

# BUILDING PATHWAYS TO ECONOMIC FREEDOM

**An evaluation of the Livelihood Technical Assistance Project for the formerly bonded Harawa-Charawa community in Nepal**

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THE FREEDOM FUND



## PROJECT BACKGROUND

In the Madhesh Province of Nepal, an intergenerational system of agricultural bonded labour targeting the Harawa-Charawa (HC) community has trapped thousands of marginalised families, impacting more than 126,000 adults and children (Freedom Fund, 2022; Cannon and Oosterhoff, 2021; Dhakal, Karki and Shrestha, 2020; ILO, 2013). In a landmark achievement in July 2022, the Government of Nepal declared the liberation of the Harawa-Charawa, marking significant progress in their long campaign for freedom (Freedom Fund, 2022). Yet, the HC community remains highly vulnerable to exploitation, as members continue to lack access to land, housing, identification documents and financial and social protections. These challenges are usually compounded for women, who typically have less education and lower literacy than men, are more likely to have been married at a younger age, are expected to take on more unpaid domestic labour and face additional risks of gender-based violence, further limiting their ability to generate income (Cannon and Oosterhoff, 2021; Karna, 2021; Deuja, 2023; Bishwakarma, 2024).

The Livelihood Technical Assistance Project (LTAP) was implemented by ActionAid Nepal (AAIN) from September 2023 to July 2025 with support from Community Improvement Centre (CIC), Dalit Jankalyan Yuba Club Lahan (DJKYC), Janachetana Dalit Sangam (JDS) and Shripurraj Community Development Center (SCDC). The project was funded by the Norwegian Agency for Development Cooperation (Norad) and the LTAP endline evaluation was independently commissioned by the Freedom Fund. The project aimed to improve the economic resilience of the HC community by supporting the project participants to engage in income-generating activities (IGAs) such as vegetable farming, livestock rearing and setting up tea and snack shops. The project targeted 52 community groups mobilised by Freedom Fund partners across 14 municipalities in Dhanusha, Saptari and Siraha districts, comprising a total of 1,482 members.

The project provided two key forms of support for IGAs: capacity-building training and financial support through a revolving fund (RF).<sup>1</sup> Half of each community group's members, totalling 741 people (708 women and 33 men), were selected as participants to receive the first round of seed money from the RF to invest in their chosen IGAs.<sup>2</sup> While some participants were already engaged in IGAs, others were new to running their own business ventures.

Front cover image: Domani is a member of the Harawa-Charawa community. She set up her grocery business with seed money from the Freedom Fund. ©Eva Jew/The Freedom Fund

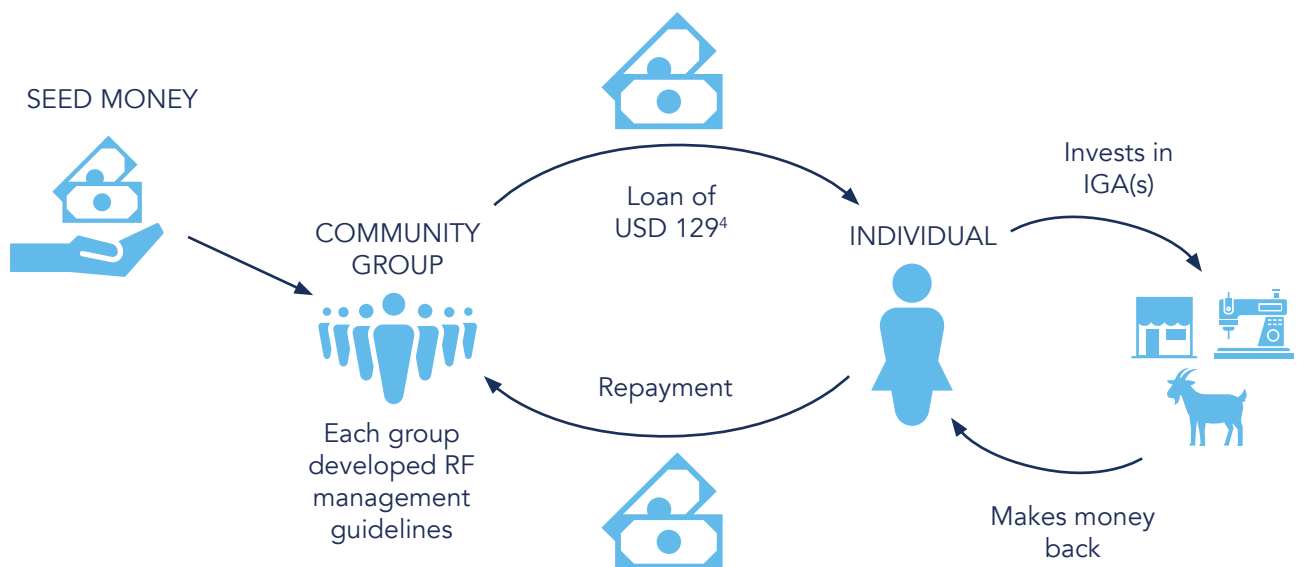
## CAPACITY-BUILDING TRAINING

A cascade training model was used whereby an initial subset of participants (n=179) received training directly from AAIN staff and implementing partners, which they subsequently cascaded onto their peers (n=699).<sup>3</sup> Two types of training were provided:

- Training on IGAs, including sub-sector analysis, vegetable farming, livestock rearing and women-friendly market training.
- Training on financial literacy and business plan development.<sup>4</sup>



## REVOLVING FUND



RFs were set up for each of the 52 community groups:

1. Each community group developed and approved RF management guidelines (including interest and repayment terms) and AAIN delivered RF management training.
2. AAIN supported community groups to register with the local government if not already registered, opened bank accounts for community groups that did not already have one, and transferred the funds.
3. The first round of seed money was distributed to half of the members of each community group (n=741) to implement their business plan, amounting to Nepalese rupees (NPR) 17,685 (USD 129) each.
4. AAIN obtained livestock insurance to protect participants in the event of livestock deaths.<sup>6</sup>



## EVALUATION OBJECTIVES

The LTAP evaluation aimed to:

- Measure changes in household income and economic activities of the HC community.
- Assess the effectiveness of capacity-building training and financial support in improving economic well-being of the HC community.
- Identify key learnings and areas for future improvement.

## METHODOLOGY

The LTAP was evaluated using a mixed-method longitudinal approach comprising a baseline (February 2024), midline (November 2024) and endline survey (May 2025).<sup>7</sup> The baseline and endline survey randomly sampled 114 respondents (ensuring equitable representation of those who received direct training and cascade training), representing 15.0% of total participants, while the midline survey is referenced only for contextual understanding due to the limited sample size (n=33). Additionally, an internal monitoring survey on the utilisation of the RF was conducted by AAIN in June 2024 (n=52). Endline surveys were complemented by 12 key informant interviews (KIIs) with Freedom Fund partner organisations, 12 in-depth interviews (IDIs) and four focus group discussions (FGDs) with LTAP project participants. Limitations of the evaluation included the small, non-representative sample and some variations in the baseline and midline survey questions that limited direct comparisons.

## DEMOGRAPHICS

**Of the total 741 LTAP participants, 708 (96%) were women and 33 (4%) were men.** The majority of survey respondents (n=114) were women (n=105, 92.1%) and most respondents were from the Terai Madhesh Dalit community (n=104, 91.2%). Their ages ranged from 19 to 72, with most in the 26 to 35 age group (n=40, 35.1%) or the 36 to 45 age group (n=35, 30.7%). Around three-quarters of respondents were non-primary earners of their household (n=88, 77.2%) and had never attended school (n=85, 74.6%). Households had an average of five to six members.

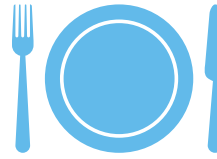
# FINDINGS



**5x increase** in self-employment.



**39.2% increase** in average monthly household income.



**96.0% reduction** in food insecurity.



**52.0% increase** in families reporting that women have equal or greater influence than men in household decision-making.

## Revolving fund investments

Each of the 741 participants invested the money across eight key types of IGAs, with some engaging in more than one type of IGA, as shown in Table 1. The largest investment by far was in goat rearing (60.1%), followed by vegetable farming (14.7%) and pig farming (8.7%), while other IGAs such as setting up cosmetic and accessories shops, meat shops and tailoring businesses had comparatively small investments.

### Top uses of the RF among survey respondents by average spend

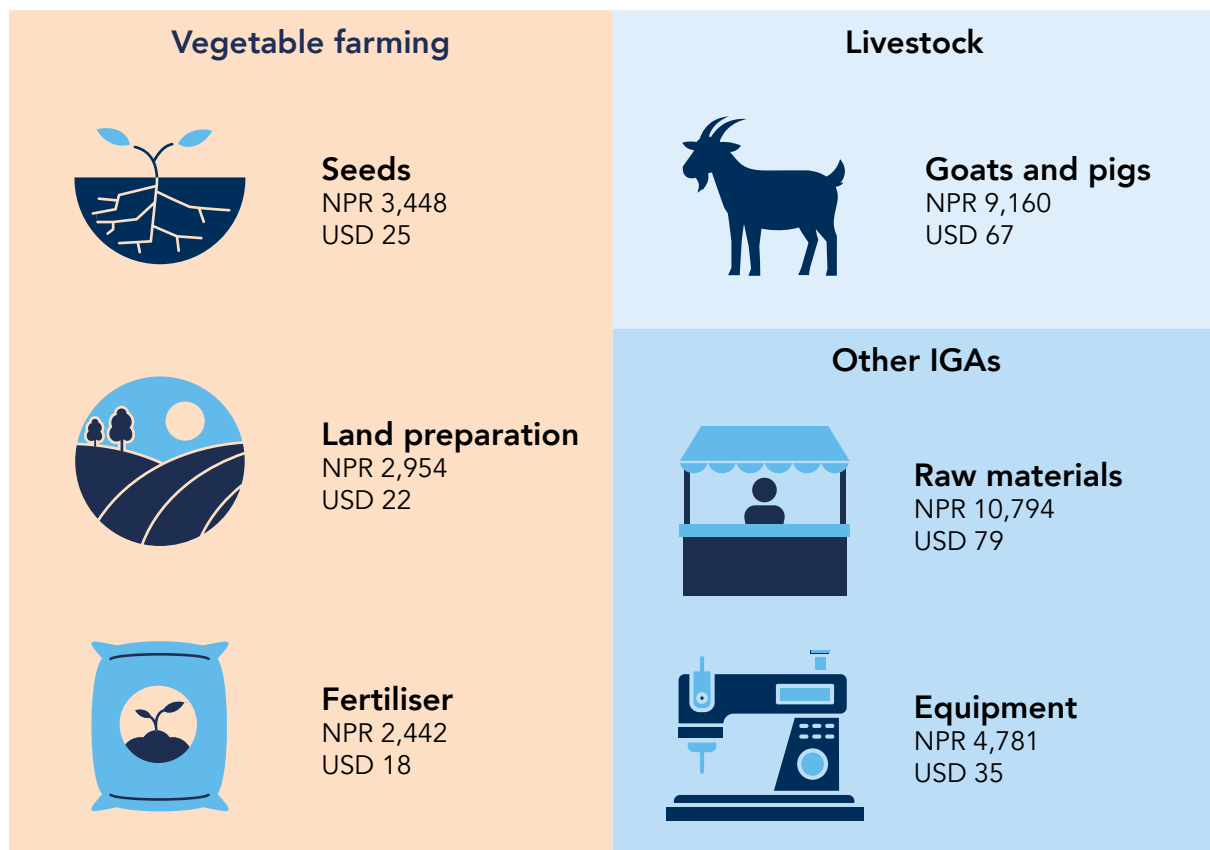
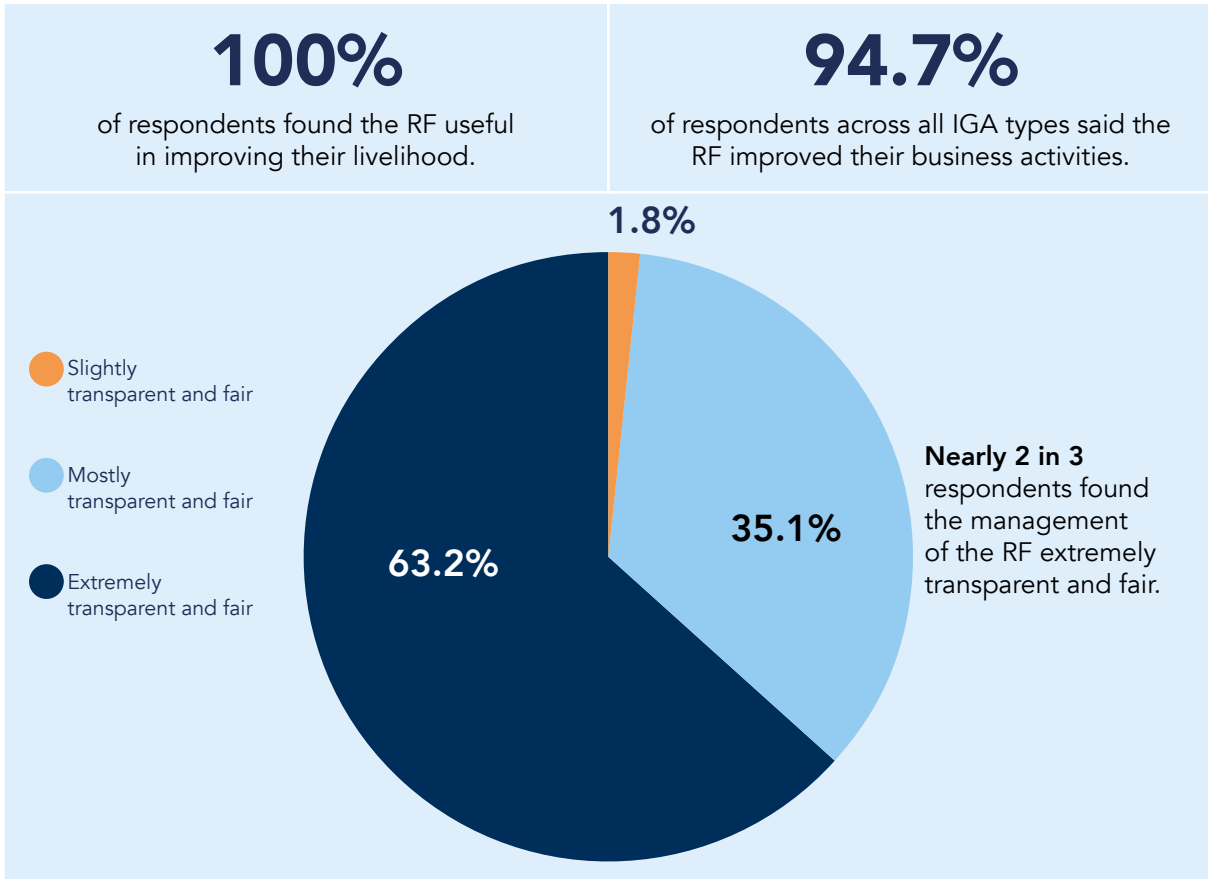


Table 1: Revolving Fund investment and repayment by IGA type

Yield	IGA type	IGA sub-type	Participants	Investment		Repayment rate as at June 2025 (%)
				NPR	USD	
Long	Livestock	Goat rearing	463	8,188,155	59,894	33.1
		Pig farming	67	1,184,895	8,667	24.5
		Poultry farming	28	495,180	3,622	42.3
		Buffalo rearing	12	212,220	1,552	34.2
		Cow rearing	3	53,055	388	33.9
Medium	Vegetable farming		113	1,998,405	14,618	55.8
Fast	Grocery shop		29	512,865	3,752	25.7
	Vegetable shop		24	424,440	3,105	24.5
	Tea and snack shop		18	318,330	2,329	68.2
	Fresh house meat & fish		10	176,850	1,294	4.5
	Cosmetic shop		2	35,370	259	0.0
	Tailoring		2	35,370	259	51.4
Total			771	13,635,135	99,738	35.9

Transparency and usefulness of the RFs

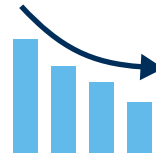


Participants reported that the RF model promoted shared accountability and collective responsibility to repay loans. Most participants received seed money between May and June 2024, and by June 2025 more than a third (35.9%) of the funds had been repaid. IGAs with the highest rate of repayment included tea and snack shops (68.2%), vegetable farming (55.8%) and tailoring (51.4%). These “medium” to “fast” IGAs generated income in a shorter period. Meanwhile, participants engaged in “long” IGAs reported feeling significant pressure when their IGAs did not yield quick returns. For those engaged in livestock rearing (which had a repayment rate of 32.6%), this pressure was compounded by high rates of livestock deaths and subsequent delays in receiving insurance payments.

## Employment



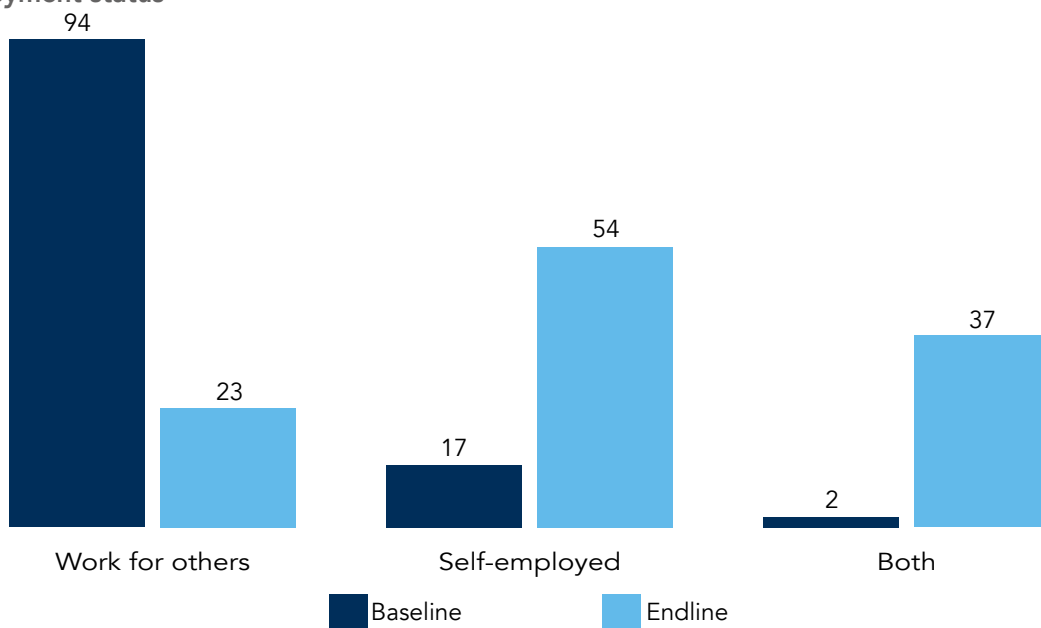
**5x increase** in self-employment.



**37.5% decrease** in the number of respondents working for others.

The LTAP successfully supported participants to diversify income sources and become less reliant on wage labour through investment in IGAs. The number of respondents who ran their own business (those categorised as either ‘self-employed’ or ‘both’ in the figure below) increased by nearly 400.0%, from 16.8% (n=19) to 79.8% (n=91). Meanwhile, the number of respondents who worked for others decreased by 37.5%, from 85.0% (n=96) to 52.6% (n=60). Almost two-thirds (n=37, 61.6%) of those who worked for others at the endline also worked for themselves, compared to just 1.8% (n=2) who worked for both themselves and others at the baseline.

### Employment status



## Income



**USD 50 increase** in average monthly household income.

The LTAP successfully improved household income and economic well-being in the HC community, with findings showing a 39.2% increase in average monthly household income, rising from NPR 17,623 (USD 129) at the baseline to NPR 24,534 (USD 179) at the endline.

**Average monthly household income at baseline and endline**



*I am engaged in selling fish in the local market twice a week. My one-time investment is NPR 10,000 (USD 73) and I earn a monthly profit ranging from NPR 6,000 to 8,000 (USD 44 to 59). This results in an average annual profit of approximately NPR 84,000 (USD 623).*  
**IDI participant, 45-year-old man from Saptari district**

*I sold two goats for NPR 16,000 (USD 117) and currently own two more goats valued at NPR 20,000 (USD 146).*  
**IDI participant, 38-year-old woman from Saptari district**

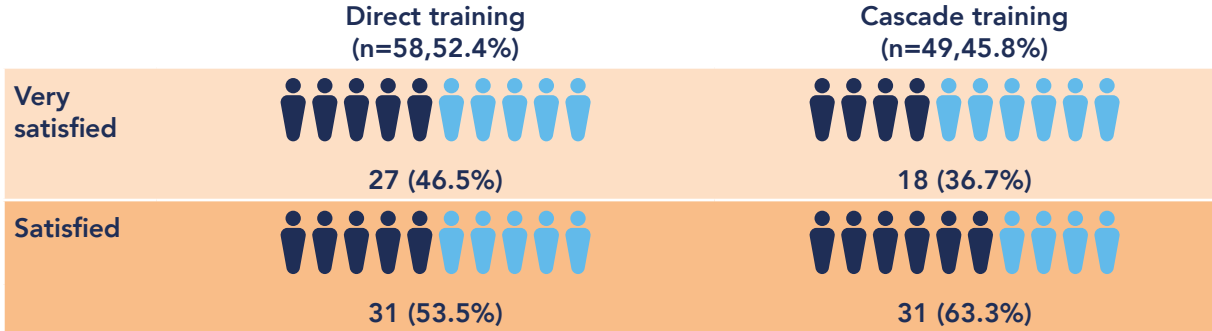
**Primary source of household income**

Wage earnings from daily labour were the most common primary source of household income at the baseline (47.5%) and endline (37.2%). However, the number of households that reported wage earnings as their primary income source decreased by 27.8%, as respondents were increasingly able to rely on earnings from their IGAs. Farming and livestock IGAs were the second most common primary income source at the baseline and endline, followed by remittances, seasonal work in India and the sale of produce, goods or services.

**Household income and capacity-building training**

Nearly all respondents reported having received specialised training on IGAs (93.9%, n=107) as well as on financial literacy and business plan development (98.1%, n=105). While all participants reported being satisfied with the training to some extent, those who received training directly from AAIN project staff were more likely to be “very satisfied” (46.5%) compared to those who received cascade training from peers (36.7%), suggesting that direct training was more effective in preparing participants to run their IGAs. In addition, respondents who had developed a business plan and were either in the early stages of implementation (n=26) or had fully implemented their plan (n=31) saw a considerable increase in average monthly household income (154.4% and 53.2% respectively) compared to those who had not developed a business plan (8.3%, n=56).

**Level of satisfaction by type of training received**



## Food security



**96.0% reduction** in food insecurity.


The LTAP led to a significant reduction in food insecurity, which had affected nearly half of all respondents at the baseline (43.9%, n=50), and just two respondents (1.8%) at the endline, indicated by those who reported skipping meals in the past 12 months. This is a particularly relevant finding given that nearly all respondents were adult women, who are generally the most likely individuals in a household to skip a meal during times of scarcity (Diamond-Smith et al., 2022).

## Land access

Land access increased by 17.0% from baseline to endline. While the project did not directly facilitate land access, this result was seen as an indirect positive outcome, enabled through improved financial status, community engagement and capacity-building activities that improved beneficiaries' understanding of land tenure and rights. Nearly one-fifth of respondents (18.6%, n=21) reported having no access to land at the baseline, and at the endline this had decreased to just five respondents (4.4%). At the endline, most respondents reported having either access to government-owned land<sup>8</sup> (47.4%, n=54), part- or shared ownership in land (41.2%, n=47) or fully owning their land (40.4%, n=46), with some respondents reporting multiple types of land access (which is why the proportions add up to more than 100%).



Samundri is a member of a farming group made up of members of the Harawa-Charawa community who pooled their resources to lease a plot of land to grow fruits and vegetables.  
©Eva Jew/The Freedom Fund



Ramjhari Mahara owns a grocery store and is a member of a women's savings group. She attended a women-friendly market training course.  
©Eva Jew/The Freedom Fund

### Women's agency and inclusion

The LTAP also led to promising improvements in outcomes for women across economic activities and decision-making dimensions:

- At the endline, 90.4% (n=103) of women perceived themselves to be economically active in their household, compared to 41.2% (n=47) at baseline, representing an increase of 119.4%.
- The number of women either equally or more involved than men in household decision-making increased by 52.0%, from 21.9% before the LTAP to 33.3% after the LTAP.
- The number of women with either equal or more influence than men in financial decision-making increased by 72.2%, from 15.8% before the LTAP, to 27.2% after the LTAP.

#### Economic improvement: Radha's journey towards prosperity

Radha (not her real name), a 40-year-old woman from Saptari District, became involved in pig farming through the LTAP. According to Radha, locally-raised pigs are typically sold after around one year upon reaching 40 kilograms, however she calculated that she could increase her profit by selling the pigs after six months and saving on feed costs. By applying what she learned in capacity-building training and analysing market, labour and feed costs, Radha successfully transformed a traditional livelihood into a profitable enterprise. She expressed that her involvement in pig farming has helped her not only gain income but it has also increased her confidence and decision-making power within her household.

While the LTAP successfully supported more women to take active roles in pricing strategies, business and investment decisions in Dhanusha, Saptari and Siraha districts, women's overall household and financial decision-making power remains less than men's, underscoring the need for continued efforts to advance women's economic participation and inclusion.

The LTAP also led to perceived improvements across several other social and economic dimensions, with the vast majority of respondents reporting that they believed their family's health and economic well-being as well as overall community cohesion had improved.

The evaluation findings were validated by FF implementing partners, who agreed with the findings and noted that the RF continues to be self-sustaining, with funds being redistributed to other community group members who are benefiting through additional IGAs.

# KEY CHALLENGES AND LEARNINGS

Key challenges emerged across five interconnected areas: loss of livestock, climate impacts, access to insurance, revolving fund management and gaps in knowledge and market access. These challenges largely relate to livestock and agriculture IGAs, which were pursued by most survey respondents.

CHALLENGES	RECOMMENDATIONS
<p><b>Loss of livestock</b></p> <p>Loss of livestock due to pest infestation and disease posed the greatest challenge, affecting half of survey respondents (n=57) by threatening their livelihoods and ability to repay loans. Livestock deaths were attributed to distribution of poor-quality breeds that were transported from distant locations and not suited to the local environment, climate impacts and lack of technical support.</p>	<p><b>Introduce locally-adapted breeds</b> in consultation with experts to ensure healthier, climate-suitable livestock, and engage successful farmers and veterinarians to provide training and livestock services to mitigate risks of livestock deaths.</p>
<p><b>Climate impacts</b></p> <p>Lack of grass, fodder and water due to changing rainfall patterns, drought and poor weather conditions represented the second most common challenge, worsening livestock and crop production for 39.5% (n=45) of respondents.</p>	<p><b>Provide training in climate-resilient techniques</b>, conservation techniques and resource management to mitigate climate impacts and maximise preparedness.</p>
<p><b>Access to insurance</b></p> <p>Participants who lost livestock faced severe delays in accessing compensation due to high demand and limited capacity of insurance providers engaged through the LTAP. This compounded their difficulties in repaying loans and reduced community confidence in the usefulness of insurance schemes.</p>	<p><b>Coordinate with service providers early, gather farmer feedback and conduct community outreach</b> to improve insurance coverage, awareness and service quality.</p>
<p><b>Revolving fund management</b></p> <p>Although most respondents viewed distribution of the RF as fair and transparent, high demand for funding created difficulty in selecting initial recipients. The responsibility to repay loans placed pressure on initial recipients, particularly those engaged in long IGAs, and potentially led to short-term decisions that prioritised repayment over business sustainability.</p>	<p><b>Allow sufficient time to establish RFs</b>, including development and clear communication of detailed selection criteria, rotational plans, and IGA-specific repayment plans that account for variations in time taken to generate yields.</p>
<p><b>Gaps in knowledge and market access</b></p> <p>Other challenges included lack of market access, gaps in knowledge and difficulties managing documentation and finances for those with limited literacy skills. Some participants lacked confidence in identifying reliable vendors leading project staff to purchase livestock on their behalf; however, this may have left them unaware of actual costs.</p>	<p><b>Address gaps in knowledge by strengthening training and technical support</b>, including developing tailored, sector-specific materials and providing increased supervision and refresher sessions for peer trainers. <b>Establish peer-led record keeping circles</b> within community groups to support those with limited literacy skills to maintain documents. <b>Facilitate increased market access</b> by actively linking producers to suppliers, service providers and buyers.</p>

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## ENDNOTES

- 1 For this project, a revolving fund is a pool of money used to provide small loans for community group members to invest in IGAs, thereby enabling them to avoid high interest rates and loan sharks. When repaid, funds are redistributed to other community group members and the fund becomes self-sustaining.
- 2 Each community group nominated participants to receive money from the RF in the first round using selection criteria including interest in starting a business; existing knowledge, skills and experience in running a business; financial conditions; and confidence to take on risk.
- 3 There were 137 individuals who participated in both direct and cascade training, hence the total adds to more than 741.
- 4 Five sector-specific model business plans were developed in direct training and used in cascade training. These were made available for all community group members, allowing each participant to develop an individual business plan based on the model plan for their chosen IGA.
- 5 The average exchange rate during the period of fieldwork (September 2023 to July 2024) was United States Dollar/USD 1 = NPR 136.71. Source: <https://uk.investing.com/currencies/usd-npr>.
- 6 This involved sourcing livestock valuations, establishing contracts with insurance companies in each district and paying insurance premiums, enabling all participants engaged in livestock rearing (n=422) to be eligible for payment if they lost livestock within a period of one year.
- 7 Baseline and midline surveys were conducted by AAIN while an external evaluation team conducted the endline survey, KIs, IDIs and FGDs. Although project implementation began in September 2023, the baseline was conducted in February 2024 following the selection of program participants.
- 8 Access to government-owned land means using state land for housing or agricultural purposes without any private ownership. Such land are usually allocated by the government for landless or informal settlers.

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