the position of women and through her the family and the community, this focus on women is not the least reflected in the programme's staffing pattern. While most of the support staffs in the Kudumbashree Head Office are women, there are only three women in a total of 20 senior staff members: Executive Director, Finance Director, POs, Regional Directors and District Co-ordinators. The Review team was told that few qualified women are available among the Kerala government cadre, and

most importantly, that the jobs in Kudumbashree are too demanding for women, both the standard long hours and weekend work as well as the journeys to outlying areas. For a programme that claims to be addressing women's needs and her position in society it is highly surprising that no changes could be made in the work schedules of staff to accommodate women willing to work in Kudumbashree. With the current work pressures unequal division of labour at home is reinforced. Male staff apparently is expected to have no family responsibilities or those responsibilities taken care of by others, usually their wives.

Management and training

Staff recruited for the Kudumbashree Mission is given various opportunities for training. Given the demands of the programme in fields with which most government officials are normally not familiar, it is obvious that more adequate training and orientation is required. Varying capacities of the district level teams could be observed.

Though the programme has expanded fast and now covers the entire state, it appears that the management has not been adequately decentralised. Details about credit and ME have to be reported to the Executive Director and for many decisions staff at far outlying districts refer to the Executive Director. Even at the central level it appears that nothing moves without the Executive Directors sanction. A second echelon management with adequate power at central level as well as a decentralisation of certain decisions to the districts is required. A programme of a scale like Kudumbashree cannot be adequately managed centrally, neither time-wise, nor content-wise. A programme promoting decentralised governance and decision-making needs to equip its staff to be living examples.

Nobody is indispensable, but under the present circumstances Kudumbashree would seem to be at a loss without the present Executive Director, T.K. Jose. He is hailed by many staff members, government officials and outsiders for his inspiration, dynamism and foresight and he has been able to get the programme to the present level in a very short time. The programme is often referred to as Kerala's flagship. Unless, however, the management capacity and structure is adapted to the needs today, it may not be possible to move the mission to the next stage. Also the Executive Director is on deputation.

PR and publicity

Kudumbashree is bringing out a monthly Newsletter since September 1999. The value of the newspaper could be further improved by covering social issues that afflict the society and women in particular.

Kudumbashree has also developed two websites, www.kudumbashree.com and www.sjsry-kudumbashree.org. While the first site provides information on concepts like poverty, women empowerment, community based organisations, self-help, convergent community action and informal banking; the second site provides details of the centrally sponsored SJSRY scheme. Various DWCUA units have participated in the India International trade Fairs through Kudumbashree

6.2 Systems in place

• Accounts and bookkeeping

Bookkeeping at the Kudumbashree Head Office is done on double entry system of accounting, using Tally software. The accounts department is staffed by a senior state government official as Finance Director, an Accounts Officer and an Accountant.

All Kudumbashree staff is on deputation from other departments hence their salaries are directly paid by the Pay and Accounts Office and are not routed through Kudumbashree. Most rules relating to authorisation of expenses are based on standard Government rules.

At the Districts, accounting is undertaken at the District Office itself. A monthly report of all income, expenditure and fund-movement is submitted to the Head Office. Instructions and guidelines are issued regularly by the HO regarding any major activities / expenditures to be undertaken by the District Office. Sanctions from HO have to be obtained for any major activity to be undertaken. The guidelines define the limit up to which expenditures can be undertaken. For example, the Wayanad District office proposed a 3-day residential training for 50 micro-enterprise volunteers selected from Gram Panchayats where Kudumbashree groups are operating at a cost of Rs 22,500. After considering the proposal the Director (Accounts & Finance) gave a sanction for the same at a reduced cost of Rs 19,500, specifying that food cost per person per day may not exceed Rs 65. A formal order for the same was issued. It indicates that expenses incurred are closely monitored by HO.

It would be much better if such circulars are made part of a system, which can be followed by officials subsequently with intimation to HO. This would reduce time in the sanctioning process. During our interactions the Review team learned that decisions have been taken on a large number of issues and systems have been developed for operations by CDS, Panchayats, etc. However, very little has been formalised in the form of a document. An Operations and Finance manual, which captures various circulars, procedures, rules and systems developed over a period of time, would help to standardise systems for the 14 different district offices of Kudumbashree. This will make the system transparent. At present, for an outside agency it will take a long time to understand the system. With Kudumbashree's intention of involving outside agencies such a document would be of a great help.

- **Monitoring mechanisms**

Monthly review meetings

Monthly Plan Review meetings are conducted at the Kudumbashree Head Office. The meetings are attended by all Directors, Programme Officers, District Mission Co-ordinators, and Assistant District Mission Co-ordinators, under the chairmanship of the Executive Director. Programmes of various districts under different poverty alleviation schemes and other activities are reviewed. These meetings are also used to familiarise the staff with new products of different new micro-enterprise.

Annual plan of local bodies

Many municipalities and corporations discuss their action plans with the Kudumbashree team. The Kudumbashree officials explained that these meetings help the municipalities and corporations improve their plans as often many of them do not have sufficient expertise.

MIS reporting

All local bodies submit MIS formats to Kudumbashree on monthly basis. These formats cover information on thrift, loans given, and the financial and physical achievements of the various components of SJSRY & SGSY. It may be noted that when the Mission visited one of the municipalities for understanding the system of record keeping, it was found that the thrift amounts reporting was done on an incorrect basis. Similarly when a Panchayat was visited, which in past had been awarded, it was found that very little of a system existed for recording the data received from different ADSs. Most of the reporting was ad hoc and likely to be outdated. In the concerned district, a large number of Panchayats had not reported the basic information on Thrift and Loans.

One of the major reasons for such lack of interest in adequate MIS reporting of these bodies appears to be that the Project Officer /Charge officer of the local bodies have a large number of regular duties and this reporting is an additional responsibility for which they feel no obligation (lack of ownership in the programme). It is felt that these officers may not be much interested to ensure correct and timely reporting. CDSs on the other hand, whose main responsibilities is the co-ordination of and support to NHG activities, are likely to be more regular in ensuring accurate reporting. Hence it is suggested that all MIS reporting, which is relating to NHGs/ADSs/CDSs should be done by the CDS.

Repayment Information System

To improve loan repayments, Kudumbashree has engaged volunteers called RIS volunteer to monitor regular repayments. They also submit a statement to the Kudumbashree DMCs as well as HO, which presently updates this data on their system.

However, while it is a good monitoring step, it needs to be further streamlined. Many of the districts are still using manual reports rather than electronic ones. At present all data are sent to HO which manually enters this to update their database. This is too time consuming and not very effective. The purpose of reporting is that action can be taken to correct the situation, however it is felt that not in all cases HO can or needs to intervene. Hence, instead of reporting of full lists of loan repayments perhaps only 'exceptions' system of reporting should be done. Emphasis should be on understanding the reasons for defaulting as well as identifying the potential cases of default by regularly reviewing the performance of the enterprises.

- **Audits**

Statutory audit

Kudumbashree is a registered society and hence subject to an annual audit by an independent chartered accountant

Internal audit

For an organisation of the size of Kudumbashree annual audits do not suffice: regular audits of its financial and other related transactions needs to be undertaken. It is suggested that the organisation should have an internal audit on a quarterly basis. The audit should cover not just the financial transactions, but also compliance issues. It could also look at implementation of the various sanctions given and check whether various conditions have been complied with. Such audits should look at the status of internal controls in the organisation, identify weak areas and suggest improvements. If the organisation prepares an Operations and Finance Manual, the internal auditor could specifically look at compliance of these issues. An internal auditor should report directly to the Executive Director. Similarly the district offices should be subjected to internal audits, if not on quarterly at least on half-yearly basis.

CDS audit

CDS are independent societies and as such subject to audit by an independent chartered accountant. However presently no one looks into the working / documentation at ADS/NHG level. This could result in lacunae in times to come. It is suggested that the terms of reference of the CDS auditors should cover records of ADSs and NHGs. Particularly certain critical statements, recording thrift, loans and loan repayments should be specifically certified by an auditor at least once in a year.

7 Funding for development and poverty eradication

7.1 Funds availability for the Kudumbashree Mission

Kudumbashree is not set up as an independent organisation with its own funding for programmes it plans to undertake. The guiding principle is the promotion of convergence of existing programmes for poverty alleviation and to co-ordinate the activities of different departments and others in such a manner that the impact of these schemes is not only optimised but also fits in the overall strategy of a CDS in a particular area.

At present there are almost 20 departments of GoK, which among them are operating around 44 different schemes which contribute in one way or other to poverty reduction efforts.

A major part of State funding is directly allocated to the LSGIs as mentioned earlier. A number of GoI and GoK programmes still have their own implementation mechanisms. Some departments clearly indicated their intention to use the Kudumbashree structure in a later stage.

Some important resources are available to Kudumbashree or are channelled through Kudumbashree:

Kerala State resources

Out of State's plan allocation Rs 180 million has been earmarked in the current fiscal year to Kudumbashree. This is in addition to the salaries of personnel deputed under the programme. This is an increment of 80% over the last year and should be seen as GoK's commitment to the programme as well as its confidence in the abilities of the Mission management.

Funds allocated by the state can be used for the following major purposes:

- To provide finances to group- as well as individual micro-enterprises. A total of Rs 45 million has been allocated for the purpose.
- A special destitute-rehabilitation programme is envisaged to cover a minimum of 100 Panchayats.
- Rs 12.5 million have been earmarked to start an innovation fund to help micro-enterprises, which take up an innovative activity and for which sufficient funds may not be available under the government schemes.
- An equal amount of money has been allocated to provide revolving funds of Rs 25,000 each to 500 micro-enterprise groups for meeting their working capital needs.
- Rs 10 million is allocated as Technology fund for devising certain new funds.
- Rs 37.5 million is allocated to CDS, ADS and NHG structures under the Panchayats.
- Rs 22.5 million is allocated for Kudumbashree's administrative and office expenditures.

Centrally sponsored schemes

- Swarn Jayanti Shehri Rozgar Yojana¹²:

SJSRY is an anti-poverty programme launched by the Government of India for eradicating absolute poverty from urban areas. This scheme has two sub-schemes, the Urban Self-Employment Programme (USEP) and Urban Wage Employment Programme (UWEP).

- USEP has three components:

I) Assistance to individual urban poor beneficiaries for setting-up self-employment ventures. Ordinarily the project cost is Rs 50,000 per individual. If more eligible individuals join together, higher project cost can be allowed. Subsidy amount is 15% or Rs 7500 per beneficiary whichever is less. 5% is the contribution by the beneficiary, which can be either cash or kind. The balance amount is provided through bank loans. Bankers cannot ask for collateral security for these loans.

An approximate amount of Rs 74 million (including Rs 16.5 million state's share) has been received as subsidy under this component of the scheme in the state since 1997 to June 2002.

¹² All figures are based on June 2002 Cumulative Quarterly progress report on SJSRY

There appears to be a decline in receipt of subsidy under the scheme in recent years. For example during FY 2001-02 Rs 7.5 millions was received which is 40% less than the previous year.¹²

Against the above subsidy, banks have sanctioned a total of Rs 196 million in loans to 11,197 individual applicants till March 2002. More than 40 different bank have been involved in processing and sanctioning of these loans. Major bankers are State Bank of Travancore, Canara Bank, State Bank of India, Syndicate Bank and Indian Overseas Bank.

It may be noted that more than 6000 applications were still with different bankers pending processing.¹³

II) Assistance to groups of urban poor women for setting up gainful self-employment ventures: Development of Women and Children in Urban Areas (DWCUA). Minimum number of members required for a group is ten. Subsidy amount is normally 1.25 lakhs or 50% of the project cost, whichever is less. 5% is the contribution of the members. Balance amount is provided through bank loans.

An approximate Rs 48 million (including Rs 13.6 million state's share) has been received under the subsidy component of this scheme since 1997. As under USEP, the DWCUA scheme has also been financed by a large number of bankers. A total of Rs 99 million has been sanctioned under the scheme to 717 groups. As at March 2002, more than 270 applications were still pending.¹³

III) Training of beneficiaries, potential beneficiaries and other beneficiaries associated with the urban employment programme for acquisition or up-gradation of vocational and entrepreneurial skills. Funds for training component both under USEP as well as DWCUA amounts to Rs 42 million including the amount brought forward under old Urban Poverty Alleviation Programmes. An amount of Rs 24 million has also been provided for infrastructure support.

- UWEP: Basic objective of the scheme is to provide Wage employment to the BPL population, particularly during the (agricultural) lean season. Through such employment, durable community assets, which are of continuing and direct benefit to the poor should be taken up. The material/labour ratio for the works undertaken has to be maintained at 60:40. A total of Rs 58.6 million has been provided under this scheme since 1997. A total of Rs 39.6 million has been provided under the community structure, however it was noted that this fund has been utilised more for meeting certain indirect expenditures of the programme.

- **National Slum Development Programme:**

NSDP is a special central assistance to the state governments. The funds are to be devolved to all urban local bodies. The ULBs must supplement this fund out of their plan allocations. Funds are to be used for infrastructure facilities like water supply, storm water drains, sewers, community bath room and toilet facilities, individual low cost latrines, street lights, widening and paving of existing lanes, small roads, foot paths, community halls, etc. However at least 1/3rd of the assistance is to be used for construction of new houses or shelter up-gradation. A total of Rs 566 million has been allocated by the Planning Commission since 1996-97 under this programme till March 2002.

Kudumbashree has also receives funds from the European Union, DFID (urban development, will be terminated), Unicef, World Bank and The Swiss Government

Comments by Review team

On the first glance the above figures look impressive. However a closer scrutiny indicates that large funds have mainly been available under the SJSRY and NSDP, both centrally sponsored

¹³ District-wise performance under SJSRY Scheme as on 31-3-02

schemes. No funds are available for the vast rural areas, where the majority of population resides and where income-generation opportunities are very limited. Of course the Government also allocates funds under the state plan. For the current year funds of Rs 12,500 million when divided over 1049 local bodies work out at an average of about 12 million per body, and that includes at least 5 large corporations, which require much larger funds. Further, there are no legal requirements, as in the case of the urban local body, for minimum allocation of funds for poverty alleviation.

Thus the only recourse left in the rural areas is the guideline given by the State Planning Board to make plans in such a manner that at least 10% funds of the state allocations are used for poverty alleviation programmes. There are, however, no central funds directly available to Kudumbashree as poverty eradication mission for activities in the rural areas. Hence during the current financial year the state government has allocated Rs 37.5 million to Kudumbashree for this purpose.

As NABARD is providing linkage funds, Kudumbashree could concentrate on organising funds under USEP or DWCUA. But it appears that not much effort has gone into making these units into sustainable units. Funds may be required to arrange for a regular monitoring system with the help of financial consultants.

7.2 The NABARD bank linkage

NABARD has been the leading financial institution instrumental in promoting Self Help Groups (SHGs). It was a partner in the Allappuzha model right from the beginning. It plans to finance almost one million SHG groups throughout the country by the financial year 2008. In Kerala it has already linked up with 14,759 SHGs till March 2002 by giving Rs 340 million in loan it has plans to fund around 60,000 groups by the financial year 2008. It may be noted that these groups are largely non-Kudumbashree groups. There are a number of agencies that have been promoting SHG groups in Kerala for many years and Kudumbashree only came in recently. SHG have been promoted and linked to NABARD by 91 NGOs, 32 Vikas Volunteer Vahini Programme groups (VVV)¹⁴, 18 banks have been promoting SHGs, 11 PRIs and 8 Government agencies.¹⁵

One of the main reasons why banks prefer to work with SHGs (compared to individual poor loanees) is that the loan repayment by these groups is timely and defaults are rare. Recovery rate by the SHGs is approximately 95%. During our field visits it was noted that Kudumbashree has a considerable goodwill among bankers, and bankers often do not ask many questions before releasing the loans. Because Kudumbashree staff itself is not adequately equipped to analyse and assess investment proposals for ME, this may easily backfire and certainly does not show a professional attitude of the banks concerned.

At the same time, many applications do get delayed, (more than 6000 applications pending as mentioned above) as every time a loan is required, applications have to be moved to a local bank. This process takes its own time, sometimes delays are due to the bureaucracy, sometimes some of the co-operative banks, particularly in the rural areas do not have arrangements of re-finance. NABARD selectively encourages NGOs, SHGs Federations and Credit Unions to take up financial intermediation. Lendable resources are provided to such institutions on an experimental basis. Before CDSs could play such a role they need to develop certain minimum capacities. NABARD has provided funds under this scheme (RFA) to 28 agencies in different states.

¹⁴ These are farmers' clubs promoted by the bank branches, who further promote SHGs

¹⁵ Data from a note on SHGs prepared by NABARD, received at meeting with NABARD officials at Allappuzha

7.3 Fund flows

Kudumbashree receives funds directly from the state Government Treasury. The Kudumbashree HO transfers these funds to its different district offices through the District Treasury offices.

There are two types of fund transfer to the district offices: one for their own use and the other for transfers to the local bodies. Salaries of the district staff are directly drawn from the local Treasury Department and do not pass through the district offices. The district office in turn transfers the funds meant for the local bodies.

Urban CDS

Main funding to an urban CDS is from two sources: the SJSRY fund allocation from Kudumbashree and the 2% income of the urban local body. CDSs do not receive funds directly from Kudumbashree but through the local body. A separate bank account is maintained by the CDS, with joint signatories.

SJSRY funds are part of the centrally sponsored scheme as mentioned above. 75% of the funds are allocated by the central government and 25% is the share of the state Government. The funds are allocated and transferred to the urban local body on certain principles, as enunciated in an order issued by the state Government. The urban local body is required to transfer these funds along with its 2% income to the CDS. During our field visits we learned that a number of local bodies had not transferred these amounts to the CDSs. In certain cases the transfer was pending for more than 2 years. Kudumbashree officials acknowledged that this was a problem they were facing in a number of local bodies. However, no evidences of written complaints were seen from the CDS management despite such long delays of fund transfers. This indicates that the CDS management is either not strong enough or not so independent to take action for such delays.

Rural CDS

As no special schemes, such as SJSRY, NSDP are available for the rural area poverty alleviation, the State Government includes funds for Panchayats in the funds allocated to Kudumbashree. Kudumbashree sends these funds to their district offices that in turn transfer these funds to the local bodies. The funds are allocated to the local bodies based on certain performance criteria. The local bodies then are required to transfer these funds to the concerned CDS.

8 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. Facts and figures of families covered, groups formed, thrift collected, ME units set up are impressive. Improvements in conditions of poor women are recorded.

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 to cover the entire state also hold risks that may undermine or weaken the chances to achieve the ultimate objectives of the Kudumbashree Mission: ‘to eradicate absolute poverty’ and ‘tackle the multiple dimensions and manifestations of poverty holistically’.

Are Kudumbashree groups the next stage in the decentralised governance structure?

Under the People's Plan Campaign the concept of the Neighbourhood Group was introduced, consisting of a number (15-40) of actual (physical) neighbours of women and men of all classes, with several perceived common interests, relevant for local planning. Under the PPC the NHG was 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.

The Review team was informed that the Kudumbashree three-tier structure should be seen as additional substructure, the next stage in the decentralised governance structure in Kerala. However, under Kudumbashree the Neighbourhood group consists exclusively of BPL women, not necessarily and often not physically neighbours. APL women and all men, BPL as well as APL, are (formally) excluded from these groups. These Kudumbashree NHGs are then organised via ADSs into CDSs, which -as independent registered societies (under the Societies Act)- are to handle all anti-poverty schemes channelled through the Gram Panchayat.

While the logic to prioritise financial and other support to BPL women is well appreciated, problems are likely to arise with increased numbers of BPL (un-employed) men, not entitled to similar benefits and excluded from the organised structure of the NHG, ADSs and CDSs, as well as with women and men, just above the BP Line.

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.

Whereas the Kudumbashree Mission statement refers to eradication of *absolute poverty through concerted community action under the leadership of Local Governments, by facilitating the organisation of poor*, the present programme is limited to BPL women only, not involving other members of the community¹⁶ and with a limited role for Local Government Institutions. Panchayats may loose control over funds and activities handled by Kudumbashree groups. The activities are run more by government officials rather than by PRIs.

Is the Constitutionally legitimised system (PRI) less sensitive to the needs of the poor and marginalised communities that the GoK had to create the Kudumbashree system under bureaucratic control, which alone can protect the interests of these sections?

Policy choices will have to be made

- If the three-tier Kudumbashree structure is meant to be the next stage in local self-government, it will have to cater to the needs of non-BPL women and men as well, living in

¹⁶ Other members of the community, both women and men may be equally poor because of the difficulty in distinguishing between BPL/APL and the changing opportunities.

these local self-government areas. They are moreover not necessarily better off and are seen to provide an important leadership role¹⁷. The all encompassing NHGs under the PPC could be promoted with poor women and other categories of the communities with special needs organised as 'interest groups' or 'functional groups' managing special programmes to cater to their needs. Even if not structured as constitutional groups under the PRI system, the broader NHGs could function under the official Gram Sabhas and bring the process decentralisation of planning and decision making closer to the communities. In this case the time limit of ten years does not seem meaningful, decentralised development will take longer.

- To further strengthen the decentralisation process, the PRIs need to be acknowledged as the key actors in planning, even when they are still new in the process. Any 'undermining' of activities/programmes directly controlled by the government (or donors bypassing PRIs and favouring NGOs) needs to be avoided
- If Kudumbashree is exclusively a poverty eradication mission for BPL women, the notion of all-encompassing NHGs as intended under the PPC needs to be revisited. The current Kudumbashree NHGs are interest groups of BPL women only

Reaching families through women and communities through the family

Kudumbashree as effective conduit for government programmes

Poor women's development bottom-up

Throughout the review the team was told that different government programmes and services were already implemented or planned to be implemented and channelled through the Kudumbashree structure. Because Kudumbashree covers the entire state and is seen as well organised, led and managed by a motivated team of government officials, the Kudumbashree structure is preferred as a channel above other distribution mechanisms. A government official said, "All government programmes are getting on to the same train because the direction of the train is good".

Doing away with different distribution and management systems for a great and ever changing variety of state and central government programmes, bringing them under one structure, could theoretically lead to greater efficiency and convergence of services to the public. The Review team is also well aware of the generally positive experiences and logic for channelling development related programmes through women's groups.

Through the delegation of anti poverty and other programmes for the communities, the NHGs are likely to get overloaded, as delivery system. They are likely to loose sight of their self-help functions towards strengthening their position.

Given the interest in the Kudumbashree programme mainly for its programme/service delivery, there is a grave risk, that women are used merely for efficient distribution of inputs. In the process of channelling benefits, whether or not based on *demand-led convergence* (ref. Mission Statement) of such available inputs, the women are easily instrumentalised and not seen as actors in their own right. This is in conflict with the promotion of *self-help*, (ref. Mission Statement).

- If Kudumbashree is meant to promote poor women's capacity for self-help towards eradication of poverty, policies are required to directly support women's empowerment, through processes in which external inputs are supportive rather than the main reason to organise or 'collect' poor women in 'groups'.

¹⁷ But because of the existing gender power differences, separate committees of women and men would still be required and useful, as experiences have shown.

Micro Enterprises

Social Mobilisation and empowerment

Kudumbashree's limitations as government structure

From the present emphasis and staff time spent on micro enterprise development in the Kudumbashree programme, it can be deduced that under- and unemployment is seen as the key problem women face, preventing them to rise above the poverty line. Her economic empowerment appears to be seen as the solution to the family's and community's poverty situation. Yet, Kudumbashree - following its own Mission statement - is set up ...*to tackle the multiple dimensions and manifestations of poverty holistically.*

The process of MED as a part of stimulating human resources need not be construed as a primary component of social mobilisation and empowerment. There are two distinct developments. On the one hand there is empowerment as a process towards more equity, which is reducing a gender-based inequality. On the other hand alleviating or eradicating poverty, which may lead to improved livelihoods in the material sense, but which may simultaneously not empower or even dis-empower women. Both empowerment and poverty eradication are necessary, but synergy will not be achieved automatically. This will require more explicit strategizing in this direction.

The Review team wishes to emphasise that 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.

- Given the limited scope and experience in social empowerment for Kudumbashree as a ten-year programme run through a government mission structure, policy measures are required to guarantee and facilitate involvement of appropriate non-state actors who can also be expected to play a role after the mission-period is over.

One of the most critical strengths of women's self help groups (SHG) and their federations, as was conceived by promoters of such movements across the country, is their ability to demand and attract attention of the agencies delivering services in the social sector through a process of collective bargaining in the public domain. However with the current mono-focal vision of Kudumbashree and its preoccupation with micro-enterprise development, the women's participation in making improvements and influencing decisions in the social sector has become marginalised

- In line with the notion of 'self-help' and 'demand-led convergence of available services and resources' NHGs should be supported to make their demands (also for not yet available services), supplementary to their own actions, rather than being receivers only.

Even when focusing on women's economic empowerment, micro enterprise development cannot be seen as the panacea: the world over only a limited number of people, whether women or men, have the aptitudes required for sustainable and profitable micro enterprises. Most women (and men) prefer secure wage labour employment. Similar to experiences elsewhere in the world, researchers maintain that most group' based IGAs are not viable in Kerala, whereas individual entrepreneurs have shown success when adequately guided.

- Policies are required - beyond the scope of Kudumbashree - promoting and facilitating the development of sustainable wage-labour employment opportunities. The emphasis on micro enterprises needs to be balanced with realistic present and future market opportunities. MEs should not be developed separate from the mainstream production.

Micro enterprises only set up to 'engage' BPL women - in reality not even providing or realistically expected to provide the minimum wage - are not likely to be sustainable. Even if women may be expecting or hoping for a reasonable income, our field visits suggest that it is the male officers and elected leaders, who expect the women to not earn more than a minimum

threshold level and who feel that this is good enough as an improvement. Promoting lasting and profitable micro enterprises, both production and marketing, 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.

- In order to enhance the scope for successful private or small group enterprises, the government will have to create a conducive environment, while adequately trained credit advisors from local banks and financial institutions as well as (new) private sector parties (business advisors, chartered accountants, financial/market consultants) and training institutes, need to provide the actual business knowledge and support that is required on a regular basis.

Danger of overpowering and patronising

Because of its speed of growth and the size of Kudumbashree, and yet the need to manage it as a government programme, Kudumbashree is becoming more bureaucratic, using targets to measure performance, which are not part of an organic process orientation with the poor women steering their process of development.

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.**

- Training programmes will have to include awareness about party politics, strengthening women in their position as citizen and independent decision-makers.
- Staff has to spend time on self-reflection and attitude awareness training.
- ME units have to be trained and guided to operate independently or within (marketing) networks they create or join, rather than under the 'protection' of Kudumbashree staff.

Selection criteria

The introduction of the 9 non-monetary indicators for determining the poverty level of a family has been an improvement over earlier systems. The experience in Kudumbashree (and elsewhere) has shown that the 4 indicator score to qualify for BPL status is not adequate. Some indicators are already being dropped (children under 5, drug/alcohol addiction), other indicators are added (single woman headed household, no colour TV). However, the criteria currently in use are not gender specific (e.g. "*Family getting barely 2 meals a day or less*": who gets the meals?). A GoK commission including Kudumbashree staff is further reviewing the set of criteria.

- For a poverty eradication programme that wants to be empowering women towards self-help wealth assessment and ranking should involve the women themselves.
- If the programme is successful BPL women will rise above the poverty line. Policy guidelines are required to make sure that the social organisation that these women helped to build are not losing the newly APL women's contributions, nor that these women need to hide their socio-economic improvement.
- Priority programmes should be developed for women who meet seven and more criteria and who thus live in extreme poverty.

Subsidies as attraction

Redistribution of wealth as a social policy can play an important role in poverty eradication and development of poor communities.

Easy availability of subsidies for economic investments undermines the scope for sustainable profitable undertakings as has been shown the world-over. People, whether women or men without the required business attitudes are just attracted by the subsidies, rather than motivated to invest and make money based on their own efforts.

- To maximise the scope for successful ME development the subsidy component could be limited to finance adequate training and to lower levels of interest to be paid. Making (small) investments by the prospective entrepreneur a precondition for such subsidy would further help in the selection of candidates.
Removing the subsidy syndrome from poverty alleviation programmes will also reduce the attraction for politicians and bureaucrats who may wish to use their position to 'gain' in the process of distribution of subsidies.

Another risk: taking over of groups by political /communal parties as women are easier to mobilise/victimise. Also economic environment - creating or finding sustainable markets for MEs in the context of globalisation, needs more innovative thinking, also MEs which go beyond conventional gender stereotypes should be encouraged.

9 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. The state has great difficulties meeting even the basic costs of its government operations. In recent years Kerala has invested much in decentralising development planning and governance.

With great enthusiasm Kerala initiated the statewide poverty eradication programme Kudumbashree. In this Review we have presented both strengths and weaknesses of Kudumbashree. We also addressed a number of contradictions build into the programme at this moment. It is striking that the mission statement of Kudumbashree does not speak of 'women' or 'a programme exclusively focussing on poor women', yet Kudumbashree is known as 'the poor women's NHG programme'. Is the focus of Kudumbashree on furthering decentralisation, or on convergence of anti-poverty programmes or poverty eradication, reaching families/communities through poor women?

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

Between the GoK and RNE there is an agreement to utilise Dutch funding for the strengthening of Local Self-Government/ Decentralisation with poverty alleviation as the overriding objective, as one of the two priority areas.

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. The Review team, however, suggests that prior to firm decisions about support by RNE, GoK will have to conclusively address a number of policy issues as indicated in chapter 8 of this report. 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, baseline survey and (group-self) monitoring methods. Micro Enterprise Development will require major strengthening in its different aspects. Subsidies, which disturb sustainable and viable development of MEs need to be removed. 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. Improving the present nine-point programme selection criteria needs to be high on the priority list. To cater more adequately to the needs of the very poor women - and subsequently men as well - wealth ranking and analysis of gender-power issues, involving the poor communities themselves, is required, subsequently leading to adequate activities.

Given the size of its operations Kudumbashree will also have to improve its fund- and other management systems. Appropriate performance indicators have to be introduced going beyond figures only. Staff will have to be adequately oriented on gender-power issues both in their field of work and the Kudumbashree mission set-up.

Based on our Review we list a number of issues (not exhaustive) that require attention and may need funds/expertise/training, etc. and could thus be considered for support. The ultimate choice will be greatly determined by the policy decisions that GoK will make.

- In different areas of the Kudumbashree programme the need for additional, sometimes specialised expertise has been expressed: training methodologies, survey methods, MED development (selection, training, products and services development, quality standards, market opportunities, feasibility studies, financing plans, handholding services, etc). This could be arranged through: upgrading Kudumbashree's own staff, short term or permanent advisors added to Kudumbashree, setting up a temporary support unit, using and improving capacity of existing training and support institutions. etc.
- Though training has been one of the main activities in Kudumbashree intended for capacity building, the quality (needs assessment, curriculum, didactic methodologies, follow-up) is wanting. External expertise has to be brought to assist in this field.
- Developing different types of training materials, based on actual needs assessment
- ME product identification and feasibility studies need to be undertaken. Before ME loans are provided business plans must be prepared (including the viability, number of partners required) and approved by experienced advisors from the financial institutions.
- Criteria need to be developed for the selection of ME candidates.
- Large funds are being allocated to the LSGIs under plan allocations. One of the key findings of the Development Support Programme is that the plans being prepared by these bodies lack vision and strategy for ensuring sustainable development for the area. Currently the LSGIs are in the process of preparing the 10th Five-Year Plan. Kudumbashree could develop strategies, which can help these bodies to design and implement individual plans, which have an overall sustainable strategy for poverty reduction of the area.
- Studies need to be taken up to look into the impact on leadership qualities of BPL women if APL women as well as men participate in the workings of Neighbourhood groups.
- Develop participatory methods for self-monitoring by NHGs etc.
- Kudumbashree needs to devise methods to ensure that micro plans are based on real needs of the community rather than being confined to government programmes already on offer. Development is more than the total of available schemes.
- For effective implementation and proper beneficiary selection, there are plans to channel large number of government schemes through the CDS structure. To ensure that schemes are considered as part of the overall poverty reduction plan, they should only be accepted

and implemented if they can be part of CDS / LSGI's annual action plans. This will reduce the ad-hoc approach to poverty reduction through different government schemes.

- Study the federation of NHGs/ADSs for village banking purposes
- Kudumbashree could look into the feasibility of developing CDS as intermediary financial body under the NABARD's RFA programme. However, one of the important aspect before implementing the same would be a close examination of needs, as well as the capacities of the CDSs.
- Designing work policies, schedules and opportunities for women staff members to join the organisation
- Undertake gender training with all staff and develop strategies, methods, and monitoring and support mechanisms to implement activities in a gender sensitive and empowering way. Kudumbashree will also need to evolve a policy on sexual harassment at the workplace given that this is mandatory now - this should also include a statement on minimum guarantees for self-employed women workers, for e.g., occupational hazards at the workplace or minimum wages.
- Creating a learning environment, through which best practices as well as failures are used for learning.
- Long delays in transfer of funds from local bodies to CDSs, points at the need to review the transfer system and to take steps to ensure timely release of funds to the CDSs.
- Kudumbashree has 14 offices in all the districts. Its staff has high turnover as the staff is on deputation. The organisation has been recently formed and hence most of its rules and regulations have been formalised through office circulars, etc. It has developed large numbers of structures and systems. These should be documented, in an Operations & Finance Manual, which would cover structures, their functions & responsibilities, reporting requirements, accounting systems, flow of funds, authorisations at different levels, etc.
- All MIS reporting relating to community organisations (particularly in regard to monthly reporting of thrift and credit) should be done by CDS rather than by the municipalities, who are not able to devote time for such reporting.
- Repayment Information System (RIS) reporting system needs streamlining and further improvement so as to make it more effective.
- Internal audit function, missing at present, needs to be instituted, as the current system of annual audit is not adequate to the size and complexities of its activities.
- Presently records of the ADS and NHG are not being audited. Because it involves critical areas of funds being held for poor members, it is important that such records are covered by the audit. One of the critical statements would be a Reconciliation statement of members' funds outstanding at a given date with actual funds lying either with the NHG (in rural areas) or with the ADS (in urban areas). Such a statement should be certified by the auditors at least once in a year to ensure the control and safety over the funds.
- In order to enhance co-operation with development NGOs, a survey should be undertaken to assess the availability and qualities of potential NGO partners for Kudumbashree
- A plan to have a long-lasting partnership with NGOs having expertise in working of SHGs should be developed. Their expertise could be very useful in the development of the NHGs. In the long-term their involvement in the programme would help the NHG movement grow beyond the Mission life.

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Appendix 1

(ver. 28th June 2002)

Terms of Reference
for
Review and Formulation Mission
Support to Kerala's State Poverty Eradication Mission - Kudumbashree

I. Background

Poverty in Kerala

Kerala has attained high levels of human development as a result of widespread provisioning of basic social services, in particular education and health care. However, pockets of poverty continue to exist in the state. It is estimated by the Government of Kerala (GoK) that 20-25% of the population may require some extent of targeted assistance to come out of poverty, while some 12% live below the absolute poverty line. Typically, groups in these categories are characterised by low occupational mobility and/or threatened by adverse economic trends affecting agriculture and traditional industries. Apart from deprivation due to low and unsteady income, they are also more likely to suffer inadequate coverage by existing service provision and marginalisation within the political system.

Just as in other states and countries, poverty in Kerala affects women more severely than men. While the indicators on gender equality in relation to the basic health and educational status of women are favourable, women still face discrimination in many areas, including the social sphere (e.g. domestic violence; restrictions to traveling alone); the public sphere (participation is restricted except where constitutional protection is guaranteed) and the labour market (type of jobs and wages paid). This is true for women generally, but more so for women from socially disadvantaged communities.

The State Poverty Eradication Mission or Kudumbashree

The Kudumbashree (= family welfare) initiative was launched by GoK in 1998 with the support of the Government of India and NABARD. Kudumbashree's Mission Statement is "to eradicate absolute poverty in ten years through concerted community action under the leadership of Local Self Governments". The Mission has adopted a participatory mode on the basis of "self-help and demand-led convergence of available resources with women as the key actors". The model is based on successful experiments in urban (Alappuzha) (with technical & financial support of Unicef) and rural (Malappuram) poverty alleviation initiated in the 1990's. Kudumbashree organises women from BPL households into a three tier structure of Neighbourhood Groups (NHG's), Area Development Societies (ADS, ward level) and Community Development Societies (CDS: panchayat or municipality level), envisaged as a sub-system of local government. The programme defines poverty as a multidimensional phenomenon. A 9-point set of indicators has been developed to identify eligible households.

Among the main objectives of Kudumbashree are:

- Social/individual empowerment of women through sharing of experiences and mutual support in the self-help groups;
- Enabling poor households, through the CDS system, to access and utilize more effectively available public resources including various anti-poverty schemes, and influence priority setting for local level development;
- Thrift mobilisation through the formation of informal banks of poor women (thrift & credit societies at NHG level);
- Gainful self-employment for BPL women through micro-enterprise development, access to institutional finance and establishment of (rural) marketing networks;

Unicef through technical and financial assistance supports several components of the Mission such as guidelines for local self-governments on how to maximise utilisation of their funds

allocated to women; child rights orientation for the Kudumbashree officials, elected representatives and CDS representation

No major evaluation of the programme has been carried out to date. However, on the basis of its outcomes so far, Kudumbashree is seen by GoK as an effective tool for direct poverty reduction which it wishes to extend to all 14 districts of the state, to ultimately cover all urban and rural LSG bodies. The flexibility and drive related to the 'Mission Mode' is deemed imperative for success.

However, the issue of longer term institutional sustainability of the programme in terms of, inter alia, staffing provisions and working processes will need to be assessed. Presently, all staff is on deputation from other departments and no permanent professional core staff is available to ensure continuity. The management also feels that additional expertise is required in some key areas of the programme.

Apart from capacity strengthening of the organisation itself, it is expected that Kudumbashree may gain from better linkages with sister departments and local governments, for instance – but not only - in the field of micro-enterprise. Another challenge identified is to better define Kudumbashree's relationship with various types of non-governmental organisations and community based organisations active in the same functional and geographical areas. For example, there is a perception in Kerala that panchayats, state agencies and various types of NGO's are often engaged in an unhealthy competition for the allegiance of local women self-help groups. It is also generally observed that NGO's are not yet fully accepted by state and local government as partners in development, despite their advantage in proximity to the target groups. It could therefore be explored how Kudumbashree might gain from closer convergence with related local initiatives.

Proposed RNE support to Kudumbashree

Kerala is a focal state for Netherlands Development Assistance. Government of Kerala (GoK) and Government of Netherlands (GoN) have identified two priority sectors for bilateral cooperation:

Water resources management (with a focus on rural water supply) and strengthening of Local Self-Government/Decentralisation with poverty alleviation being the overriding objective. RNE also coordinates closely with GoK and the Asian Development Bank (ADB) towards support for a broad Modernizing Government Programme (MGP) in the state.

In the context of strengthening local self-government, the Kudumbashree programme has been proposed for Dutch support to strengthen capacity at the local level for effective poverty reduction. RNE is considering financial assistance to Kudumbashree on a multi-year basis, in order to contribute to enhanced effectiveness and coverage of the most vulnerable groups, the programme's effective institutionalisation and successful management of its geographical expansion.

Specific areas in which GoK has indicated a need for support include: (i) strengthening of the programme's research and training capacity; (ii) an expert support system including gender specialists and advisors on entrepreneurship development, rural management and business development; (iii) additional TA for identification of micro-enterprise possibilities and other areas; (iv) action research and support to NGO's for improved micro level planning for the 'women component plan', empowering women for better participation in PRI's and urban local bodies and other gender (mainstreaming) issues; (v) additional resources for micro-credit/community funds.

RNE, Unicef and GoK have discussed the option of providing the RNE financial contribution through Unicef.

II. Joint Appraisal & Formulation Mission

In the light of the above Royal Netherlands Embassy (RNE) in collaboration with Unicef-ICO and GoK have agreed to field an external Mission to broadly assess/appraise the present functioning of the Kudumbashree programmes, map out areas for Dutch support and draft a fundable proposal.

GoK will appoint local resource persons to work jointly with the Mission.

Objective

The objective of the Mission is:

1) To review/assess:

- Appropriateness of the applied programme strategies to achieve the programme goals
- Efficiency, effectiveness and sustainability of the main types of interventions
- The monitoring and evaluation systems and the information provided through these systems on the performance of the programme
- The institutional and management capacity of the implementing organisation
- The financial management capacity of the implementing organisation
- Options and plans for the expansion of the Kudumbashree initiative (geographically, in terms of population coverage, and the forms of support that are envisaged to be provided) and for its longer term institutionalisation within the PRI-system, in the light of GoK's programme of decentralisation and broader anti-poverty objectives

2) To identify the main risks and challenges involved in the expansion and institutionalisation of the Kudumbashree programme, and the implications of these challenges for the design of support to the process

3) To advise whether and in what respect the programme's capacity, coverage and effectiveness can be strengthened in the above mentioned areas. The recommendations may distinguish between measures that can be effectuated immediately and areas where further study or assessment is required.

4) To prepare a programme support document and budget proposal based on the assessment and on discussions with all relevant stakeholders.

5) In consultation with Unicef-ICO and Chennai field office, to explore possibilities of dovetailing the "Kudumbashree" programme into the Unicef's multi-year Country Programme Recommendations with Dutch funding.

Methodology

The Mission is proposed to be conducted in two phases, in two separate visits. However, in case the Mission would be of the opinion, based on the field reality that both the phases can be accomplished in one visit, the Mission is free to make its own judgement.

In the first phase, the Mission will focus on review/assessment of the ongoing programme. During this phase the Mission will meet with all relevant stakeholders in the programme, conduct extensive field visits, draw up draft recommendations, organise a workshop to discuss these and finalise the recommendations. The Mission will also draft an outline of the programme document during this phase.

During the second phase, the Mission will finalise a fundable programme document in consultation and cooperation with GoK and Kudumbashree programme staff. The Mission will discuss the draft programme document in a workshop with the stakeholders before it is finalised.

Stakeholders to be consulted will include Kudumbashree staff at all levels; women beneficiary groups in urban and rural areas in the state's three regions; GoK Departments working in related areas (e.g. rural development, local self-government, planning, social welfare, cooperatives, industries); representatives of the Task Groups on basic minimum needs and local self government under the Modernising Government Programme; relevant experts including from research institutes, NGO's and CBO's (cross-section of society); local level administrators and elected members of Panchayati Raj Institutions; representatives of (external) funding agencies active in related areas, such as the DFID supported Cochin Urban Development Programme.

Guiding questions

While conducting its work, the Mission may be guided by the following questions (not exhaustive):

- What are the programme's strengths and weaknesses regarding various dimensions of women empowerment?
- How responsive is the programme to the stakeholders' own perspective? Are mechanisms in place for participatory planning, monitoring and evaluation?
- How effective is the CBS-system in influencing local level decision making?
- What is the current practice of micro-credit, interest, matching grants, repayment, etc? Are there adequate mechanisms for larger flow of micro-credit to SHG's?
- Are the various types of micro-enterprise units established under the programme commercially viable and sustainable, and what is the scope for further expansion of this model throughout the state?
- Which are the main capacity building and training needs in the programme?
- How does the programme coordinate with other organisations, governmental and non-governmental, working in related areas?
- How effective is the programme in covering those sections of society which are seen as most vulnerable?
- Does the organisation/programme have the necessary tools to manage the programme successfully (operational and documented procedures/systems for transparent decision making, planning, budgeting, procurement, accounting, funds and budget management, internal control and monitoring, progress and financial reporting and auditing)? See also attached 'Organisational Capacity Assessment Checklist'.
- Which is the most effective and efficient modality for channelling external funds in support of Kudumbashree?

Timing of the Mission

The first part of the Mission (review/assessment) will take place in the second half of July/first half of August 2002 and will last 2,5 –3 weeks, including field visits and writing. The Mission will call on the Netherlands Embassy in New Delhi for briefing and debriefing.

During first phase of the Mission, the Mission will visit Unicef-Chennai office for deliberations.

Timing of the second part (formulation)(if deemed necessary) will be finalised upon conclusion of the first visit in consultation between GoK, Mission members and RNE.

Composition of the Team

The mission will consist of five members, including the teamleader, representing the following areas of professional expertise:

Expert Institutional Development and Teamleader:	Mr Jan Reynders, The Hague
Expert Gender and development	Dr Sara Ahmed, IRMA, Anand
Expert in microcredit and small enterprises	Dr Hina Shah, ICECD, Ahmedabad
Financial Expert	Mr Subhash Mittal, SMA, NDelhi
Unicef's nominee(to be appointed)

GoK will appoint two resource persons with expert knowledge of the Kerala situation to work jointly with the mission.

Literature to be consulted

GoK and RNE will provide the Mission members with relevant documentation on:

- The Kudumbashree programme
- Guidelines to the State's 10th Five Year Plan, notably the outlines of the *anti-poverty sub-plan*
- poverty profile of the state, including household surveys, report of the participatory poverty assessment facilitated by ADB
- gender issues in the state
- the state's decentralisation process
- outlines for GoK's Modernizing Government Programme
- the economic situation, problems of unemployment and avenues for pro-poor economic growth
- Dutch bilateral development cooperation
- GoI-Unicef Country Programme of Cooperation (2003-2007) – Strategy Paper, Unicef, New Delhi, December 2001
- Country Note, INDIA – Unicef Executive Board.

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Appendix 2

Itinerary, programme and agencies/persons met

(Review team often split in two or three to maximise visits and cater to different expertises)

Date	Particulars
Monday, 22 th July 2002	<p><i>Morning:</i> Arrival at Thiruvananthapuram</p> <p><i>Afternoon:</i> Introduction at Kudumbashree</p> <p><i>Evening:</i> Briefing by RNE Kerala Co-ordinator</p>
Tuesday, 23 th July 2002	<p><i>Morning:</i> - Introduction of Kudumbashree's activities to Mission by Executive Director and senior staff</p> <p><i>Afternoon:</i> - Workshop with senior staff on expectations, problem analysis, dreams and needs for change - Planning field visits</p>
Wednesday, 24 th July 2002	<p><u>Thiruvananthapuram</u></p> <p><i>Morning:</i> Visit to Micro-Enterprise Groups - Technoworld Digital Technologies - Techno Infos - Techno Gate (All 3 groups are IT group located & working from same location) - Akshay Catering Group (at Planning Board canteen)</p> <p><i>Afternoon:</i> Metro Mermaids (Water meter Repairs Unit) Visit to Bankers - NABARD, Trivandrum, S.Abdul Kareem (Chief General Manager) & SNA Jinnah (DGM) - Canara Bank, Circle Office, Trivandrum, VAP Mallan (General Manager) CDS Meeting, Trivandrum Corporation - Veli Poezhikkara Housing Project (Housing Project for fishing community – 2 NHGs) - Shalom Consumer Store (ME-Retail Provision store) - Visit to SEUF (NGO)</p>
Thursday, 25 th July 2002	<p><u>Thiruvananthapuram</u></p> <p><i>Morning:</i> Visit to Micro-Enterprise Groups - iTech Sysrems & Peripherals - Kerala Computer Links – (Mens group) (Both the groups are located at same location and working on Computer hardware. One of the rare combinations of men's & women's group) - Techno Global (IT Data entry group) - Devi Food Product (Food Processing – mainly Payasam packets) Visit to Centre for Development studies meeting academics</p> <p><i>Afternoon:</i> -CDS meeting (officials), Health Volunteers' training at the office of Friends of Urban Poor - Meeting with CDS officials during one of Training sessions</p> <p><i>Evening:</i> - Meeting Thomas Isaac - Meeting Asha Newsum (ADB)</p>
Friday, 26 th July 2002	<p><u>Kollam</u></p> <p><i>Morning:</i> Arrival from Trivandrum Interaction with Welfare Standing Committee Chairman, Kollam Corporation secretary & Kudumbashree DMC (Dr D. Sreekumar) Meeting with CDS members belonging to ADS No. 4, 5, 6, 7, 9, 14 Visit to Provision supply unit and soap making unit (ME group)</p> <p><i>Afternoon:</i> Meeting with members of NHG no. 29 Visit to Sujata Milk Bar & Provision store (IE)</p>

	<p>Meeting with Auditor of Kollam Corporation CDS (R.Sasidharan) Interaction with District Mission Team Left for Allapuzha</p>
<p>Saturday, 27th July 2002</p>	<p><u>Allapuzha</u> <i>Morning:</i> (Two members attended K-Net meeting at Amos Centre, Kottayam) Interaction with District Mission Team Interaction with Project Officer & office bearers of CDS, Examined some of the records available Visit to Yeoman's Book Binding Unit (ME group) Visit to Canteen Unit, W&C Hospital Campus (ME Group) <i>Afternoon:</i> Meeting with Tiny Tots NHG group Departure for Ernakulam <i>Note: Some of the planned programme could not be undertaken due to a major boat tragedy in the area on same very day.</i></p>
<p>Sunday, 28th July 2002</p>	<p><i>Morning:</i> Internal Mission review meeting <i>Evening:</i> Discussion with journalist at hotel</p>
<p>Monday, 29th July 2002</p>	<p><u>Ernakulam</u> <i>Morning:-</i> Visit to Kalamshree Municipality, meeting with Municipality Chairman, Vice-chairman. CDS president and other officials. - Meeting with Project Officer at the Municipality to gain an understanding of a municipality annual plan vis-à-vis CDS Plan, fund flow between CDS and the municipality - Visit to ME units, tailoring <i>Afternoon:</i> -Visit to Kaippadamugal NHG -Unplanned visit to a Gram Panchayat, Choornikara, meeting counsellors -Unplanned visit to NHG group – Icidia -Meeting with Project Director & Finance Manager, Cochin Urban Poverty Reduction Project funded by DFID</p>
<p>Tuesday, 30th July 2002</p>	<p><u>Ernakulam</u> <i>Morning:</i> - Visit to a slum upgradation/ housing scheme for urban poor implemented under DFID programme. Left for Mallappuram <u>Mallappuram</u> <i>Afternoon:</i> - Interaction with Community Organisers appointed by Mallappuram DMC team. Presentation by Mallappuram DMC</p>
<p>Wednesday 31st July 2002</p>	<p><i>Morning:</i> - Visit to Kalanpodan Adivasi Hamlet (part of an NHG group) - Visit to a Tailoring Training centre funded through Tribal Sub-plan <i>Afternoon</i> Visit to three rural NHG groups Visit to one individual enterprise of rearing milk cattle</p>
<p>Thursday, 1st August 2002</p>	<p><i>Morning</i> - Meeting with Sunil George Kurian, Monitoring Team of HIV/AIDs project at Mallappuram office Examined in detail funding available at Mallappuram with type of reports generated - Visited Mallappuram Municipality office <i>Afternoon</i> - Visit to remote BPL and adivasi NHGs - Analysing of data collected through various meetings - Studying of reports received from Mallappuram District - Updating of notes - Cultural programme by childrens group (Balwadi) - Visit to catering and copra ME unit</p>
<p>Friday, 2nd August 2002</p>	<p><i>Morning</i> Travel to Kalpetta, Wayanad Dist. <u>Wayanad Dist.</u> - Visit to Shreyas, attending self-monitoring meeting of the SHGs <i>Afternoon</i> - Interactions with Shreyas management & DMC, Wayanad Dist. - Attending SHG meeting at Malvayal - Visited 3 Income Generation Units promoted by Shreyas - Visit to NHGs of Kudumbashree</p>

Saturday, 3 rd August 2002	<p><i>Morning</i> - Meeting with Rasta staff and animators (one team)</p> <p>- Discussion with Kalpetta municipality PO on CDS action plan, sources of funds, activities funded, etc.</p> <p><i>Afternoon</i> - Discussions with DMC on its accounting system, reporting mechanisms, etc. Review of documents.</p>
Sunday 4 th August 2002	<p><i>Morning</i> - Travel to Palakkad District <u>Palakkad District</u></p> <p>- Interactions with a Gram Panchayat elected body</p> <p><i>Afternoon</i> - Attended regular meetings of 4 different NHG groups</p>
Monday 5 th August 2002	<p><i>Morning</i> - One team to Attapady block adivasi NHGs</p> <p>- Meeting with Dist. Collector</p> <p>- Visited DMC office, reviewed the reporting mechanisms, accounting records, MIS system, also looked into RIS system</p> <p><i>Afternoon</i> - Visited Palakkad Municipality to gain understanding of MIS reporting by them.</p> <p>- Visited Akathethar Gram Panchayat to gain understanding of their reporting mechanisms to Kudumbashree</p> <p>Left by night train for Thiruvananthapuram</p>
Tuesday 6 th August 2002	<p><i>Morning</i> Reached Thiruvanthpuram <u>Thiruvanthapuram</u></p> <p>- Mission internal meeting (bandh)</p> <p><i>Afternoon</i> - Meeting with SC/ST secretary</p>
Wednesday 7 th August 2002	<p><i>Morning</i> - Meeting at Kudumbashree Accounts Dept</p> <p>- Meeting Secretary Rural Development</p> <p>- Meeting Secretary Social Welfare.</p> <p><i>Afternoon</i> - Meeting with Sarda Muralidharan</p> <p>- Meeting Director and faculty IMG</p>
Thursday 8 th August 2002	<p><i>Morning</i> - Meeting Mr. Viyajanand, State Planning Board</p> <p>- Meeting Secretary LSG urban</p> <p>- Visit SEWA</p> <p><i>Afternoon</i> - Visit IC-NGO Co-operation</p>
Friday 9 th August 2002	<p><i>Morning</i> - Meeting with Principal Finance Secretary</p> <p>- Meeting with Renjit, consultant involved in writing Dutch funded rural water project</p> <p><i>Afternoon</i> - Meeting with Ex. Director, Kudumbashree</p> <p>- Meeting KSSP/IRTC</p>
Saturday 10 th August 2002	<p>-</p> <p>Prepare Power Point presentation for de-briefing</p>
Sunday 11 th August 2002	<p>-</p> <p>Prepare Power Point presentation for de-briefing</p>
Monday 12 th August 2002	<p><i>Morning</i></p> <p><i>Afternoon</i></p> <p>- Presentation by Review team for Kudumbashree and other stakeholders</p> <p>- Three Mission members depart for Delhi</p>
Tuesday 13 th August 2002	<p><i>Morning</i></p> <p>- Discussion with RNE, Ellen van Reesch and Asha Newsum of ADB</p> <p><i>Afternoon</i></p> <p>- Other team members depart for Delhi</p>
Wednesday 14 th August 2002	<p><i>Morning</i></p> <p>- Debriefing at RNE, New Delhi</p> <p><i>Afternoon</i></p> <p>- Meeting with DOE, MOF, GoI</p>
Thursday 15 th August 2002	Other Mission members depart

Appendix 3

The Kerala context

- **Demographic analysis**

Growth rate

Kerala is one of the few states, which is consistently showing declining population growth rate since 1971. As per the provisional figures of Census 2001, Kerala's population growth rate is 9.42%, much below the previous decadal growth of around 14.32% and of course much better than all India average of 21.3%. Among the districts, Malappuram has shown the highest growth rate of 17.2% over the 1991-2001 decade. Five other districts indicate above state average of growth in population. Malappuram also has the highest population of the state, i.e. almost 11.4% of the state population, followed by Thiruvanthapuram at 10.16%. Wayanad has only 2.47% of the state population, the least share of population in the state.

Population density

Density is an indicator of the pressure of population on land. Though Kerala's population growth is best in India, its land resource per person is far less than many of the other states. As per Census 2001, Kerala is third most crowded state in India with density of 819 persons per sq. km. When compared with past (134 persons in 1881), the state has increased its population almost 6 times in last 120 years. Allappuzha has 1489 persons per sq. km, closely followed by Thiruvanthapuram with 1476. Idduki has the least density of 252 persons per sq. km.

Sex ratio

Following the UK practice, sex ratio depicts the number of females per 1000 males. Kerala has been hailed as one of the states, which has consistently indicated much higher sex ratio (1058) as compared to all India average of 933. High sex ratio in Kerala is said to indicate that bias against women is much less than other parts of India. However, the sex ratio among 0-6 is only 962. None of the districts appear to indicate a female-favourable ratio in this category. Is it that sex ratio, which otherwise indicates a much favourable ratio is now on decline. A more plausible explanation seems that due to high unemployment in the state a large number of adult male population often migrates outside the state, giving a disguised favourable sex ratio.

- **Problem analysis**

Over the years, Kerala has become a high cost, low investment and low productive economy. This has led to high unemployment not only among the uneducated, but also among the highly educated. A recent incident illustrates this better than any other data. During the last prolonged strike of Govt. employees, govt. directed municipalities and corporations to recruit staff for undertaking the scavenging work. In Trivandrum Corporation only, more than 600 applications were received from graduates/ SSLC pass candidates. This indicates the scale of unemployment, particularly among educated.

Poverty Estimation - Traditional methods

Central funds to the state for poverty alleviation programmes are based on NSS data. This data in 1999-2000 estimates the poverty at only 12.72% (Rural-9.38%; Urban-20.27%).¹⁸ However many persons have questioned this figure as the same survey in 1993-94 had put the poverty levels at 26%.¹⁸ Thus such a large reduction in poverty within a short duration of 6 years, when the economy has shown no sign of improvement seems unrealistic. In fact agricultural growth during this period is nearly stagnant. Prices of many of the agricultural products produced by Kerala such as rubber, cashew nuts, etc. have sharply declined in the wake of liberalisation.

In addition to NSS surveys, GoI directs the state to undertake a survey of households to identify the BPL families. For this GoI provides the state Govt. with a cut off annual income which is

¹⁸ Quantitative Survey of Poverty Assessment conducted by National Institute of Rural Development, Hyderabad, March 2000

known as poverty line. This income limit is calculated on the basis of the income required to have a minimum quality of life in terms of calorific value of food consumption. For the 1997 survey the annual income limit was fixed at Rs 3930 per capita. As per this survey percentage of the BPL population in Kerala was 30%.¹⁹ 1997 survey is regarded as one of the better surveys as compared to the earlier ones mainly because earlier surveys were not censuses and the criteria was always income, while in 1997 criteria was expenditure in the last 30 days.²⁰

Various estimates of population, which needs support in various forms for poverty eradication have been estimated. Kerala finance minister in his speech mentions some 25 lakh families, which are below poverty line. Kudumbashree's first annual report talks of around 15 lakh families, which are considered in the clutches of poverty. However these statistics are not regarded very reliable even by the state Government, most officials admit that a number of people try to enter the list as it is used for doling out government allocations for poverty alleviation program.

Non-Monetary Criteria

To avoid the controversy surrounding income/expenditure criteria, a non-monetary and more transparent method of poverty determination, based on 'Allappuzha' model has been followed. The method identified following 9 non-monetary indicators, out of which, if a family is affected by 4 or more, it has been considered as a BPL family:

- Kutcha or sub-standard house
- No access to safe drinking water
- No access to sanitary latrines
- Illiterate adult member in the family
- Not more than one earning member in the family
- Family getting barely 2 meals a day or less
- Children below 5 years in the family
- SC/ST family
- Alcoholic or drug addict in the family

Based on these criteria, approximately 32% population has been identified as the BPL population.²¹

Kerala Government accorded sanction to conduct an Urban Household Survey 2000. The survey used the above non-monetary indicators to identify the poverty level among the urban population. The survey results have been exhibited in various local body offices. A large number of complaints have been received from various quarters, these are being verified and investigated, subsequent to which the results will be made public. It was interesting to note results of this survey in case of Kollam Corporation. The data indicated in one of the presentations showed different number of families being afflicted for different number of indicators. For example there were only a handful of families affected (around 50) by all nine indicators. This number kept on increasing as the number of indicators were reduced.

This indicates that all population below poverty line cannot be treated as one block towards which all the policies of poverty alleviation should be directed. More important is the identification of layers of poverty, consisting of decrepit poor, the very poor and the marginal poor. There needs to be a prioritisation of the families below poverty line based on severity of poverty, enabling formulation of separate strategies ranging from direct benefits support to facilitation of self-help.

For this purpose, perhaps present criteria of defining BPL families as those afflicted by 4 out of 9 criteria may require revision. In fact lately there has been some criticism of these 9 indicators,

¹⁹ Poverty Reduction through Decentralisation, by SM Vijayanand

²⁰ Assessment of Poverty in Kerala – An Outline, by SM Vijayanand

²¹ Tenth Five Year Plan, Departmental Report of the State Poverty Eradication Mission, Kudumbashree

on the grounds that some of the indicators are non-transparent, such as family getting barely 2 meals a day or less. Indicators, such as, presence of the children below the age of 5 in the family, or alcoholic or drug addict in the family, may not necessarily be indicators identifying economic impoverishment. Criteria like person in a family with permanent disability or chronic disease, or single women headed family may be added. Possibly some indicators if existing together, such as a person having a kutchra house, no regular employment, no land /marginal land for agriculture could point towards lack of income. Recognising the same, GoK has set up a committee to review these indicators.

Survey by NIRD, Hyderabad

A limited survey of 600 households from 15 wards of Panchayats in 10 blocks of 5 districts was conducted during Dec'01 to Jan'02.¹⁸ Though the sample size is not sufficient to draw conclusions, however some of these results are rather interesting and worth noting.

- Around 13% of the rural households were landless.
- Landlessness was observed around 20% among SC & ST poor households and about 15% in other castes.
- Average size of land holding was 0.22 acres (22 cents) for all households. In the case of poor it was 12 cents. Average size of land holding among non-poor was 51 cents.
- Unemployment was considered main cause of poverty. Average number of days of employment per worker was 141 days for poor and over 300 days for non-poor. Landless poor were the most deprived with employment of 131 days.
- Average income per household was about Rs 23,320. Average Income of poor household was only Rs 12,900.
- Important sources of income for poor were non-agriculture labour (69%) with agriculture labour being only 12%.
- Chronic hunger was found to be prevailing in 3.7% of adult males (4.7% among SC/ST). Chronic hunger was relatively more among adult females.
- 25-30% of households is willing to pay for quality education; this willingness was marginally higher in non-poor (36%) compared to poor (28%).
- 45-66% percent of households is willing to pay if better quality water is supplied.

• **Basic public services**

Health

Kerala has traditionally been known for high coverage of health services. However with deepening of economic crisis the sector is losing this advantage. In last 10 years the public expenditure on health has been stagnant. For example, it was 1.5% of gross state domestic product (SDP) in 1991-92 to 1.4% in 2000-01. Further the expenditure on medicines and diets is being usurped by increasing salary costs. In 1960, for example, the share of medicines and diet was 39.1% and cost of salaries was 36.6%. However by year 2000 salaries have accounted for 72% of the health budget while medicines and diet fell to less than 14%.²² There are regional imbalances in the funds that are being spent by the GoK. 67% of government doctors and 75% of bed strength are in urban areas. Allocations for medical colleges have increased from 12% in 1960 to 33% in 1995, whereas the share of other hospitals has declined from 83% to 54%. This has further created imbalances in health institutions. A comparative analysis of Primary sector, Secondary sector and Tertiary sector, clearly indicates that there has been a marked improvement on supply of drugs and consumables to the secondary and tertiary sector, however, at the cost of supply to the primary sector. In fact it indicates that there has been an actual decline in real terms of the money spent on supplies in drugs and consumables to the primary health centres and peripheral hospitals.

²² Theme Paper – Minimum Needs Programme – Basic Public Services presented in a Strategic Planning Workshop in Guest House, Kovalam, on 21-23 April'2002

Education

Kerala's education sector is cited as a model in the rest of the country. However there are certain aspects which need to be considered while examining this sector. Most students coming out of schooling do not have adequate skills to enter vocational or occupational streams. Considering long period of high unemployment in the state, there is a need to develop a curriculum and educational strategy that helps students obtain such skills. Similarly special learning needs of tribals, coastal population and migrant labours need to be met with specific curriculum. Further there does not appear to be adequate institutional support for speech and hearing impaired and mentally challenged pupils.

Water availability

There are a number of external agencies in this sector. However most of these projects concentrate on providing water schemes rather than on conservation of water. It is an irony that Kerala has one of the largest rainfall in the country and also has a large number of wells, still it is facing acute shortage of drinking water. In fact this is a result of lack of water conservation effort in the state which is claimed to have a per capita water availability equivalent to Rajasthan. It is said that $\frac{3}{4}$ of the water received in the state reaches the seas within a few hours. Of course such lack of basic services affects the poor most acutely.

• **Kerala Government strategy**

Like most government programmes, traditionally Kerala Govt. had also adopted poverty alleviation programmes, which failed to reach the poorest, despite Kerala having advantage of a well-established Public Distribution System. Among various reasons cited for this failure are top down approach followed under the various schemes and not able to identify the poor. Most programmes lacked participatory approach and hence were prone to manipulation. Most programmes were centrally planned with little scope for flexibility. The programmes targeted individuals rather than harnessing synergy of the community. Most of the programmes were implemented in a departmental approach, i.e. not knowing or even not bothered to know what other departments were doing. There was little co-ordination among different departments.

Decentralisation of governance

In 1996 Kerala govt. gave real fillip to the decentralisation process by allocating $\frac{1}{3}$ rd of its plan resources to the local bodies as compared to around 5% earlier. Kerala followed a model of decentralisation whereby powers, functions, govt. staff and resources were transferred to the local governments in one go and then has attempted to build capacities of local governments to perform local efficiently. It first transferred powers and devolved funds and then set up systems and procedures.

Local government system in rural areas is a three-tier system, while in urban areas it is single tier. In rural areas the three tiers consist of 991 Gram Panchayats at the village level, 152 Block Panchayats at the intermediate level and 14 District Panchayats. In the urban areas there are 58 local self-governing bodies, consisting of 53 municipalities and 5 corporations. A Corporation's population is above 3 lakh. A large number of development institutions and government offices dealing with development matters at the district level and below have been transferred to the local governments along with the staff.

To operationalise decentralisation participatory local level planning is the entry point. In order to push the system and force the process 'People's Planning Campaign' was launched in 1996. This has helped in mobilising public opinion in favour of the decentralisation.

Planning process at the Gram Sabha

Planning at the Gram Sabha level started from the 9th Five-Year Plan. The process involved meeting of Gram Sabhas at the ward level. Each Gram Sabha is chaired by the elected member of that ward and an official of the Panchayat is appointed as co-ordinator. The first Gram Sabha serves as an open forum in which residents identify local development issues, generate priorities and form sub-groups to deal with specific proposals. The decisions of individual gram Sabhas

are minuted and forwarded to the Panchayats. In the initial years law required 2 such meetings per year, however now these are required at least 4 times in a year. During the PPC, 10-12% rural population participated in these meetings. A number of efforts are on going to increase the level of participation. However one of the major criticism of the Gram Sabha meetings has been that these are mainly attended by potential beneficiaries and not necessarily by a representative populace.²³

Development Reports

Each Panchayat has a development report for each sector. These reports describe the developmental status with reference to available data, analyse the problems and point out the directions for further development. An assessment by the State Planning Board revealed that the majority of the reports were of higher quality than any other existing department planning documents.²⁴ These reports of course need to be updated from time to time.

Development Seminar

A one-day seminar is held at the PRI level. This seminar is attended by experts, elected members and representatives nominated by Gram Sabhas. Purpose of the seminar is to integrate demands from different wards into an area-wide perspective, suggesting broad priorities and general strategies of to be taken up. The ideas finalised at these forums are translated into specific projects by a task force appointed at the PRI level. Normally there are 12 task forces, each dealing with a sector and headed by an elected representative, vice-chairperson normally is a non-government person being an expert in the sector.

District Planning Committee

Based on the projects finalised and funds allocated, PRI finalises its annual plan. It may be noted that LSGIs have unlimited power of administrative sanction subject to availability of the financial resources. The plan is submitted to District Planning Committees (DPCs) through the Expert Committees for approval. The Expert committee, consisting of expert volunteers (often-retired technical experts and professionals) is headed by a non-official expert and is convened by an official. The committee has a role of vetting the projects for their technical viability and ensuring conformance with the mandatory government guidelines. However it cannot change priorities and the projects, though have a good influence over PRI bodies to rectify the projects accordingly. The DPC gives formal approval to the annual plan.

Annual Plans

One of the main criticisms of these plans is that these do not have long-term vision. The development strategy is just a mechanical sectoral allocation of plan funds. One reason for this is that representatives themselves propose projects and their individual decisions do not have a strategic vision on the local development.²³

Five Years Plans

Guidelines for preparation of the 10th Five Year Plan by Local Governments recently issued vide a GO, of course, do provide guidelines to identify poor and that too in its different layers, and to prepare plans to focus on poverty reduction. Thus it can be seen that planning process in Kerala has moved significantly towards a real bottom-up approach. However, Kudumbashree needs to develop strategies to see that these plans actually translate into projects and policies of individual LSGI, which help poverty reduction on a sustainable basis.

Financial Resources available to the local-governments

Prior to 1996, Kerala had also followed the traditional model of allocation of funds to the local government bodies. Normally grant-in-aid was provided, however this was not even enough to meet the obligatory functions and establishment costs of these bodies. However since 1996 the

²³ Thematic Issue 1: Local Planning, Final Workshop on Decentralisation Support Programme

²⁴ Campaign for Democratic Decentralisation in Kerala – An assessment from the perspective of empowered participatory governance by TM Thomas Isaac & Patrick Heller

government is transferring almost 30-40% of the State's Plan resources. It may be noted that these funds are pure investible funds and does not include staff salaries and other establishment costs.¹⁹ Currently Kerala allocates highest quantum of Plan funds to the local bodies. During the current fiscal year the amount allocated is Rs 12500 millions.²⁵ Further the bulk of rural grants are received by the Village Panchayats (70%) and District and Block Panchayats only receive around 30%.

Funds from state treasury to a village Panchayat flow in four instalments. A local government has to spend at least 75% of its allocation during a year, failing which; the shortfall will be reduced from the next year's allotment.

Impact of decentralisation on Poverty

Of course at present there is no empirical data available to comment upon the decentralisation process's impact on poverty. It could be said that it is too early for the same. However analysis of projects undertaken during this phase clearly indicates that much greater need is being accorded to the basic needs of the people such as housing, drinking water and sanitation by the local bodies. In the productive sectors there has been a discernible shift towards animal husbandry, garden crops and minor irrigation.^{24, 19} This indicates clear emphasis on the needs of impoverished, low-income and marginal sections of the society. It has been recognised by the State planning board that the speed and extent of the coverage as well as efficiency in implementation in respect of provision of minimum needs has been superior to that of the Government.²⁴ Thus it can be argued that decentralisation has helped in proper identification of needs, however to what extent such identification has helped in better projects or developing of a sustainable sectoral policies of individual areas, possibly still needs to be examined.

• Earlier experimentation with poverty eradication programmes

In 1992 two surveys were conducted in the Allepey district (now known as Allappuzha), one was a general BPL survey, while the other was a baseline survey conducted from household to household. The survey identified 22 indicators on the issue of health (status of health members of the family), education, income-status, etc. The survey included many of the indicators presently being used in the 9-indicator methodology.

Allappuzha Model

In 1993, one of the first programmes using community based participatory approach of poverty eradication (CDS model) was used in 7 wards of Allappuzha Municipality for Community Based Nutrition Programme (CBNP) and Urban Basic Services Programme with the assistance of Unicef. A total of 88 NHG groups were formed with 7 ADS and one CDS for the entire town. The CDS was registered under the Charitable Society Act. In 1994 the programme was extended to the whole municipality by covering remaining 29 wards. Initially the programme concentrated on thrift and credits. Later on CDS started giving importance to income generation activities through women led micro-enterprise activities. NABARD along with other leading banks sanctioned a loan of Rs 4 million. A task force was set-up under the chairmanship of District Development Manager of NABARD to identify viable projects. When the first loan was utilised, a review meeting was called. The second phase increased the loan to Rs 6 millions. Presently the loan amount has gone up to Rs 12 million.

From November 1994, onwards the same model with a few variations was experimented in the rural areas of the Malappuram district with poverty alleviation programme called CBNP and PAP.

²⁵ Budget Speech (2002-03) by K. Sankaranarayanan, Minister for Finance, GOK