

# Successes in improving the livelihoods of the poor and extremely poor

RIU

## Validated RNRRS Output.

A remarkably successful approach involving self-help groups and micro-credit—which is both low-cost and self-sustaining—is empowering the poorest in Indian farming communities and reducing hunger and vulnerability. The so-called ‘dialectic approach’ encourages self-help group members to debate and identify the solutions best for them. And the micro-loans provide a valuable safety net in times of dire need, helping many who otherwise had no access to credit. Self-help groups have sprung up rapidly after NGOs took up and spread the idea: over 1000 groups now exist in over 500 villages. Banks and micro-finance providers are now also using the approach. The model has huge potential for central and northern India, as well as for other parts of South and South East Asia.

Project Ref: **NRSP33:**

Topic: **6. Promoting Success: Partnerships, Policy & Empowerment**

Lead Organisation: **GY Associates, UK**

Source: **Natural Resources Systems Programme**

---

## Document Contents:

[Description](#), [Validation](#), [Current Situation](#), [Current Promotion](#), [Impacts On Poverty](#), [Environmental Impact](#), [Annex](#),

---

## Description

**NRSP33**

## Research into Use

NR International  
Park House  
Bradbourne Lane  
Aylesford  
Kent  
ME20 6SN  
UK

## Geographical regions included:

[India](#),

## Target Audiences for this content:

[Crop farmers](#), [Livestock farmers](#), [Fishers](#), [Forest-dependent poor](#), [Processors](#), [Traders](#), [Consumers](#),

**A. Description of the research output(s)**

1. Working title of output or cluster of outputs.

*In addition, you are free to suggest a shorter more imaginative working title/acronym of 20 words or less.*

Scaleable and sustainable community-level institutions that facilitate livelihood improvement for the poor and extreme poor

2. Name of relevant RNRRS Programme(s) commissioning supporting research and also indicate other funding sources, if applicable.

Natural Resources Systems Programme (NRSP)

3. Provide relevant R numbers (and/or programme development/dissemination reference numbers covering supporting research) along with the institutional partners (with individual contact persons (if appropriate)) involved in the project activities. As with the question above, this is primarily to allow for the legacy of the RNRRS to be acknowledged during the RIUP activities.

R7839, R7830 and PD 140. Antecedent projects: R7000, R7001, R7600, R7458. Parallel projects: R8109 and R8083

Contacts:

John Gaunt, Director GY Associates Ltd. 32 Amenbury Lane, Harpenden, Hertfordshire, AL5 2JQ

Office: +44 (0)1582 346133

Mobile: +44 (0)794 197 4650

Office Fax: +44 (0)709 237 3965

E-mail: [john\\_gaunt@gya.co.uk](mailto:john_gaunt@gya.co.uk)

Dr Alok Sikka. Director ICAR Research Complex for the Eastern Region

Office: +91 (0)612 2452231

Mobile: +91 (0)9431021197

Fax: +91 (0)612 2452232

E-mail: [aloksikka@yahoo.co.in](mailto:aloksikka@yahoo.co.in)

Mr Sunil Chaudhary. Secretary. Centre for the Promotion of Sustainable Livelihoods.  
Karpooora Moon Palace, Flat Number 107, Road Number-37,Chitkohra, Anishabad  
Patna, Bihar,India

Office: +91 (0) 612-2257517

Mobile: +(91)9431012521

E-mail: [cpslbihar@sify.com](mailto:cpslbihar@sify.com) or [sunil.cpslbihar@gmail.com](mailto:sunil.cpslbihar@gmail.com)

Mr MS Ashok. Cirrus Management Services (P) Ltd. 179 VI Main KEB Layout, Geddalahalli, Bangalore 560 094  
INDIA

Office: +91 (0) 80 2341 9733  
Fax: +91 (0) 80 2341 9733  
E-mail: ashokms@vsnl.net

4. Describe the RNRRS output or cluster of outputs being proposed and when was it produced? (**max. 400 words**). This requires a clear and concise description of the output(s) and the problem the output(s) aimed to address. Please incorporate and highlight (in bold) key words that would/could be used to select your output when held in a database.

#### **The problem:**

Consultation with an international group of researchers and stakeholders including representatives from the **Indian Council for Agricultural Research (ICAR)** and regional research organisations in 1997 (R7000 and R7001) framed as a key challenge the **'production gap'** between current and potential levels of production in **high-potential irrigated rice-based** systems

The ICAR national workshop on 'Long-term soil fertility management through integrated plant nutrient supply' (1998) identified lack of adoption of research products as a crucial factor in the failure to achieve expected increases in production.

Research in India (R7458) and Bangladesh (R7600) between 1998 and 2001 identified failures in communication and service delivery as important factors affecting uptake of technologies. ICAR's Natural Resources Management Directorate worked with NRSP to develop a research effort (R7830 & R7839) to test an **institutional approach** to **enhance social capital** at community level and build the **financial and human capital of individuals** in order to stimulate expression of **demand for productivity-enhancing agricultural services and technologies**.

#### **The Output:**

R7839 developed the **"dialectic approach"** to **micro-organisation development** and a non-deterministic method for **participatory technology adaptation and development**. Customised exercises and tools developed for use by field staff have been codified in a manual.

The dialectic approach<sup>1</sup> (Described in Annex 'B' to this proforma) starts by drawing the 'poverty profile' of a village, then supports locally-based individuals ('volunteers') to facilitate the emergence of **self help groups (SHG)** including, critically, groups of vulnerable poor people. Volunteers typically derive income from paid roles in **micro-finance** delivery, provision of **agricultural advice and inputs** and as **information brokers**.

SHGs centre on micro-saving, creating a group fund from which members borrow at a group-determined interest rate. Using an innovative financial management database to record transactions enabled SHGs who were otherwise unable to access financial products to demonstrate creditworthiness. Micro-finance products developed by the project did not require use of loans for 'productive' or project-specified purposes; loans could also be applied to consumption, social or emergency needs. This was critical to attracting the very poor and

enabling them to develop trajectories out of poverty.

The “dialectic approach” has been shown to be low-cost, sustainable and scalable. The key role is played by local volunteers who earn an income from their activities once SHGs are well-established, while the required input by an external development agency is for training and early support (financial and advisory) for volunteers. Although crucial, this agency input is therefore limited in terms of funding and also time-limited.

<sup>1</sup> The term ‘dialectic’ is used to describe a process in which group facilitator and group members each question the issue and each other’s interpretation. The debate leads to the answer. This implies that the community is facilitated to challenge and debate the issue (in contrast to outside suggestion of the answer).”

5. What is the type of output(s) being described here?

Please tick one or more of the following options.

Product	Technology	Service	Process or Methodology	Policy	Other Please specify
X	X		X		X

6. What is the main commodity (ies) upon which the output(s) focussed? Could this output be applied to other commodities, if so, please comment

The approach has been used so far to increase productivity within areas dominated by irrigated rice and wheat production.

Increased productivity of the system was achieved both through increases in rice and wheat yield as well as encouraging production of other agricultural products, such as livestock (cattle, goats, chicks and aquaculture), vegetables and other high value crops.

7. What production system(s) does/could the output(s) focus upon?

Please tick one or more of the following options. Leave blank if not applicable

Semi-Arid	High potential	Hillsides	Forest-Agriculture	Peri-urban	Land water	Tropical moist forest	Cross-cutting
X	X				X		X

Beyond agricultural production the “dialectic approach” has engaged with the whole range of livelihood issues including health, education, non-agricultural income-generating activities and social expenditure, and has already been widely applied in India.

8. What farming system(s) does the output(s) focus upon?

Please tick one or more of the following options (see Annex B for definitions).

Leave blank if not applicable

<b>Smallholder rainfed humid</b>	<b>Irrigated</b>	<b>Wetland rice based</b>	<b>Smallholder rainfed highland</b>	<b>Smallholder rainfed dry/cold</b>	<b>Dualistic</b>	<b>Coastal artisanal fishing</b>
	X	X				

9. How could value be added to the output or additional constraints faced by poor people addressed by clustering this output with research outputs from other sources (RNRRS and non RNRRS)? (**max. 300 words**).

The dialectic approach can add value to research that looks to poor households to take advantage of new technologies or ways of working that involve additional cost or risk. In fact, the dialectic approach is one of the very few ways of enabling the extreme, often landless poor to gain access to these options. The dialectic approach provides an ideal vehicle for the further validation, adaptation and adoption of technologies delivered by RNRRS that have yet to be widely tested, or adapted.

Parallel to the research of R7839 in India, NRSP Project R8083 in Bangladesh (which also had its origins in R7600) collaborated with partner NGOs to foster the growth of (existing) SHGs by brokering access to information, services and inputs. This knowledge-based approach to SHG development led (as did R7839) to a model where the development agency did *not* attempt to determine the particular activities in which SHGs engaged but rather focused on *enabling* poor rural people to themselves identify opportunities for enhancing their livelihood.

LPP Project R8109 in Bangladesh and Nepal worked with groups of vulnerable poor people (near-assetless, without access to institutional micro-credit) to facilitate small livestock keeping. This micro-scale activity was highly effective in enhancing livelihoods (both by raising income and by enabling asset accumulation), while the SHGs proved important in enabling mutual support between members, and in enabling group micro-finance activity (savings and lending) to take place alongside the livestock-keeping enterprises. This was useful to foster group cohesion and sustainability of groups post project.

The reinforcement of the output by these findings across 3 south Asian countries suggests that there may be an opportunity to add value by building upon the uptake promotion of PD140 which focused on promoting uptake of findings within India and particularly by the ICAR National Agricultural Innovations Project.

*Please specify what other outputs your output(s) could be clustered. At this point you should make reference to the circulated list of RNRRS outputs for which proformas are currently being prepared.*

## **Validation**

### **B. Validation of the research output(s)**

10. **How** were the output(s) validated and **who** validated them?

*Please provide brief description of method(s) used and consider application, replication, adaptation and/or adoption*

*in the context of any partner organisation and user groups involved. In addressing the “who” component detail which group(s) did the validation e.g. end users, intermediary organisation, government department, aid organisation, private company etc... This section should also be used to detail, if applicable, to which social group, gender, income category the validation was applied and any increases in productivity observed during validation (max. 500 words).*

Outputs have been validated both *within the project* and *post-project*.

#### *Within the project*

Across the whole project area people who fit in the category of extreme poor. The project approach did not “target” any group – however considerable research effort was invested in understanding factors that would ensure that the approach was open to the extreme poor and women. Some 40% of the 5,141 SHG members were women.

The project developed and piloted the dialectic approach within the command area of project R7830 – which represents approximately 20 villages). Have established the basic elements of the dialectic approach we then tested the various factors, or variables, that would potentially affect the replicability of the approach. This involved testing the approach at further locations, using staff with different levels of experience. A total of some 520 groups were formed across these, of which about 460 were still functioning in March 2004.

We finally tested the process of group formation in a final area at some distance (500 km) from the project site.

#### *Evaluation and validation by non-project organisation*

Throughout the project we sought to encourage other organisations (typically NGO or development focussed organisations) to visit the project to evaluate the dialectic approach in practice. At a national level we encouraged the evaluation of the findings through a workshop held in Delhi (dates).

#### *Post-project.*

During the lifetime of the project an NGO - the Centre for Promoting Sustainable Livelihood (CPSL) - was established by the initial team of project staff. CPSL now numbers 11 people, and provides consultancy and training, as well as continuing to develop and support the adoption of the dialectic approach.

In addition, village-level volunteers have formed SLPS (Sustainable Livelihood Promotion Society) as registered NGOs. These serve in general as support-groups for the volunteers with information exchange as a key function. Their formal status enables them to access finance from institutional lenders to on-lend to group members.

The output has thus been validated by end-users (SHG members as well as volunteers) and also by a range of other development agencies and projects which are currently taking up the output. Local demand and formation of SHGs in response to this has continued since the end of the project

CPSL has now engaged with following organisations in a formal way to validate / adopt the process

DFID PACS partners (NGOs and CBOs)

Ø The Bihar Rural Livelihoods Project

Ø Madhya Pradesh Rural Livelihoods Project (IBRD)

In addition to these experiences a former project partner Mr MS Ashok is the director of CIRRUS Pvt Ltd, a

consultancy and training organisation working on poor people's mobilisation & empowerment

11. **Where and when** have the output(s) been validated?

Please indicate the places(s) and country(ies), any particular social group targeted and also indicate in which production system and farming system, using the options provided in questions 7 and 8 respectively, above (**max 300 words**).

Region: South Asia, Country: India

State	District	Date	Agencies involved	Poverty targeting <sup>1</sup>
<b>"Dialectic approach"</b>				
Bihar	Patna	2000-2003	CIRRUS/CPSL DFID NRSP	68% Poorest 12% Poor 19 % Better off
E. Uttar Pradesh	Maharjanj	2002-2003	CIRRUS/CPSL DFID NRSP	72% Poorest 19% Poor 9 % Better off
Bihar	Nalanda, Nawada Banka Jamuai	2005-2006	DFID – PACS 23 NGOs receiving support from PACS. CPSL as resource persons	Profile prior to validation 8% Poorest, 55% Poor, 37% Better off, Profile following adoption of dialectic approach 55% Poorest 34% Poor 11% Better off
Madhya Pradesh	Sheopur	2006-present	MPRLP with CPSL as resource persons	100% - Poorest (displaced schedule tribes)
<b>PTD</b>				
Bihar	Patna (5 districts)	2004-present	CGIAR Rice-Wheat consortium / CIMMYT	Adoption of dialectic approach for evaluation of zero-till drills to includes moderate/extreme poor
	Patna	2005-present	Private - Farmer information centre	Negotiated to take over service provision role from SLPS volunteers –responding to demand from extreme poor
	Patna	2005-present	IRCER Technology Acceleration Programme	Low cost PTD approach reaches 15 villages
	Patna Vaishali	2004-present	IRCER USAID / IFAD funds	Uses PTD approach to promote alternative livelihood approaches

<sup>1</sup> Poverty profile - definitions

	Poorest	Poor	Better off
Land resources	None	1-3 Bigha	3+ Bigha
Sources of income	Labour at disadvantaged rate	Labour or allied activity – e.g. dairy	May have salaried employment
Access to credit	None	Access to informal sector at high rates	Access formal and in formal credit
Social group (Caste)	Scheduled caste or tribe	Other Backward	Other Backward or General
RIUP Definition	Extreme poor	Extreme/moderate	Moderate

The farming system of the project was a high-potential, irrigated, rice-wheat system. However, as indicated above (Q8) the “dialectic approach” is not thought to be bound to a particular farming or production system, for example in Madhya Pradesh validation is being undertaken in forested semi arid areas.

The “dialectic approach” is effective across social groups. A particular strength lies in the fact that it is an approach is particularly attractive to the extreme poor and socially disadvantaged.

## **Current Situation**

### **C. Current situation**

12. **How and by whom** are the outputs currently being used? Please give a brief description (**max. 250 words**).

#### *Original project location*

Outputs are being used by both *end users* and *intermediaries* in the original project locations in Patna Bihar and Eastern UP and in adjoining areas. Other locations are detailed in Q 13 below. *End users* are poor rural people in Bihar & Eastern UP, both original project participants in SHGs and those who have formed SHGs spontaneously post-project.

*Intermediaries* are the CPSL, as the main co-ordinating agency and also the support groups of volunteers (SLPSs). CPSL is promoting uptake by training, consultancy on behalf of development programmes, the banking and extension sectors, supported by communication materials and products developed by R7839. The SLPSs are using the “dialectic approach” and micro-finance funds to extend formation of SHGs, which in turn provides their members with a source of income.

#### *Development Programmes*

Poorest Areas Civil Society Programme: DFID India funded selected CPSL group as resource organisation for



23 NGOs in four districts of Bihar. CPSL advocated and promoted the dialectic approach, despite the fact there was no requirement to adopt the approach, all 23 NGOs adopted the dialectic approach. Other NGOs are seeking support from CPSL on consultancy basis.

Madhya Pradesh Rural Livelihood project DFID India has signed agreement with CPSL to pilot the process of Self Help Groups in 30 villages (100 groups).

Bihar Livelihood Project: A World Bank financed project of the Government of Bihar invited the CPSL team to provide training and attend a workshop.

#### *Banks and micro-finance organisations*

National Bank for Agriculture and Rural Development (NABARD): Assigned CPSL to provide training to the NGOs who are getting fund from NABARD. CPSL has provided training to more than 100 NGOs through this programme.

ICICI Bank – has provided resources for capacity building within CPSL and has indicated a desire to invest in the approach

BASIX and RGVN Bank: provides micro-finance products (tailored to the need of the dialectic approach) and capacity building (funded by ICICI).

#### **13. Where are the outputs currently being used? As with Question 11 please indicate place(s) and countries where the outputs are being used (max. 250 words).**

The boundary between validation and use is rather indistinct; all organisations to date have adopted the dialectic approach. Therefore Madhya Pradesh, whilst very successful to date and rapidly expanding is still regarded as a pilot or validation of the approach and is not listed here. The examples below are cases where outputs are being used by organisations, as part of their ongoing activities post validation.

Since the end of the project the dialectic approach has continued to spread within the project area and in adjacent areas of Bihar State supported by CPSL and the SLPS. In the former project area village-level facilitators ('volunteers') have accessed micro-finance funds and continue to support the needs of these groups. CPSL have been contracted by a number of organizations, either directly and through support of development agencies and micro-finance organizations.

A Participatory Technology Development (PTD) approach which uses the methods of the dialectic approach has been adopted by IRCER to support its extension activities in the Eastern Region; specific examples of where this is being used are listed below.

The table below presents a snap-shot of the current status.

<b>State</b>	<b>District</b>	<b>Agencies involved</b>
"Dialectic approach"		

Bihar	Patna	CIRRUS/CPSL DFID NRSP
E. Uttar Pradesh	Maharjganj	CIRRUS/CPSL DFID NRSP
Bihar	Nalanda, Nawada Banka Jamuai	DFID – PACS 23 NGOs receiving support from PACS. CPSL as resource persons
PTD		
Bihar	Patna (5 districts)	CGIAR Rice-Wheat consortium / CIMMYT
	Patna	Private - Farmer information centre
	Patna	IRCER Technology Acceleration Programme
	Patna / Vaishali	IRCER with USAID / IFAD funds

**14. What is the scale of current use? Indicating how quickly use was established and whether usage is still spreading (max 250 words).**

Use of the output was established very rapidly during the life of the project at Patna (see Q10 above). Post project it has continued to spread within the project area and in adjacent areas of Bihar State. In the former project area village-level facilitators ('volunteers') have accessed micro-finance funds and continue to support the needs of these groups. The level of use of credit gives a measure of use: R7839 had provided Rs 50,000 as credit fund; post project the RGVN bank provided a Rs102,000 as a loan to SLPS; currently the fund supporting these groups is Rs 1,000,000 and an assessment of potential credit requirements for this area is Rs 2.6M. This has been used predominantly by people who previously had no way to access credit.

There has been considerable recognition of the benefits of the dialectic approach amongst NGOs in Bihar. Demand for briefing and staff training is significant both directly from NGOs and from development and financial organizations.

<b>Dtate</b>	<b>Districts</b>	<b>Date</b>	<b>Villages</b>	<b>SHG</b>	<b>Status</b>
Bihar	Patna	2004-present	71	467	Area close to full potential – CPSL are seeking micro-finance resources to enable expanded coverage
Bihar	Nalanda,	2005-present	182	206	23 NGOs continue to form groups in these areas, further NGOs are seeking support
	Nawada		110	199	
	Banka		179	177	
	Jamui				
PTD					
Bihar	Patna (5 districts)	2004-present	16		CGIAR Rice-Wheat consortium / CIMMYT
	Patna	2004-present			Private - Farmer information centre

	Patna	2005-present	15		IRCER Technology Acceleration Programme
	Patna / Vaishali	2004-	8	na	IRCER with USAID / IFAD funds

15. *In your experience what programmes, platforms, policy, institutional structures exist that have assisted with the promotion and/or adoption of the output(s) proposed here and in terms of capacity strengthening what do you see as the key facts of success? (max 350 words).*

The strategic positioning of the research was agreed between ICAR and DFID NRSP as described in Q4 above. This included the explicit recognition and encouragement by ICAR staff at a senior level (ICAR DDG) that the project should explore new and innovative ways of working.

ICAR created the flexibility and provided the encouragement to scientists to use the project resources to test innovative new working approaches. External donor support provided the resources that enabled approaches that could not easily be accommodated by the ICAR rules to be developed and tested. The learning is described more fully in the proforma for project R7830.

Outside of ICAR we found that the strong sense of ownership of the project enabled effective promotion. The pilot reported in Madhya Pradesh is a direct result of engagement by the Indian Gov't in evaluation of the projects findings.

The key factor here is that uptake promotion sought to engage with likely users, at appropriate levels.

---

## **Current Promotion**

### **D. Current promotion/uptake pathways**

16. *Where is promotion currently taking place? Please indicate for each country specified detail what promotion is taking place, by whom and indicate the scale of current promotion (max 200 words).*

The current promotion is being undertaken primarily by former project partners CPSL and IRCER as well as the ICAR NAIP programme, ICICI Bank and Basix, and to a certain extent DFID India:

NAIP is promoting the findings with respect to formation of effective partnerships and IRCER are strong advocates of the value of the dialectic approach and low cost PTD as a way to improve delivery of agricultural technologies to the poor.

This promotion is perhaps best understood as a constituency that advocates the dialectic approach both formally and informally. So for example BASIX would not consider itself as "promoting the dialectic approach", however it has appointed Mr Sunil Chaudhary as a faculty and uses CPSL as a resource for training in the effective formation of SHGs.

Looking further at this network we find that those NGOs who have experience the dialectic approach are advocating its merits to other organisations. Likewise SHGs themselves are encouraging others to form groups.

A key gap at present is that finance institutions, funding agencies and Government who are supporting the dialectic approach are doing so as contractors of a service and have not yet fully engaged with implications for their organisations of adopting the “dialectic approach”. (See Q18 below.)

*17. What are the current barriers preventing or slowing the adoption of the output(s)? Cover here institutional issues, those relating to policy, marketing, infrastructure, social exclusion etc. (max 200 words).*

#### **Rules for NGOs**

Current Gov't regulations prevent NGOs from engaging in micro-finance and the norms for contracting NGOs place barriers to entry that prevent small local organisations from entering the market as agents for service delivery.

#### **Micro finance products do not meet the needs of the extreme poor**

- Requirement for use of credit for productive purposes excludes the extreme poor who initially use credit for other purposes
- Credit Products And Risk management mechanisms discriminate against the extreme poor

#### **Understanding of the factors that enable rapid adoption**

Scaling up is constrained by:

- The need for cost effective communications strategy, material and training methods to support networks of local volunteers or capacity building of organisations.
- An inability by micro-finance to effectively assess (and therefore provide funds to) those reached by the distributed network model encouraged by the dialectic approach.
- The practice by micro-finance organisations of providing funds in incremental amounts and their expectation to meet costs of group formation through grants. However if finance is provided at a sufficient level and at competitive rates this would enable operation by intermediaries at a viable business scale with costs of groups formation internalised as part of the business model .

*18. What changes are needed to remove/reduce these barriers to adoption? This section could be used to identify perceived capacity related issues (max 200 words).*

Engage micro-finance institutions, funding agencies and Gov't in a process that allows them to evaluate of how they can i) maximise their ability to leverage the private sector and NGOs in delivering services to the extreme poor and ii) support these players with products and policies that enable their effective operation.

Support training and capacity building of network institutions to allow competition among service providers which will bring quality services for the poor. Focus on developing communications strategies and training approaches tailored to the needs of i) organisations wishing to adopt the dialectic approach and ii) networks of volunteers at village level.

Promote innovative local level risk-sharing mechanisms. SHGs already use loans between groups and may write-

off or cover loan payments of a member who experiences hardship. As SHGs develop their capabilities the risk involved in taking up larger scale activities becomes greater. Insurance products are not well suited to the extreme and new moderate poor and are costly. CPSL propose a “corpus fund” as an extension of the existing SHG approach to serve as a local risk management tool.

**19. What lessons have you learnt about the best ways to get the outputs used by the largest number of poor people? (max 300 words).**

If we are serious about reaching the extreme poor in India (or even Bihar) we have to understand the scope of the task: There are 74 million rural people in Bihar alone, 42% of whom are below the poverty line defined by the State Government

We have demonstrated that local capabilities exist to rapidly develop social and human capital. The approach offers a way to facilitate and support community development at costs which are significantly lower than the currently used processes. Our experiences suggest that these costs could be recovered either directly from clients themselves or using the margin that is available on micro-finance transactions offering a truly sustainable model. However current established practices and norms prevent the wider validation and adoption of the dialectic approach. To quote a former R7839 project team member:

*..... “Large, powerful and well-endowed external agencies (including democratically elected governments) are often blind or insensitive to much detail that is relevant at the individual or local-community level. (This) leads to rigid uniformity in policies and programmes and to limited choices for individuals, exacerbating rather than relieving poverty. External regulation and control of key institutions, inputs and resources relevant to poverty reduction stifles local initiative.*

Institutional arrangements that enable individuals to confront and deal with large and powerful external entities, to explore, develop and experiment with new options are therefore fundamental to any poverty reduction strategy.

The challenge is now to support the further validation and adoption and in particular to enable Gov't, NGOs and Financial Institutions to examine the implications of our findings for the effective delivery of their services. CPSL have shown that the approach can be adopted by such organisations – however further support and innovation in this process is required.

---

## **Impacts On Poverty**

### **E. Impacts on poverty to date**

**20. Where have impact studies on poverty in relation to this output or cluster of outputs taken place? This should include any formal poverty impact studies (and it is appreciated that these will not be commonplace) and any less formal studies including any poverty mapping-type or monitoring work which allow for some analysis on impact on poverty to be made. Details of any cost-benefit analyses may also be detailed at this point. Please list studies here.**

No formal poverty study was carried out. However there is much evidence of the poverty focus of the project (see Qs 10-12 above). The dialectic approach is of its nature poverty-focused, and project management and monitoring reports and records indicate that vulnerable poor were being reached on a substantial scale by the project during its lifetime. A rapid assessment of the project's poverty and social impact and a cost-benefit analysis was made in October 2006 in two project sites and the findings of this form the basis for responses to Qs 21 – 23 below. The report is annexed to this proforma (Annex A).

*21. Based on the evidence in the studies listed above, for each country detail how the poor have benefited from the application and/or adoption of the output(s) (max. 500 words):*

In the assessment mentioned above (Q20), the experience of all member-households of two self-help groups were analysed in detail over their 5-year history with the group. Virtually all have achieved a reduction in vulnerability (notably eliminating going hungry or having to accept a form of bonded labour when local seasonal work was not available) and an increase in both income and productive assets. In only in three cases (where members left the group) was there no impact. Many have started (and some have completed) a trajectory from extreme to moderate poverty. Observable indicators of this trajectory of growth are: achievement of basic food security (by using a loan to pay off chronic debt or to avoid debt bondage), the construction of “pucca” concrete houses, and the mounting of socially acceptable weddings with the help of loans. Analysis of all loans made over five years shows however that borrowing for these purposes is typically followed by investment in income-generating opportunities (agricultural and non-agricultural). Thus belonging to an SHG and having access to micro-loans enables members to enhance physical, social, human and physical as well as financial capital.

A large proportion of SHG members (some 80%) are in a category identified by CPSL as ‘poorest’, which corresponds to the ‘extreme vulnerable poor’ category’ in the Hopley-Jones typology (landless or near-landless, no access to credit, typically scheduled caste and dependent on selling labour). Sub-groups within this category are all included (including women in woman-headed households).

Quantification of the benefits for the two SHG covered in the assessment leads to the conclusion that, the reduction in income poverty alone between 2001-2005 exceeds Rs100,000 – or some Rs 5,880 per (remaining) group member. The drop-out rate of group members was 15%; all those who remained in the group achieved livelihood improvements, ranging from as high as Rs 15-20,000 down to less than Rs 1,000. (see Annex A Table 1, Table 2). Across the project as a whole (167 groups). this implies a benefit totalling nearly Rs18m (or £192,000).

---

## ***Environmental Impact***

### ***H. Environmental impact***

*24. What are the direct and indirect environmental benefits related to the output(s) and their outcome(s)? (max 300 words)*

The approach has the potential to deliver significant environmental impacts.

The “dialectic approach” when combined with support for PTD enables individuals and groups of individuals to engage in new livelihood strategies.

This creates the opportunity to raise awareness of and promote good practice. Beyond this the opportunity exists to create of market incentives through the value chain to encourage practices that do not cause adverse impacts. Examples could include for example production of fresh products or bamboo from renewable resources, production of processed food products to meet international standards (adding value), organic production and such like.

Within the irrigated rice systems the potential exists to significantly reduce greenhouse gas emission. These benefits can be monetised and could provide resources to finance the promotion of the dialectic approach.

*25. Are there any adverse environmental impacts related to the output(s) and their outcome(s)? (max 100 words)*

As described above the dialectic approach when combined with support for PTD enables individuals and groups of individuals to engage in new livelihood strategies. In the absence of measures of the sort described above to ensure good practice the potential for adverse impacts exists.

*26. Do the outputs increase the capacity of poor people to cope with the effects of climate change, reduce the risks of natural disasters and increase their resilience? (max 200 words)*

The dialectic approach directly increases the capacity to cope with disasters and increases resilience.

The enhanced social and financial capital and other and the ability to draw upon these assets enables individuals and families to cope with such events and to develop new strategies in response to their changing environment.

Beyond this “dialectic-approach” has enabled to communities to develop risk management strategies filling a gap that is not met by existing insurance products

---

## **Annex**

### **Related Documents**

*Click below to view the related information ....*

[PF\\_NRSP33\\_Annex.pdf](#)

---