

Process Monitoring Briefing Note 1:

Factors constraining poor and disadvantaged group members to benefit from socioeconomic development (SED) activities

Process Monitoring Reports conducted by MEL in November 2014 and March 2015 examined activities and experiences borne by beneficiaries of RAP's socioeconomic development (SED) activities in the core districts of Kalikot, Accham, Bajura, Humla, Dailkeh and Jumla. A particular area of focus was analysing how poor and disadvantaged group (DAG) members were impacted by the SED activities and the associated constraints. Initial findings of experiences of SED activities in the November 2014 Process Monitoring Report led to a more detailed examination of disadvantages faced by DAG members in the March 2015 report. A total of 229 SED members were consulted for the process monitoring.

The Process Monitoring focused on the following areas of analysis:

- Specific nature of disadvantage of DAG members.
- Process used for identification of DAG members.
- Perceptions of beneficiaries about services provided.
- Perceived impact of SED support on DAG members.
- Extent of duplication of SED support.

Specific Nature of Disadvantage: the definition of 'disadvantaged' person refers to anyone who faces ethnic or caste based discrimination. Dalits fall into this DAG category. However this does not necessarily also mean being poor. One can be non-poor and still be disadvantaged, and vice versa. However the assumption is that there is a stronger likelihood of being poor if one is 'disadvantaged'.

MEL conducted in-depth interviews with 6 DAG members benefitting from SED activities to understand the specific nature of deprivation that they face. These interviews brought to the surface factors that DAG members talked about in some depth, categorised broadly as: **Unequal power relations, low self-esteem and subsistence-level livelihoods**. In particular, subsistence-level livelihoods speaks to the economic *and* social disadvantages felt by Dalit groups and the mutually reinforcing negative effects in both areas. Hence there is a clear correlation between caste and poverty. However not all Dalits are poor and there are even some that are money lenders. Conversely there are poor income groups in the higher castes. Therefore the nature of disadvantage is not necessarily as clear as assumed, and needs further exploration.

Findings from the RAP3 Baseline Report: show that poverty rates range from around 70% for the Dalit caste to around 50% of Brahman and Chhetri and just 36% of Thakuri. No surveyed member of the ethnic groups received any income from enterprise or crop sales and proportionately fewer received income from public works wages, remittances and benefits. The sources of income are broadly similar for Dalits and upper castes, although earnings from enterprise are significantly higher for upper castes. Better-off households tend to receive more income from public works programmes, which suggests that **targeting of the poorest is not successful**. In addition Dalits own the least land compared to other groups.

Process used for identification of DAG members: Disadvantaged groups refer to people who are both economically and socially deprived. Some indicators of disadvantaged groups include those whose income do not sufficiently meet their daily needs (i.e. the extreme poor), those who face at least six months of food insufficiency in a year, those who are landless or lack secure tenancy of land and those that are marginalised on the basis of religious, ethnic, caste or gender based identities.

The process of selecting members for DAG members involved a number of methods including conducting some participatory and some non-participatory processes. The method used depends on the District and Road Corridor that each group was interviewed in. In Bajura, which adopted participatory processes to identify members for SED support, members selected for Disadvantaged Group (DAG) Support were found to be the **poorest of the poor: without meaningful landholding, lived in remote locations (in relation to the proposed road corridor), were marginalised (Dalit, single women and poor), and food insecure**. A number of groups monitored reported that poor and excluded members have been excluded from SED membership. Even in groups which reported having conducted participatory processes, there were cases where DAG members had been excluded from SED membership. A lack of prior information about the selection process and/or an absence of poor community members from community consultations appear to have led to the exclusion of some poor community members from SED groups.

Perceptions of beneficiaries about services provided: Levels of satisfaction varied between groups and appears to depend on the type of support provided. Support from SED activities involves transfers of income generating assets (IGAs) as livelihood options. However beneficiaries interviewed reported some dissatisfaction with this support due to a lack of supportive inputs and technical assistance for their IGAs. Group members consulted in three SED groups in Humla reported receiving technical support late in the farming season. Direct beneficiaries reported that implementing partners made the decision for value chain identification **without taking their views into account**. Further consultation in the future should involve tailored plans for beneficiary households that analyse the existing capacities for engaging with IGAs as well as assessing the local market for essential inputs and support.

Perceived impact of SED on DAG members: According to two-thirds of direct beneficiaries interviewed in March 2015, RAP technical and financial support was deemed inadequate to raise household incomes. Members in groups from the monitored districts reported earning very little from their SED activities and in some cases the returns were insufficient to meet household subsistence requirements. Some group members in Dailkeh were not hopeful about the returns from their IGAs because of the time frame required for investment before sufficient returns are realised.

Group members receiving support for market system/value chain developments were unenthusiastic about the potential effectiveness of SED support in improving their livelihoods. This was uniform across the groups monitored, with the exception of a few SED members consulted in Bajura and Jumla. The SED groups were normally about 2-3 hours walk from the nearest market points, which were small settlements without any significant demand for the SED groups' produce. This means that SED groups generally do not have access to markets for their produce. The condition of the roads was another barrier to value chain development.

"We want to engage in spice production. However, the support we have received is for vegetable production which has no market in our settlement. RAP3 support has not contributed significantly to our family income." - Group members, Chautari Vegetable Group, Humla

Extent of duplication of SED support: It was often difficult to distinguish between SED support provided by RAP and by other programmes. About 90 percent of beneficiaries consulted are also recipients of SED support from non-RAP programmes, most notably, the Poverty Alleviation Fund (PAF) programme, which has been providing SED related support such as goat farming and saving and credit support in the region. These beneficiaries are receiving a ‘double boost’ in support which is still not deemed adequate to their needs. The inability to distinguish from which programme a RAP beneficiary received support indicates a lack of coordination between programmes where there could instead be a multiplier effect from this double boost.

Summary of Findings

The indicative findings based on beneficiary feedback can be broken down into three broad areas:

Targeting: The criteria for the selection of members of commercial and non-commercial groups had a higher threshold (e.g. land ownership, financial capacity and willingness to take risk), meaning that poorer beneficiaries were largely excluded from such support. In some instances, the thresholds/indicators identified for the wellbeing ranking was too high for poor members of the community to meet. Lack of prior information about the selection process and/or absence of poor community members from community consultations have also led to exclusion of the poor from SED groups. However where groups were specifically formed for DAGs, the members were found to be the poorest of the poor. This indicates that DAGs are not generally targeted for SED support unless specifically formed into a DAG SED group.

RAP should continue its differentiated support for poor beneficiaries. However, it is not always clear that support provided is adequately targeted to the intended beneficiaries. SED activities that support the production of marketable surpluses are not always appropriate for very poor, risk averse beneficiaries, or those who are located in areas where there are no functioning markets for the goods they produce. The findings suggest further exploration is needed on how SED activities are chosen by beneficiaries and their level of participation in this process.

Social Capital: The SED component has so far focused on economic development and **less attention has been paid to the social aspects to inclusion and participation in income generating activities.** This implies that social mobilisation is required for targeting primary beneficiaries to address some underlying social factors (such as unequal power relations, low confidence and self-esteem of DAG members) that impede effective participation of poor and disadvantaged groups in SED activities and decision making processes. Once groups have been formed and activities and inputs distributed, it is not enough for these activities in-and-of-themselves to foster translation into social development. Whilst this is a longer-term focus for any developmental project, the issues should not be glossed over but actively looked at to ensure sensitisation and priority needs.

Skills-based Support and Linkages: Due to their subsistence-level livelihoods, DAG members are less likely to be motivated to invest in income generating activities, such as goat raising, that provide economic returns after 1-2 years. Improving traditional occupational skills and subsidizing equity investment to start-up business could be a better option for Dalit members, although further analysis would be necessary. For DAGs without traditional occupational skills, vocational training based on market demand could be another option. DAG groups were most concerned with how SED support would improve their immediate food security needs, rather than longer term improvements in livelihood opportunities. Correct **sequencing of activities** may need attention to ensure correct supportive inputs and training are provided in addition to the main IGAs. The findings suggest that further thinking is required to assess what level of support can be considered optimal for poor and disadvantaged beneficiaries. One suggestion is providing basic consumption support for those less inclined to participate in SED activities where returns are likely to be longer term.