This note is based on the paper A Retrospective Impact Evaluation of the Tamil Nadu Empowerment and Poverty Alleviation (Pudhu Vaazhvu) Project authored by M. Khanna, N. Kochhar and N. Palaniswamy. 

CONTEXT

Tamil Nadu is India’s seventh largest state with a population of 62 million. In the 1990s, the state had made significant progress on development outcomes, with faster economic growth and reduction of urban and rural poverty in comparison to the national average. While the state ranked 6 (out of 15 major states) on per capita income, inequality within the state was higher than the all-India average and 20% of people still lived in poverty (including higher rural poverty rates).

The state’s agricultural growth and productivity was higher than the national average with 44% of the rural population employed as agricultural laborers (mostly landless). However, the dependency on rainfall increased household’s vulnerability to drought and had devastating consequences for marginal landholders and landless laborers, increasing their vulnerability through income variations.

Inline with the Government of Tamil Nadu’s (GoTN) Tenth Five Year Plan, which identifies “improvement in quality of life of rural poor” as the prime goal of rural development, the state allocated about 30% of its planned budget to social welfare and rural development programs towards assisting vulnerable groups. Building on GoTN’s existing programs and good practice initiatives, the Tamil Nadu Empowerment and Poverty Reduction Project (TNERP) was setup in 2005 as a multidimensional project to empower the rural poor (particularly

HIGHLIGHTS

Can targeted participatory community rural livelihoods programs that work in partnership with local governments improve the welfare of the poor, empower women and improve public action?

• An impact evaluation of one such program in rural Tamil Nadu targeted at vulnerable groups (historically disadvantaged castes, landless households and women) shows significant increase in consumption expenditure and skilled employment within these groups.

• Across the project area, the program significantly reduced the incidence of high cost debt and improved diversification of the household livelihoods portfolio.

• Women’s empowerment within the household, measured by the ability to influence intra-household decision making, improvements in PVP areas and self-reports by women of a greater say in decisions such as purchase of household durables, children’s education and livelihoods activities.

• The program also improved women’s political participation in gram sabhas (village assemblies) and increased interaction with local government.

1 The original paper is available at https://doi.org/10.1080/00220388.2015.1028538.
women and other disadvantaged groups), improve their economic welfare and facilitate public action by investing in the social capital of communities and working in partnership with local governments to improve the pro-poor development.

**INTERVENTION**

Self Help Groups (SHGs) have been a major aspect of programs for rural women in Tamil Nadu since the early 1990s under various central, state and donor initiatives. However, while most initiatives were successful in mobilizing and forming SHGs of the poor and empowering village institutions, there were challenges of exclusion of the truly poor and disadvantaged along with the ability of these groups to sustainably reduce debt and support livelihood diversification.

To address this exclusion and existing economic inequality, the GoTN envisaged the development of village level organizations that represented the poor and worked synergistically on shared development goals within the framework of the gram sabha. In this context, the TNERP “Puthu Vaazhvud” Project (PVP) was rolled out in 16 selected districts.

To implement the various interventions, the village organization – the Village Poverty Reduction Committee (VPRC) - was designed as the core institution and comprised federated SHGs whose representatives were democratically elected. While the VPRC’s core mandate remained credit and livelihoods support for SHG women, PVP would facilitate linkages with local governments (VPs) to improve access to welfare benefits and improve local accountability. A three-tiered project structure - district, block and cluster (of villages) – was instituted to support the implementation of the project. Lastly, a Social Audit Committee (SAC) comprising 3-5 people nominated by the village was setup to monitor all project activities.

**Figure 1: PVP’s Institutional Model and Integration with Local Governments**

**EVALUATION DESIGN**

The evaluation of this program was carried out between December 2012 and March 2013. The approach used a propensity score matching method to identify a counter factual for estimating the impact of the project and covered 10 PVP districts to ensure representation of the different geographic regions. A two-step matching procedure (block and village) was followed and the sampling strategy tried to replicate the final block selection as closely as possible based on 2 factors: the program population criterion as well as deviations from this by using infrastructural variables.

*Box 1: Caste Distribution in Sample - % of Household*

2 A backwardness score equally weighted for SC and ST population proportions and the number of below poverty line households.

3 Deviations reflect a policy decision to implement in certain blocks not identified by the original population criterion and capture truly disadvantaged blocks.
KEY FINDINGS

PVP resulted in a large and significant reduction in high cost debt\(^4\), with a 29.26% decrease in the number of high cost loans and a 23.45% decline in the amount of high cost loans. The program's special emphasis on targeting disadvantaged households showed an additional 5% decline in high cost debt for SC households in treatment areas. In line with the focus on improving livelihoods, a movement towards more productive loans was also observed with more households (53.37% increase in number of loans) reporting borrowing for non-farm livelihood purposes in project areas.

An increase of 4% in skilled labour was also recorded for landless households, which is critical given that these households are largely dependent on agriculture for employment - leaving them extremely vulnerable and susceptible to income variations.

An asset index of 29 consumer durables was constructed using the first component of principal component analysis. This index was 0.23 units higher in PVP areas. While no significant difference in the per capita total expenditure between program and control areas was recorded, the direction of the trend is positive. Higher per capita consumption expenditure was noted for SC households in treatment areas (9%) suggesting that the program targeted the right people and reached the more vulnerable households.

Households in project areas spent 23.35% more on house construction and repairs in the past one-year before the survey. These expenses usually represent relatively large outflows of cash or credit and could be indicative of improvements in economic welfare. However, no significant difference in housing quality indicators or change in housing quality was noted.

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BOX 3: WOMEN'S EMPOWERMENT WITHIN THE HOUSEHOLD

Women's empowerment was captured through a series of vignette-based questions related to intra-household decision-making as illustrated below.

Kavitha stays in a nearby village. She often has to make some decisions in her day-to-day life. I will now describe the decisions she might have to take. Please suggest what Kavitha should do when she is taking these decisions.

A new garment factory has come up near Kavitha's village. She wants to work there instead of working in the village as an agricultural labourer. She will get better wages too. The factory is a little far and she will have to travel everyday for an hour to get to the factory. Her husband does not want her to go out of the village for work. What in your opinion should Kavitha do?

- Take up the job at the factory
- Do not take up the job at the factory

How do you think Kavitha should take this decision?

- Decide herself
- Let her husband decide
- Have a discussion with her husband and decide
- Discuss with husband and convince him to agree with her

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BOX 2: INTRA-HOUSEHOLD DECISION-MAKING*

- Purchase of Household Durables
- Education of Children
- Respondent’s Livelihood Activity

* % of women reporting females in the household make decisions

12% increase was observed for women from SC households in treatment areas implying that the program had reached the truly disadvantaged groups.

PVP increased women’s participation and interaction with the local government. 19.38% of the women attended the last gram sabha in treatment areas, which was 65.48% higher compared to non-PVP areas. Interestingly, fewer women reported independence on political decision-making in terms of whom to vote in elections in treatment areas (3.54% lower).

The program lowered the likelihood of inaction on public service problems, family disputes and local law and order issues\(^6\) by 25% in intervention areas. For issues related to public service delivery, 68.55% women

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4 High cost debt is defined by loans with an annual interest rate of more than 50%.
5 Women's agency is defined as decisions taken by women, either by the respondent or by other female household members.
in program areas said they would approach the gram sabha or pradhan (village president) as the first port of call; with a 9% additional increase for SC households in treatment areas.

Overall, the program’s call to action and effects on political participation extended beyond the core target group of women, with a 31.43% increase in gram sabha attendance and an additional increase of 3% for landless households in treatment areas.

POLICY LESSONS

The project design continues to remain relevant in geographies where high levels of social exclusion, poverty and inequality exist. Further, the theory of change behind the project has been adopted by similar rural livelihoods projects in other states of India and has seen positive results. The project contributed to the design and scale up of the National Rural Livelihoods Program, which pitched the local government as a front-runner in providing social and economic opportunities to the poor women, vulnerable and marginalized communities.

There is a need for a more intensive and long-term strategy for engaging with vulnerable groups on certain aspects of community rural livelihoods programs. Targeting needs to be more focused and interventions tailored to evolve with community needs as highlighted by the minimal impacts on these certain aspects of livelihoods interventions in the evaluation.

Lastly, PVP was successful in improving participation in local government, and promoting public action that leveraged the strengths of the existing panchayati raj (local government) setup in Tamil Nadu to address issues of social inclusion, promote livelihood activities and improve public service delivery. The program design also remains relevant in geographies plagued by weak local governance and public service delivery.

CONCLUSION

The Tamil Nadu Empowerment and Poverty Reduction Project (PVP) was successful in reducing the incidence of high cost debt as well diversification of the livelihoods, which is a key constraint faced by poor rural households. PVP was designed to target ultra-poor women - the most vulnerable and marginalized - who were previously excluded by other projects. The targeted and tailored approach of the interventions, were successful as seen through higher expenditures and a shift towards more skilled livelihoods within these key target groups. Overall, the program contributed to more general changes in economic welfare at the household level and improved women’s empowerment and political participation.

6 As captured through a set of vignettes describing hypothesised problems typically faced in a village on public service delivery, family disputes, local law and other conditions.

ABOUT THE IMPACT NOTE SERIES

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Source: Tamil Nadu Empowerment and Poverty Reduction: Implementation Completion Report Review.