



Work and Employment Community Action group



Building a Convergent Response Strategy for the Ultra Poor

Expected Outcome: An approach paper that will help interested organisations (NGOs, GO, Donors, MFIs, Support agencies) to design strategies to work with the ultra poor and influencing Government to enforce a convergent approach to BPL families

Convenor:

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The premise of this note is that initiatives that promote livelihoods need to revisit their understanding of the poor family's livelihoods and incorporate the special characteristics of such families into their intervention design. Further it argues for a need of convergence between initiatives and the need for creatively and carefully designed institutional structures which can undertake this role.

Background

The poor are almost always working or seeking work or available for work"¹ They depend on a diversified portfolio of livelihood activities and do not generate significant surpluses. In the work that they do, they earn very low wages if employed or very low incomes if self employed. To make ends meet a poor family and each of its member is involved in a variety of livelihood options and is often not able to generate enough surplus and savings.

Development initiatives focusing on any specific sectoral development like agriculture development, or microfinance or education or working on rights and entitlements may assist the process of improving livelihoods but each of these individually are not sufficient to help the family break out of the poverty trap.

Vijay Mahajan has discussed this in a paper which he calls the Algebra of Livelihoods Promotion where he tries to look at all the factors that impact poor people's livelihoods. He looks at aggregating these which takes in to account the following

- i. The need to increase the sources of livelihoods of such a family
- ii. The need to increase the number of days that the family is able to get employment
- iii. The need to reduce the risks to the activities that the family undertakes
- iv. The need to reduce the costs of production
- v. The need to enhance the price of products that a family produces thereby increasing the returns that a family can achieve from the set of activities that it undertakes
- vi. The need to be able to provide financial services that are appropriate and important for a family – access to capital and reduction of risks through insurance

¹ Vijay Mahajan – The Algebra for Livelihoods Promotion

He then talks of an equally compelling aspect of livelihoods which is the need to help the family decrease in expenses especially consumption expenditure, health expenditure and social expenditure.

It is a combination of these increases in incomes and a decrease in expenditures that can lead to an effective generation of surplus which is necessary for a poor family to move towards livelihoods security.

If all of this is important then why is it that many livelihood programmes are only looking at initiatives only partially? What will a comprehensive livelihoods development programme look like if it were to incorporate all these elements? It is perhaps our inability to implement a complex comprehensive programme that defines what we decide to do and implement.

The BPL listing is its strategy to reach to the poor and most initiatives of the government on BPL tend to look at the poor as recipients of government support. And since the numbers are so large, the amounts become so small and rather insignificant. A Rs 400 pension to a widow (even if she get all of it) is important but far from sufficient. The BPL approach of the government needs to become more convergent to benefit the family.

The other group that works for the poorest are the NGOs. Their funds are limited, their approaches are guided by many externalities, their capacities are limited and their understanding of the algebra is also rather shaky. NGOs need to address these issues more actively and build up their internal capacities to be able to do this.

Another important concern is that the inflow of competent people with an aptitude to work in the development sector is reducing, and more so, at the smaller organisations located in rather remote regions.

While grant funding is reducing, a combination of grant and loan funds need to be made available to make this happen. For some time longer, the need for efficiently managed grant funds is necessary. Donors will therefore have to also think of converging their investments so as to be making significant impacts in the areas that they work. They must begin to think together and work in collaboration so that their inputs can also be converged.

Support initiatives need to go beyond just the theory to the more practical. For the poorest this would also have to include understanding issues related to caste, discrimination and the worst case marginalisation, the psychology of the people who will work with the poorest and most importantly the processes of community mobilisation which is what provides the real strength to the poorest. These components if not incorporated tend to trivialise the livelihood development process, and render it futile.

Proposal

It is proposed that the Action Group will work on these critical questions and address their understanding to:

- The Government to encourage and enforce a convergent approach to a BPL family
- The NGOs, Support Institutions and Micro Finance institutions to be able to develop as institutions with an understanding on livelihoods of the poorest people
- The Donors to think together and converge their initiatives

To undertake this exercise we could begin by finding answers to the following questions:

- *How do we incorporate the understanding of the diverse portfolio of poor peoples livelihoods and the strategies to address them into action plans?*
- *What are the kinds of institutions necessary that can enable the poor to access information and support and help them move towards livelihoods security?*
- *What kind of aptitude and competence is required to undertake such initiatives and how can people be trained to facilitate crucial livelihood initiatives for the poorest in remote and distant areas far away from the modern Indian city?*
- *What is the nature of funding support that is necessary?*
- *How do we make knowledge creation for livelihoods promotion actually work and ensure that support systems are available which can actually help support practitioners working with the poorest people on livelihoods?*

The Process

The action group could do some or all of the following activities (or think up some more) towards building this understanding.

1. Meet programme managers and important staff of the larger development programmes and some of the beneficiaries to find out from them their experiences on some of these issues. The programmes we could include are the DPIP's of MP, Rajasthan and Andhra Pradesh, the Orissa Tribal Empowerment and Livelihoods Programme, the livelihood initiatives in Meghalaya and others.
2. Based on the experiences develop a base paper for presentation at a workshop of members of the Community
3. Develop an approach paper for the Government on incorporating this understanding in the implementation of the BPL programme
4. Hold a workshop with Donors to help them strategise and converge their initiatives and collaborate with each other.
5. Reach out to NGOs to help them structure their initiatives and also help them build the institutional capacity to deliver effectively
6. Also look at initiatives like the NREGA and help define how this immediate term measure can eventually evolve into a more structured livelihood investment for the poor and not remain just a passing trend in addressing poverty.

Outputs and Activities

Output 1: The scope of the effort is defined

- Update the Concept Note based on the Annual Forum presentation and brainstorming session to clarify the proposals and issues to be addressed
- Circulate the note for an **e-discussion** to:
 - Gain insights on the definitional issues around the "ultra poor" target group, and the potential roles for government, NGOs and donors
 - Gather experiences and case studies available on existing convergence models
 - Identify some of the key institutional, regulatory and capacity issues to be addressed

Output 2: Developing an approach paper on development programmes for the ultra poor – strategies and special concerns with emphasis on the need to re-engineer the

BPL interventions of the government based on the idea of convergence of inputs to the family

Generate experiences from different projects in the country which have been implementing projects aimed at the poor through the e-discussion and visits to select project sites in the country with special inquiry into BPL initiatives and develop an approach paper

Output 3: Dissemination workshop

Dissemination workshop would invite representatives from the Government and especially donor agencies including the World Bank, UNDP, Private Trusts and Foundations

Volunteers from the community: Ghanshyam Mishra, Grameen Development Services, Lucknow; Anamika Bose, NEEDS Deoghar; Praveen Singhai, CARD, Jabalpur; Pradeep Swain, Shrishti, Bhubaneswar; Induja Rai, OXFAM, Delhi; Irfan Siddiqui, Sammaan Foundation, Patna

Comments received in the brainstorming at the Annual Forum:

1. There is need to understand the definition of Ultra Poor better. We need to be clear which group we are talking about. Mostly the group in the last decile requires a lot of psychological support and not necessarily a livelihood strategy to start off with, but eventually this must evolve from a little more sound situation which may come from providing relief and charity.
2. There is need to help NGOs and other implementing agencies understand how to use a programme based approach rather than a project based approach. Most NGOs particularly end up following a project based approach and working with the poorest will have to go beyond just immediate projects to long term programming
3. Bringing in convergence with donors is a crucial part of this thinking process and special efforts will have to be made to do this. Especially since social support will have to be a starting point for the action with the poorest – but will have to soon lead to livelihoods focus. And it is with the same group that initiatives in education and health should be taken up.
4. The idea of donor consortiums was presented as a mechanism that could bring in convergence.
5. There was strong support from the group to rethink a mechanism for the BPL and see if we could suggest something to the governments to take it ahead
6. Addressing the issues of the ultra poor will require a completely new mindset and a need to redefine organisational roles and perspectives and NGO capacities need to be enhanced and processes to do this must be put into motion especially because NGOs are often without funds.
7. Microfinance as a strategy cannot and will not work for the ultra poor. It can perhaps help more in urban centres where mFI's can provide critical credit to the poor but the general experience was that the SHG process if it has to work for the poorest has to be carefully managed and facilitated for a period of time before it becomes effective as a strategy for the poorest. Inputs into the SHG process require being of a diverse nature and not just on financial aspects and issues. Facilitating agencies must have those relevant capacities to be able to make this effective.

We invite the members of the community to contribute to this effort in any of the following three ways:

1. Improve on the Research Questions: Can they be made sharper? Are any issues missing?

2. Help in reaching out to interested donors, Government functionaries, NGOs

3. Volunteer to participate: Would you be willing to document yours or others experiences, based on the finalized list of Research Questions?

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