

**‘CREDIT-PLUS’ APPROACH FOR THE EXTREME POOR:
A STUDY ON TWO SELECTED AREAS OF BANGLADESH**

Ph.D DISSERTATION

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**INSTITUTE OF SOCIAL WELFARE AND RESEARCH (ISWR)
UNIVERSITY OF DHAKA**

July 2018

**‘Credit-Plus’ Approach for the Extreme Poor: A Study on Two
Selected Areas of Bangladesh**

A Thesis Submitted to Dhaka University in Fulfilment of the Requirements
for the Degree of Doctor of Philosophy

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July 2018

Declaration

I do hereby declare that the dissertation entitled '**Credit-Plus**' Approach for the **Extreme Poor: A Study on Two Selected Areas of Bangladesh** is submitted to the University of Dhaka for the Degree of Doctor of Philosophy in Social Welfare is a unique work done by me. I have gone through a lot of literatures for conducting the study and provided accurate references, though it was not possible for me to have the permission from the authors. The material embedded in this dissertation is original and have not been submitted fully for any other diploma or degree of any university.

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Certificate of Approval

I have the pleasure to certify that Shahanaz Pervin, Ph. D researcher of the Institute of Social Welfare and Research, University of Dhaka bearing registration number 101, session 2012-2013 has prepared this Ph. D dissertation entitled '**Credit-Plus' Approach for the Extreme Poor: A Study on Two Selected Areas of Bangladesh** under my direct supervision and guidance.

I also certify that I have gone through the draft and final version of the dissertation and found it is a unique and original work done by her. I am forwarding this dissertation to the University of Dhaka, through the Institute of Social Welfare and Research for further official formalities to accept in partial fulfillment of the requirements for the degree of Doctor of Philosophy in Social Welfare.

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Acknowledgement

Extreme poverty is a key policy challenge for Bangladesh. The regular microfinance programme most often fails to address the problem of the extreme poor. Therefore, many microfinance institutions in Bangladesh introduce ‘credit-plus’ strategy to deal with the problem of the extreme poor. But it is always difficult to design a realistic programme which can meet the needs of the target people. In this respect, research can assist the policy makers and development practitioners to formulate an effective programme. Therefore, I decided to work on **‘Credit-Plus’ Approach for the Extreme Poor: A Study on Two Selected Areas of Bangladesh.**

First of all, I owe my deepest gratitude to my supervisor Professor Dr. ASM Atiqur Rahman, Institute of Social Welfare and Research (ISWR), University of Dhaka for his constant guidance, encouragement and didactic views, thoughts and cooperation, which help me a lot to present my dissertation in complete form. I am greatly indebted to him.

I am thankful to the Director, Institute of Social Welfare and Research, hon’ble teachers and faculties of this institute for their assistance and suggestions to me when I needed.

I am very grateful to all of my honourable teachers and teaching and non-teaching staffs of ISWR for their assistance throughout the research work. I am thankful to my working organisation (Directorate of Secondary and Higher Education, Ministry of Education, Dhaka, Bangladesh) for providing me the necessary supports for completing the research work. I am also thankful to University Grant Commission of Bangladesh for granting me fellowship for conducting the study successfully.

I am really indebted to the extreme poor people of my research areas for their sincere cooperation for providing me with necessary information. I am also grateful to the community leaders and service providers of BRAC who were working with extreme poor people of these two upazilas.

I am obliged to a good number of library authorities at home and abroad comprising the Central Library of Dhaka University, the library of Institute of Social Welfare and Research, University of Dhaka, the library of Bangladesh Institute of Development Studies, Dhaka.

Finally, I am thankful to my parents, brothers, and sister for their encouragement to my work. Special thanks to my beloved husband Dr. M Shahin Khan, Professor, Institute of Social Welfare and Research, University of Dhaka for his continuous encouragement and sacrificing time to conduct the study. I specially acknowledge my two sons Zarif Tanzim and Zayef Taheem for their sacrifice and nice support.

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Table of Contents

Declaration	iii
Certificate of Approval	iv
Acknowledgement	v
List of Tables	xi
List of Figures	xi
List of Acronyms	xii
Abstract	xiii
<i>Chapter One: Introduction</i>	1-4
1.1 Introduction	1
1.2 Problem Statement	1
1.3 Relevance of the Study	2
1.4 Objectives of the Study	3
1.5 Limitations of the Study	3
1.6 Structure of the Study	4
<i>Chapter Two: Methodology of the Study</i>	5-7
2.1 Principal Method	5
2.2 Study Area and Population of the Study	5
2.3 Sample and Sampling	5
2.4 Data Collection Techniques	6
2.5 Data Processing, Analysis and Interpretation	6
2.6 Ethical Consideration	7
<i>Chapter Three: Conceptual and Theoretical Framework of the Study</i>	8-26
3.1 Introduction	8
3.2 Understanding Micro-credit Programme	8
3.2.1 Models Used in Micro-credit Programme	9
3.2.2 Micro-credit Situation in Bangladesh	10
3.3 Conceptualising ‘Credit-Plus’ Approach	11
3.4 Conceptualising the Extreme Poverty	12
3.4.1 Livelihood Assets of the Extreme Poor	14
3.4.2 Vulnerability of the Extreme Poor	15
3.4.3 Livelihood Strategies of the Extreme Poor	16

3.5	Theoretical Framework	17
3.5.1	The Capability Approach	17
3.5.2	Economic Growth Approach	18
3.5.3	Theory of Food and Cash Transfer for the Extreme Poor	19
3.5.4	Situational Constrains Perspectives Theory of Poverty	21
3.5.5	Theory of Culture of Poverty	22
3.5.6	Structural Functionalist Theory of Poverty	23
3.5.7	The Sustainable Livelihood Framework	24
3.6	Selection of the Theory to be Used in the Study	25
Chapter Four: Related Literature Review		27-80
4.1	Introduction	27
4.2	Crafting a Graduation Pathway for the Ultra Poor: Lessons and Evidence from a BRAC Programme	27
4.3	Targeted Development Programmes for the Extreme Poor: Experiences from BRAC Experiments	29
4.4	Combining Methodologies for Better Targeting of the Extreme Poor: Lessons from BRAC's CFPR/TUP Programme	31
4.5	Targeting the Poorest in Microfinance: Poverty Outreach of BDP Ultra Poor Programme	33
4.6	The Impact of Microfinance on Decision-Making Agency: Evidence from South India	34
4.7	Challenges of Scaling-UP a Program for the Poorest: BRAC's IGVGD Program	36
4.8	Microfinance and Non-Financial Services for Very Poor People: Digging Deeper to Find Keys to Success	39
4.9	Is the BDP Ultra Poor Approach Working? Survey of Some Key Issues	40
4.10	Assessing the Poverty and Vulnerability Impact of Micro-Credit in Bangladesh: A Case Study of BRAC	41
4.11	Income and Employment Effects of Micro-credit Programmes: Village-level Evidence from Bangladesh	42
4.12	Understanding the Ultra-Poor Graduation Approach	42
4.13	Capability Development among the Ultra-poor in Bangladesh: A Case Study	45
4.14	Customized Development Interventions for the Ultra Poor: Preliminary Change Assessments of Health and Health-seeking Behaviour	46

4.15	Rural Poverty Alleviation through NGO interventions in Bangladesh: How Far is the Achievement?	48
4.16	The Impact of Micro-credit on Poverty: Evidence from Bangladesh	50
4.17	Improving Access of the Poor to Financial Services	51
4.18	Integration of the Ultra Poor into Mainstream Development: How Effective is CFPR?	52
4.19	Asset Transfer Programme for the Ultra Poor: A Randomized Control Trial Evaluation	55
4.20	Can Basic Entrepreneurship Transform the Economic Lives of the Poor?	57
4.21	Grant vs. Credit plus Approach to Poverty Reduction: An Evaluation of BRAC's Experience with Ultra Poor	59
4.22	Does a Grant-based Approach Work for Addressing Extreme Poverty?	62
4.23	How much can asset transfers help the poorest? The five Cs of community-level development and BRAC's Ultra-Poor Programme	63
4.24	Understanding the aspirations of ultra-poor women in Bangladesh can enhance wellbeing and target development efforts	65
4.25	Reaching the Poorest: Lessons from the Graduation Model	67
4.26	Micro Credit-A Different Approach to Traditional Banking: Empowering the Poor	68
4.27	Food provisioning experiences of ultra poor female heads of household living in Bangladesh	70
4.28	Microfinance as a Poverty Reduction Tool-A Critical Assessment	71
4.29	Making Microfinance Work for the Extreme Poor: Evidence and Experiences from Bangladesh	72
4.30	Extreme Poverty to Sustainable Livelihoods: A Technical Guide to the Graduation Approach	74
4.31	Eliminating Extreme Poverty: Comparing the Cost-Effectiveness of Livelihood, Cash Transfer and Graduation Approaches	75
4.32	Dynamic Effects of Micro-credit in Bangladesh	77
4.33	Targeting the Ultra Poor	79
4.34	Conclusion	80

Chapter Five: The Profile of the Extreme Poor in Bangladesh	81-84
5.1 Introduction	81
5.2 Livelihood Assets of the Extreme Poor in Bangladesh	82
5.2.1 Human Asset	82
5.2.2 Social Asset	83
5.2.3 Natural Asset	83
5.2.4 Physical and Financial Asset	84
5.3 Livelihood Pattern of the Extreme Poor in Bangladesh	84
5.4 Problems of the Extreme Poor in Bangladesh	85
5.5 Shocks and Stress of the Extreme Poor in Bangladesh	86
 Chapter Six: Introducing Study Area	 88-93
6.1 Introducing Rajoir Upazila of Madaripur District	88-91
6.2 Introducing Derai Upazila of Sunamgang District	91-93
 Chapter Seven: BRAC's Micro-credit Programmes	 94-98
7.1 Emergence of BRAC	94
7.2 BRAC's Micro-credit Programmes and Lending Approach	95
7.3 BRAC's Credit Products and Its Linkages	96
 Chapter Eight: BRAC's 'Credit-Plus' Approach	 99-112
8.1 Introduction	99
8.1 Case 1: The Income Generation for Vulnerable Group Development	99
8.2 Case 2: Challenging the Frontiers of Poverty Reduction: Targeting the Ultra Poor (CFPR-TUP)	104
 Chapter Nine: Findings and Discussion	 113-156
9.1 Introduction	113
9.2 Socio-demographic Condition of the Extreme Poor	113-119
9.3 Attitudes of the Extreme Poor towards the Nature of Poverty and Vulnerability	119-127
9.4 Capabilities and Limitations of the Extreme Poor	127-135
9.5 Nature of Services of 'Credit-Plus' Approach	135-138
9.6 Effectiveness and Challenges of 'Credit-Plus' Approach	138-145
9.7 Problems Faced by the Extreme Poor during Receiving Services	145-152

9.8	Recommendations of the Participants	153-156
9.9	Conclusion	156
Chapter Ten: Conclusion and Recommendations		157-159
10.1	Conclusion	157
10.2	Recommendations	157
Appendixes		160-179
Appendix A: References		160
Appendix B: Semi-Structured Interview (SSI) Guideline for Case Study		170
Appendix C: Semi-Structured Interview (SSI) Guideline for FGD		173
Appendix D: Consent Form		175
Appendix E: Maps related to Extreme Poor Prone Areas and BRAC's Programmes		176-179
List of Tables		
Table 1: Extreme Poverty Incidence in Bangladesh		81
Table 2: Key differences between Poverty Groups		82
Table 3: Profile of the Extreme Poor in Bangladesh		85
List of Figures		
Figure-1: Conceptual Framework: Settings, Assets and Activities		20
Figure 2: The Sustainable Livelihood Framework		24
Figure 3: Location Map of Rajoir Upazila		88
Figure 4: Location Map of Derai Upazila		91
Figure 5: BRAC's Microfinance Programmes		98
Figure 6: The IGVGD Model		100
Figure 7: Staged Model of CFPR/TUP		106

List of Acronyms

ADB	:	Asian Development Bank
ASA	:	Association for Social Advancement
BBS	:	Bangladesh Bureau of Statistics
BDP	:	BRAC Development Programme
BIDS	:	Bangladesh Institute of Development Studies
BRAC	:	Bangladesh Rural Advancement Committee
CBN	:	Cost of Basic Needs
CFPR-TUP	:	Challenging the Frontiers of Poverty Reduction: Targeting the Ultra Poor
CPRC	:	Chronic Poverty Research Centre
DCI	:	Direct Calorie Intake
FGD	:	Focus Group Discussion
GoB	:	Government of Bangladesh
KII	:	Key Informant Interview
IGA	:	Income Generating Activity
IGVGD	:	Income Generation for Vulnerable Group Development
MFI	:	Micro Finance Institution
NSUP	:	Non-Selected Ultra-Poor
NGO	:	Non-Government Organisation
OTUP	:	Other Targeted Ultra Poor
POWG	:	Poverty Outreach Working Group
STUP	:	Specially Targeted Ultra Poor
SUP	:	Selected Ultra Poor
TUP	:	Targeted Ultra Poor
UNDP	:	United Nations Development Program
VGD	:	Vulnerable Group Development
VO	:	Village Organisation
WFP	:	World Food Programme
WHO	:	World Health Organisation

Abstract

Bangladesh is one of the developing countries in the world. The total population is 164 million and about 35 percent people live in poverty among them 17 percent are extreme poor. These extreme poor are excluded from financial and other social services provided by govt. and NGOs due to lack of diversification of microfinance services. Under these circumstances, BRAC introduces 'credit-plus' approach which provides loan to the extreme poor in combination with other kind of non-financial services. The present study is qualitative in nature and case study method has been applied in the study. The main intention of the study is to know the extent of effectiveness of 'credit-plus' approach of BRAC to deal with the problems of extreme poor. Study findings reveal that this approach provides a social protection so that the extreme poor can join the mainstreaming microfinance programme.

Study findings show that the extreme poor are the female headed households; mainly depend on wage labor, household work or begging and highly vulnerable to shocks. The extreme poor face severe vulnerabilities in livelihood like flood, drought, heavy rainfall, river erosion, frequent illness and malnutrition. In addition, they experience some stresses like payment of dowry, more dependent members in household, seasonal unemployment etc. These kinds of vulnerabilities affect the livelihood and therefore, it reduces their income opportunities that push them in food insecurity every year.

Findings reveal that extreme poor have very few or no assets and have limited capabilities to engage in livelihood. During the vulnerability, the extreme poor adopt different livelihood strategies like, searching income opportunities outside the village, using their own savings and resources, selling goats, eggs and milk etc. Study findings reveal that BRAC's 'credit-plus' approach helps them to improve their livelihood strategies. After joining the program, the lifestyle and livelihood strategies have been changed and now they are involved in small business, poultry and livestock rearing, cultivation of own land etc. Study findings also demonstrate that the extreme poor have very few livelihood assets especially social asset which is significant for their survival and sustainability. Apart from this, the extreme poor also do not have skills and they suffer from lack of self-esteem.

Despite these, however, study findings also show that the extreme poor still face some limitations due to the short programme period, no significant difference in credit lending process, high interest rate etc. Therefore, to get better output from this approach, the credit lending process should be flexible and the duration should also be expanded. In addition, there is a need for a compassionate work force, continuous monitoring and supervision, good coordination among the involved officers and staffs for better implementation of the programme.

Chapter One

1.1 Introduction

Bangladesh is one of the most highly populated countries in the world. The total population of this country is about 150 million with an area of 147,570 square kilometer (BBS, 2011). About 80 percent people of this country live in rural areas and are get involved in agriculture and other related activities and 40 percent live in poverty, “with 25 percent of them classified by government as ‘extreme poor’ and rarely able to take advantage of the productive opportunities emerging from economic growth” (Holmes et al., 2008: 2). These extreme poor are excluded from financial and other social services provided by government and non-government organisations. Many microfinance institutions in Bangladesh operate microfinance programme to address the problems of extreme poor. But due to lack of diversification of microfinance services, the microfinance programme most often fails to include the extreme poor. Under these circumstances, recently some NGOs specially BRAC has introduced ‘credit-plus’ strategy which provides loan to the extreme poor in combination with other kind of non-financial services. The present study reviewed BRAC’s ‘credit-plus’ approach to know its effectiveness which is especially designed for the extreme poor aiming to graduate them to join the regular micro-finance programme.

1.2 Problem Statement

Extreme poverty is the harshest condition of poverty. The extreme poor cannot meet the basic needs of daily life and they spend most of their earnings for food. They are excluded from financial services as well as from other social services provided by non-government organisations (Matin et al., 2008). As a result, they cannot join the mainstream development programme. But there is an urgency to involve this significant number of extreme poor in income generating activities for ensuring sustainable development of the country. In this respect, many microfinance institutions in Bangladesh operate microfinance programme for poor people. But microfinance alone cannot address the problem of the extreme poor. Moreover, due to lack of diversification of microfinance services and limited access to market of the extreme poor, in many cases it is found that microfinance creates debt liability, tensions and frustration among households and produces different forms of violence against women in Bangladesh (Rahman, 1999: 67).

Therefore, there is a need to introduce a ‘credit-plus’ approach which provides loan to the extreme poor in combination with other kind of non-financial services¹. This approach has the potential to help the extreme poor that may show the pathway of graduation and can work as a ladder to bring them to the mainstream development programme. Under these circumstances, a study becomes obvious and necessary to know the effectiveness of the ‘credit-plus’ strategy and its approaches dealing with the problems of extreme poor and therefore, the researcher decided to work on **‘Credit-Plus’ Approach for the Extreme Poor: A Study on Two Selected Areas of Bangladesh.**

1.3 Relevance of the Study

Extreme poverty is the most severe condition of poverty. The current micro-finance programme could not attract the poorest of the poor in Bangladesh. Therefore, it is a key challenge in policy implications to tackle extreme poverty in Bangladesh. In this regard, BRAC, the largest non-governmental organisation of Bangladesh introduces ‘credit-plus’ approach for the extreme poor so that the extreme poor may able to come forward and take the opportunity from development programmes. There are some literatures on the extreme poor and ‘credit-plus’ strategy and also few studies have been conducted on these issues. But little efforts have been taken to review this relatively new approach so that we might learn which aspects of the approach are successful and which difficulties still remain with this approach. The present study provides an insight about the effectiveness and procedural aspects of BRAC’s two ‘credit-plus’ programmes namely ‘Income Generation for Vulnerable group Development’ (IGVGD) and ‘Challenging the Frontiers for Poverty Reduction: Targeting the Ultra Poor’ (CFPR/TUP) to the policy makers, the researchers and the academics. Therefore, to know about it and pinpoint the loopholes of this approach, an intensive study is needed. Therefore, the researcher believes the current study entitled **‘Credit-Plus’ Approach for the Extreme Poor: A Study on Two Selected Areas of Bangladesh**” is so planned. The study will contribute to the stock of our indigenous reading and reference materials for use of the students and development practitioners. The study might also pave ways for further significant research work in many other dimensions of ‘credit-plus’ approach and provide an insight to the policy makers and development practitioners for undertaking innovative strategies to address the problems of the extreme poor.

¹Non-financial services include skill development training, non-formal education, health care facilities, services for social development, human and legal services and the like.

1.4 Objectives of the Study

The general objective of the study is to reveal the extent of effectiveness of ‘credit-plus’ approach of BRAC to deal with the problems of extreme poor in Bangladesh. In order to attain the general objective, the present study considered the following specific objectives:

1. To know the socio-demographic conditions of the extreme poor;
2. To explore the nature and extent of vulnerabilities of the extreme poor;
3. To identify the capacities and limitations of the extreme poor;
4. To know the experience of extreme poor regarding the effectiveness of ‘credit-plus’ approach and
5. To explore the suggestions of the extreme poor to address their problems.

1.5 Limitations of the Study

The reliability of a social research depends on how scientifically one can conduct the study. As research is a complicated and scrutinized activity based on scientific knowledge and competence, it is expected that the research will be scientifically reliable and unbiased. The result obtained in social research is not completely correct because it is not totally free from the impact of different variables of social environment. It is a lengthy, complex, systematic and skilled based process. Although the researcher tried to conduct the study effectively, she faced some limitations and problems while conducting the study. Some problems and limitations are therefore, inevitable in the way of conducting this task. The problems and limitations, which have been perceived during the time of conducting the research, are given below-

- i. In this study, the study areas have been selected by using non-probability based purposive sampling technique. Besides, sample has also been selected by using the same technique. Therefore, there remain possibilities that the sample may not represent beneficiaries under the program.
- ii. The sample size of the study was only 20 for in-depth case study and 16 for FGDs, this small amount of sample may not be representative to all the extreme poor receiving services under the study.
- iii. While conducting the study, the researcher got little support from BRAC that created a barrier to conduct the study.

- iv. Because of limitation of time and resources and unavailability of the program in all districts of Bangladesh, the researcher could not cover the whole Bangladesh rather she selected two branches from Rajoir Upazila of Madaripur and two branches from Derai Upazila of Sunamgonj district.
- v. It was also difficult for the researcher to get the beneficiaries of the services as there was no list of beneficiaries at her hand and the beneficiaries were also limited in number.
- vi. While conducting the interview of the respondents, they were scared of giving accurate information if BRAC stops the services to them that also created a barrier for the researcher to conduct the study.
- vii. It was not possible for the researcher to record the interview as the respondents opposed this. So, she may not include information in note taking.
- viii. We know, research is a time consuming task that needs huge budget and personnel. As there was no funding for the study, the researcher could not do the tasks properly.
- ix. Within a short time, this study has been completed and presented. That's why it was not possible to review more and more literature.
- x. Finally, due to the lack of time, the researcher couldn't go through the significant number of literatures and there may also have language inaccuracy in presenting the paper.

1.6 Structure of the Study

This study has been structured into ten sections. The first section deals with introduction describing problem statement, relevance, objectives, methodology, limitations and study organisation. Second section discusses the methodology of the study. Third section provides conceptual and theoretical framework of the study. Fourth section reviews the existing literature related to present study. Fifth section describes the profile of the extreme poor in Bangladesh while sixth section introduces the study area, its socio-economic background, and the economy of Rajoir upazila of Madaripur district and Dhirai Upazila of Sunamgang district. The seventh section describes BRAC's Micro-credit Programmes while the eighth section introduces BRAC's 'credit-plus' approach. Ninth section deals with the findings of the study and finally, the tenth section concludes the study with some recommendations.

Chapter Two: Methodology of the Study

2.1 Principal Method

The modern era has brought innovative perspective for the researcher to apply both qualitative and quantitative research methods for conducting social study (Punch, 2013). In order to understand the livelihood pattern of the poor people, the study needs to conduct using qualitative method (Yin, 2013). Sarker (2014) opines, “Qualitative research draws on an inductive process in which themes and categories emerge through analysis of data collected by using the techniques observation, video tape and case study.” Therefore, the researcher selects qualitative research method to understand the livelihood strategies of the extreme poor and to reveal the extent of effectiveness of ‘credit-plus’ approach of BRAC to deal with the problems of extreme poor. In order to conduct qualitative study the researcher applied case study method as the principal research method for the study. In addition, FGD method was also applied for that purpose.

2.2 Study Area and Population of the Study

The study investigated the extent of effectiveness of ‘credit-plus’ approach of BRAC being implemented in extreme poor prone areas of Bangladesh. Hence, all the extreme poor prone areas of Bangladesh where the BRAC’s programs run have been considered as research area for the study. The study has been concentrated in two selected areas i.e. Madaripur and Sunamgonj district which are severely extreme poor prone areas in Bangladesh. The female headed extreme poor household’s heads of these two areas have been considered as population and every household’s head has been considered as a unit of analysis of the study.

2.3 Sample and Sampling

The study has been carried out based on sample. Total 20 female headed extreme poor household’s heads have been selected purposively from research areas. Among them ten (10) household’s heads have been selected from Rajoir upazila of Madaripur district and ten (10) household’s heads have been selected from Derai Upazila of Sunamgang district. As these two upazilas are one of the most extreme poor areas in Bangladesh, researcher selected these two areas conducting the study. In addition, two FGDs have been conducted consisting eight (8) members in each for two areas. These eight beneficiaries also have

been selected purposively from study areas. In this regard, May (2002) opines that purposive sampling may be the way of getting information when the population characteristics is identified. He argues that initial contact may be made with the members of the same population.

2.4 Data Collection Techniques

Creswell (1998) opines that data collection in qualitative study is a “zigzag” process which includes gathering information, analyzing the data, back to the field to collect more information and the like (cited in Mathbor: 2008). In the study, the different data collection techniques have been applied such as face to face in-depth interview with extreme poor, direct observation of extreme poor prone areas and review of agency documents. Moreover, two FGDs have also been organized with the beneficiaries of the programme. A semi-structure interview guideline has been prepared for collecting desired data from the participants. The researcher also collected relevant data from different literatures. Published materials available in different libraries and their other online subscriptions have been used as the most important source of secondary information. In addition, different research reports, monograph, working paper published by BRAC and other academicians have been considered a key source of information for the study. Moreover, literatures published by the Chronic Poverty Research Centre (CPRC), Bangladesh Institute of Development Studies (BIDS) and *Shiree*² (Stimulating household improvements resulting in economic) have been used as important documents for the study. The website of ‘microfinance gateway’ and search engine ‘google scholar’ has been used for collecting online literature.

2.5 Data Processing, Analysis and Interpretation

Collected data has been edited properly. The analysis and observations have been made based on primary as well as secondary sources of data. The qualitative data has been analyzed using an inductive data analysis method. Inductive analysis means that the pattern, themes, and categories of analysis come from the data; they emerge out of the data rather than being imposed on them prior to data collection and analysis (Patton, 1990 cited in Mathbor, 2008). In the study, the researcher has transcribed the collected data and developed some theme based on the opinion of the participants. The researcher has used

²*Shiree* is a “partnership project between the UK Department for International Development (DFID) and the Government of Bangladesh” (GoB) (Shiree, 2009b)

thematic analysis for processing and analysis of data in descriptive manner. Finally, all information has been decorated in a dissertation.

2.6 Ethical Consideration

Ethical consideration is a very significant part of the study. In every research ethical issues should be clear. According to Sufian (1998, p. 5) ethical issues stem from the kinds of questions the social researcher usually asks his subjects as well as from the methods he uses to extract information from them. The social researcher usually makes his/her respondents participate in a research exercise in which they do not have any prior consent. The researcher sometimes deceives them by giving misleading information, purposefully veils up the real intent of the research, tortures them psychologically, invades their privacy, and so forth. One or more unethical issues may enter into a research in one form or another. Thus, the researcher has to choose to satisfy one of the contradictory demands- to continue research to provide solutions to human problems and hence to promote social well-being, or to refrain from conducting it altogether on ethical grounds. According to Saunders et al (2009, p.185), the researcher should maintain some ethical issues in conducting research work such as consent of sharing information, privacy and confidentiality of the participants, protection of the respondents from both physical and mental injury, voluntary right of participation to withdraw information from data collection process.

In the present study, the researcher tried to combat the ethical problems at all the stages of the study. After selecting respondents from the population, the researcher informed the respondents about the intention of the study and took their consent for collecting data. In this case, the respondents understood the situation and they provided all desired information properly. The information about the study also helped the respondents to take the decision in participating in the research work. Before collecting information from the respondents, the researcher committed the respondents that she would not disclose any information provided by them and it would only be used for academic purpose. Therefore, in the present study, the researcher believes that the respondents felt comfort to provide all the necessary information for the study. It also helped to ensure the validity and reliability of the study. The researcher analyzed the findings of the study with honesty and the analysis has been made based on true information and the report has been prepared based on analysis.

Chapter Three: Conceptual and Theoretical Framework

3.1 Introduction

“Bangladesh is the pioneer of the micro-finance movement and the home of large scale micro-finance operations” (Khandker, 2001:3). There are many NGOs in Bangladesh that operate microfinance programmes among them BRAC, Grameen Bank, ASA and Proshika are well renowned (Das and Siraj, 2009). Though microfinance is known as one of the important tools for helping the poor in improving livelihood by reducing vulnerability and promoting social and economic development (Halder, 2004:1), in most of the cases it is found that microfinance alone cannot bring the required change for the extreme poor. Therefore, ‘credit-plus’ approach has emerged as a potential effective tool for removing vulnerability of the extreme poor. This chapter introduces the conceptual framework of the study. The first sub-section introduces the concept of micro-credit, its origin and lending approaches and micro-credit situation in Bangladesh. The second sub-section introduces the ‘credit-plus’ approach, and the third sub-section focuses on extreme poverty, its nature, causes, livelihood assets, vulnerabilities and livelihood strategies.

3.2 Understanding Micro-credit Programme

In general, microfinance³ is a provision of different financial services such as credits, insurance, savings to low-income households. “The concept of ‘micro-credit’ extension of small amounts of collateral-free institutional loans to jointly liable poor group members for their self-employment and income generation- is a Grameen Bank innovation” (Rahman, 1999:67). In other words, micro-credit is “a small loan size with collateral free, short processing time, reasonable delivery cost, easy installment repayment to the advantage of the loanee, disadvantaged target members preferably distressed woman, supervised institutional structure, culture of sympathy and compassion, etc” (Rahman, 2005: 4). Micro-credit programme provides loan to the poor people so that they may generate income opportunities for removing vulnerabilities. There have been debates regarding origin, definition and effectiveness of micro-credit programme among the

³Bastiaensen (2009) defines ‘microfinance’ as “any initiative that reduces the gap in financial service provision left by established formal institutions through the incorporation of innovative financial technologies of ‘proximity’ ”.

development practitioners and academics. WIDE⁴ (2009:7) defines micro-credit as the “programmes that provide an opportunity for self-employment through an access to a credit to very poor persons”. However, there are different kinds of micro-credit such as “traditional informal micro-credit, rural credit through specialized banks, NGO micro-credit as well as Grameen Bank⁵ type micro-credit” (Naz, 2006: 20).

In Bangladesh micro-credit was evolved in the 1970s as a response of relief and rehabilitation after the independence of Bangladesh. At that time, many local and international development organisations were involved in relief and rehabilitation work and there was an urgency to involve the landless poor people in income generating activities. But the poor people faced problems to have access in the financial services as they had no collateral for getting loan. As a result, they could not generate income opportunities due to lack of financial capital. Under these circumstances, Professor Muhammad Yunus initiated the ‘Jobra⁶’ experiment “using the solidarity group-based credit delivery system using peer pressure and group guarantee to ensure timely repayment” (BWTP & SEEP, 2009: 11). The result of the experiment was impressive and consequently, “it was formalized as Grameen Bank with a special license obtained from Bangladesh Bank” (Ibid.). Now this micro-credit model is used worldwide and “it has outreached well over one third of rural households in Bangladesh” (Naz, 2006:21).

3.2.1 Models Used in Micro-credit Programme

Microfinance institutions use different kinds of credit lending models all over the world such as Grameen model, Associations model, Bank Guarantees model, Community Banking model, Cooperatives model, Credit Union model, Intermediary model, Village Banking model etc. (Grameen Bank, 2010). Among them ‘Grameen’ is widely popular and well renowned micro credit model in the world. According to the Grameen model, micro-credit programme provides loan to the poor people as their human right and it wishes to help poor people so that they can combat their problem with their own capabilities. It is collateral free institutional loan based on trust. In addition, micro-credit programme provides services to the poor at their door. This model believes that the poor people do not go to the Bank rather Bank goes to the door of poor people with services

⁴WIDE is a “European feminist network of women’s organizations, development NGOs, gender specialists and women’s rights activists” (WIDE, 2009:1)

⁵“Grameen means ‘rural’ in Bengali, i.e. the mother tongue of Bangladeshi people and Grameen Bank is a rural bank for the poor” (Naz, 2006:12)

⁶‘Jobra’ is a name of a village of Chittagong district where Prof. Yunus was born

(Ibid). But in order to have the access of micro-credit, the poor has to join the group and make savings on regular basis and after having loan, a borrower has to pay back in installment (Ibid.). In Bangladesh, most of the microfinance institutions including BRAC use the ‘Grameen’ model to implement micro credit programme. As per the ‘Grameen’ model the microfinance institution’s worker visits the village, builds ‘rapport’⁷ with the local people and inform them about objectives, functions and mode of operation of the institution. To participate in the credit programme, five members organize a group and eight groups in a locality form a center. The center chief is selected from the group members and she presides over the center meeting. The Bank workers also participate in the meeting and provide assistance if needed (Naz, 2006:37). After successful formation of a group, two members of a group become eligible to have the access to loan and other members become eligible for loan upon successful repayment of loan with interest within fifty two weeks by the first two borrowers. All the members of a group become eligible for larger loan if they successfully repay their first loan. If one of the members of a group defaults on a loan, other members have to take the responsibility to pay the loan. (Grameen Bank, 2010). In this paper, micro-credit refers to the ‘Grameen’ model that BRAC follows in its programme implementation.

3.2.2 Micro-credit Situation in Bangladesh

In many countries, micro credit or broader microfinance opens the window of opportunity for the poor having access to loan and other financial services. There have been some debates regarding the effectiveness of micro-credit programme for the poor. Some opine that micro-credit programme plays a significant role for reducing poverty and ensuring women empowerment (Hashemi and Schuler, 1996), while others consider that micro-credit increases debt liability and therefore pressure on households, in particular on the women clients (Rahman, 1999: 67).

From the beginning of micro-credit programmes a large number of studies have been conducted to know the effectiveness of credit programmes. Literature reveals that the poorest can benefit from microfinance programme through increasing incomes, assets, and reducing vulnerabilities (Khandker, 2001). Some literature also shows that microfinance’s development interventions increase skills and production capacity of the poorest women. It helps to raise their awareness that leads them to be empowered (Naz, 2006). In general,

⁷‘Rapport’ is a professional and purposeful relationship between the worker and the client.

it is widely recognized that microfinance borrowers are politically and socially more conscious than non-borrowers. Literature reveals that microfinance program helps the micro-credit borrower having better access to financial markets, playing effective role in household decision-making and having wider social networks in the society (Pitt, et al., 2003).

However, other literature raises questions about the effectiveness of microfinance programme. Rahman (1999), for instance, shows that microfinance is harmful for women in poverty. The micro-credit cannot generate employment and income opportunities for the extreme poor. The extreme poor face the constraints of entitlement of food and other basic needs. They suffer from lack of access to public provision of social and economic infrastructures. They are also deprived from social safety nets and other resources provided by government and non-government organisations (Khandker, 2001). As a result, the extreme poor cannot involve themselves in income generating activities by utilizing this loan. Moreover, they need to pay installment on regular basis. But they do not have regular income opportunities and consequently cannot maintain the regular loan installment and don't involve themselves in programmes (Ahmed, 2009: 528). Thus, credit holders need credits combined with other social opportunities. Therefore, a 'credit-plus' approach has been introduced to bring the required change.

3.3 Conceptualising 'Credit-Plus' Approach

The 'credit-plus' approach is the provision of lending loan to the poor combination with different kinds of services such as skill development training, non-formal education, health care facilities, social development and human and legal rights services with at least potentially the capacity to address several constraints facing the extreme poor at the same time. In other words, the 'credit-plus' approach is a mixed specialized package "consisting of asset transfer, cash stipend, intensive training and monitoring, health subsidy and interventions for social inclusion" (Sulaiman and Matin, 2008: 5). The main intention of this approach is to serve the extreme poor by putting some additional services with microfinance so that they can be beneficiary of the regular microfinance programme.

The extreme poor in Bangladesh experience different kinds of constraints to join the mainstreaming development programmes. They do not have adequate human, social, financial, natural or physical assets for their survival. In addition, the extreme poor suffer from lack of skills and self-esteem. Consequently, their livelihoods do not generate

enough income for meeting their minimum caloric needs (Matin et al., 2008). As a result, the extreme poor suffer from malnutrition that generates ill health among household members. Moreover, “different institutional factors, such as rigidity in repayment or considering the extreme poor as risky clients, hindering them from participating in microfinance programme” (Sulaiman and Matin, 2008: 5). Beside these, the extreme poor are vulnerable to different kinds of shocks such as illness or death of major income earners, family disorganization etc. They are also vulnerable to different kinds of natural disaster like flood, cyclone, drought, river erosion, heavy rainfall etc. Thus, the extreme poor often consider them not eligible for credit and ‘self-select’ themselves out of credit programme membership” (Sultana, 2002:31). In this regard, Holvoet (2005:76) argues that a ‘credit-plus’ approach has more potential than minimal credit. She opines that access to micro-credit combination with other development interventions including additional financial services, enterprise development services, and other welfare-related services helps to improve women’s position in the society (Ibid.). These additional service packages under finance plus approach may help the extreme poor to be more confident to join the regular microfinance programme. For instance, the extreme poor in Bangladesh suffer from severe food crisis and financial assets. In this regard, food aid, asset transfer or cash stipend along with other non-financial services under the intensive institutional support may help them to gain skills and confidence. These factors help the extreme poor to combat their multiple constraints so that they may improve their survival and reduce their vulnerability and later, this may lead the extreme poor to be a responsible and respective citizen with more social connection and self-esteem. Therefore, the present study considers ‘credit-plus’ approach as a package of services for the extreme poor consisting of credit combination with capacity building training with intensive monitoring, assets transfer or cash stipend, food aid, education and health care facilities, services for social development, human and legal services, and intervention for social inclusion.

3.4 Conceptualising Extreme Poverty

Poverty means the inability of a person to establish the human right. On the other hand, extreme poverty is considered as ‘deep’ poverty when it forces those who suffer from it to stay at the bottom of poverty ladder (CPRC, 2008: 2). Extreme poverty is increasingly being used in policy series. There is no universal definition of extreme poverty. But it can be defined in different ways and income and consumption measures are one of the important ways to define extreme poverty. In this respect, four types of measures are

commonly used to target the extreme poor such as Direct Calorie Intake (DCI) method, Cost of Basic Needs (CBN), Average Income method and Asset Ownership method (Shiree, 2009a).

In order to determine the severity of poverty Michael Lipton first used the term ultra-poor, where he defined the “ultra-poor are those who spend 80 percent of their total expenditure on food and cannot attain 80 percent of their standard calorie needs” (Lipton, 1983, cited in Matin et al., 2008:4). Later, World Vision (International) and World Food Programme also used the term of ultra-poor to understand the harshness of poverty. On the other hand, “the majority of multinational and bilateral donors use the term extreme poverty in relation to achieving the MDG1 target; in other words, to refer to people living on less than 1.25 US dollar per person per day” (Devine et al., 2009).

Like income and consumption measures some non-economic multidimensional factors are also important to understand the concept of extreme poverty. Non-economic approach considers a number of concepts to define extreme poverty such as basic human needs, living condition, housing quality, nutritional status, inequality, access to services, patron-client relationship and the like (Sultana, 2002). In addition, some other factors like entitlement, risk, vulnerability, self-esteem, social exclusion, and ownership of assets are also important in order to define extreme poverty. Here, the definition of Wresinski is significant to understand the multidimensionality of extreme poverty.

“Extreme poverty results when the lack of basic security simultaneously affects several aspects of people’s lives, when it is prolonged, and when it severely compromises people’s chances of regaining their rights and reassuming their responsibilities in the foreseeable future” (Wresinski, 1987, cited in Hossain, 2009:9)

In fact, the extreme poor are the poorest section of the population. These people suffer from “lack of access to clothing, shelter, nutrition, health care and education facilities, sanitation and hygiene” (Calder and Standing, 2008: 7). The extreme poor live under the lower poverty line and they have very few or no asset such as land, skills, savings, gold, domestic animals, social networks and they are “highly vulnerable to any kind of shocks and mainly depending on wage labour” (Halder and Mosley, 2004). There are some distinguishing features of the extreme poor in Bangladesh. In a study Wood and Devine (2009) identify the following characteristics of extreme poor in Bangladesh:

- experience deprivation from lack of basic assets such as homestead, shelter and livestock etc. and cannot survive in the community without the help of others;
- those households who have acute malnutrition especially among women and children, and consequently, suffer from diseases and ill health;
- people who face chronic health-related problems and cant not have access the modern health care services;
- those individuals who are excluded from key social services, safety nets and market opportunities;
- households with vulnerability to climate change impacts;
- experience severe risk and stresses in livelihoods and have low level of self-esteem;
- those people who do not have collective political voice;

As a working definition, the present study considers extreme poverty as female headed household with single income earner, have very few or no productive assets and mostly depend on household work, wage labour or begging and highly vulnerable to shocks.

3.4.1 Livelihood Assets of the Extreme Poor

Livelihood asset means the resources and capabilities which an individual or household belongs for their survival in the society. It is considered as the most important goods by which they may able to engage in income generating activities. Ellis (2000:31) defines assets as “stocks of capital that can be utilized directly, or indirectly, to generate the means of survival of the household or to sustain its material well-being at differing levels above survival”. Researchers have identified different categories of assets for the individual and household. For instance, Swift (1989 cited in Ellis, 2000:32) identifies three categories of assets such as investment, stores and claims. On the other hand, Maxwell and Smith (1992 cited in Moser, 1998:3) classify five kinds of assets as “productive capital, non-productive capital, human capital, income and claims”. Moser (1998:1) categorizes the assets into tangible assets and intangible assets. The tangible assets include labor, human capital, housing and intangible assets indicate household relations and social capital (Ibid.). In the sustainable livelihood framework Ellis (2000) identifies five categories of assets (i.e. natural asset, physical asset, human asset, financial asset and social asset). The sustainable livelihood analysis framework of Castro (2002:2) also includes these five types of capital for individual or household.

However, the present paper considers five categories of capital as livelihood assets of extreme poor in Bangladesh. In this paper, natural asset means land, river, forest etc, but land is the most important component of natural asset in Bangladesh. Physical asset means different kind of productive and non-productive assets. There are different kinds of productive assets for the extreme poor in Bangladesh like rickshaws⁸, fishing nets, sewing machine etc. and non-productive asset means bicycle, furniture, radio, cassette player, mobile phone etc. Human assets refer to skills, health condition, educational status etc. Savings and credits are the key component of financial asset for the extreme poor in Bangladesh. Social asset is very important for livelihood of the extreme poor. It “exists not in people but in relationships” (Francis, 2002 cited in Prowse 2003, 18). Social capital includes awareness, social inclusion, social relations and networks etc.

3.4.2 Vulnerability of the Extreme Poor

The concept of vulnerability is closely interrelated to poverty. Literature claims that “poverty and vulnerability are two sides of the same coin” (Chaudhuri, 2003). But Moser (1998: 3) argues, although vulnerability usually used as the synonym for poverty, there are some differences. He opines poverty is “a static concept”. On the other hand, vulnerability is “more dynamic” concept. Therefore, all poor people may be vulnerable, but all vulnerable people are not necessarily poor (Ibid. p.3). Some researchers opine that “vulnerability can be seen as a probability of falling into poverty in near future” (Chaudhuri, 2003; Chaudhuri et al., 2002; Christaensen and Subbarao, 2001 cited in Azam and Imai, 2009). Prowse argues (2003:7) that vulnerability can be used to describe “the potential for people to enter into poverty or chronic poverty”. He also argues (2003:12), “‘vulnerability to risk’ is similar to the conception of ‘vulnerability to shocks’ and views vulnerability as a cause of poverty”.

The extreme poor usually face three kind of vulnerability in their life cycle such as shocks, stress and seasonality. Shocks indicate the unpredictable events in human life. Shocks can be viewed as “adverse events that lead to a loss of household income, a reduction in consumption, a loss of productive assets, and/or serious concern/anxiety about household welfare” (Quisumbing, 2007:8). If shocks repeatedly take place in human life, it may create stress in the life cycle of the extreme poor. The extreme poor in Bangladesh experience different kinds of shocks i.e. crop damage, damage of different kinds of assets

⁸Ricksha is one kind of vehicle in Bangladesh pulled by man manually

due to flood, cyclone, river erosion and heavy rainfall, additional expenditures due to illness of household members as well as loss of income, death of major income earners, accidents etc. (Mallick, 1998: 104). On the other hand, predictable events such as food insecurity, payment for dowry, second marriage of husband, higher ratio of dependent people in household may be considered as stress (Ibid.). Seasonality is another form of vulnerability in the extreme poor life cycle in Bangladesh. Devereux (2001) considers seasonality as ‘cyclical risks’ (cited in Prowse, 2003: 14). It is one kind of seasonal trauma for the extreme poor. For instance, the extreme poor of the northern part of the country face seasonal unemployment in the month of September and October almost in every year. During this period, they cannot engage themselves in any income generating activities in their localities. Similarly, the poor people of southern part of the country face crisis in monsoon season in the month of September, October and November. To cope with the seasonal crisis, they migrate themselves to urban area for income opportunities. These kinds of shocks, stress and seasonality make the extreme poor more vulnerable in Bangladesh.

3.4.3 Livelihood Strategies of the Extreme Poor

To cope with the vulnerability an individual and household follows some livelihood strategies. Ellis (2000) argues “livelihood strategies are composed of activities that generate the means of household survival”. These activities help the people to survive against the vulnerability. Usually, poor people survive in the society based on different natural resource based activities. These activities include cultivation of land, collection of wood from forest, catching fish from river and sea, livestock and poultry keeping, involvement in day labor in both agricultural and non-agricultural sector i.e. cultivation of land, brick making, weaving etc. (Ibid). In addition, poor people also depend on non-natural resource based activities such as different kind of small rural trade, marketing of goods in rural areas, providing some services such as vehicle repair, radio and television repair etc. (Ibid.). However, Devereux (1993) gives emphasize to ‘income-raising’ coping strategies and ‘consumption-modifying’ coping strategies for the poor (cited in Prowse, 2003: 29). In Bangladesh, the extreme poor engage themselves in household work, day labour in both agricultural and non-agricultural sector, begging etc. as their ‘income-raising’ coping strategies. On the other hand, the extreme poor cut their food and other expenditures as ‘consumption-modifying’ coping strategies. In addition, the extreme poor women and their children sometimes involve themselves in collecting food and fuel and

they also live in the open air or roadside, rail and bus station or big shopping mall as they cannot earn enough money to rent home for living. They also collect their cloths from their employers or patrons on different occasions.

3.5 Theoretical Framework

This section deals with theoretical framework of the study. Every scientific research is conducted under the umbrella of one theory and is supposed to be limited by the supposition of the theory. Theoretical framework provides a structure that guides research by relying on a formal theory, constructed by using an established, coherent explanation of certain phenomena and relationships (Eisenhart, 1991: 205). In fact, theory provides the starting point for qualitative study (Schwandt, 1997). It helps to understand the behavior and attitudes of the people. Theory also acts as a bridge among the variables and explains their relationship. The study employs theory as blunt explanation which incorporates theoretical perspective to guide the study. In this chapter, some theories seemingly relevant to the study have been discussed and one theory has been selected as the most relevant to the present study. Some theories related to extreme poverty have been discussed below:

3.5.1 The Capability Approach

To understand the freedom based Capability Approach, one must be familiar with the theories that form the basis of it. In the economic world it is common to use a resource-based theory which investigates an individual's opportunities from without his or hers income, resources and capital. This theory implicates that one's access to resources forms ones freedom and capability to improve their lives (Somez, 2014). Contrast to this resource-based theory, are the advantage-based theories, which one of them is utilitarianism. Utilitarianism focuses on the individuals' joy and/or happiness in order to evaluate how beneficial an individual is and how it can be compared to other individuals' benefits. This means that when deciding which actions, reforms and other types of choices to make, one puts the individuals benefit in the center. By contrast to these theoretical way of thinking, Sen (2009) mentioned that an individual benefits should be evaluated by an individual's so called ability to do things he or she treasure. An individual's benefits when it comes to capabilities, evaluates to be lower than for another individual if she or he has less capability—actually less opportunity—to achieve the things he or she treasure. The focus in Sen's Capability Approach is on the actual freedom an individual has to do

whatever she or he wants or want to be, simply the things he or she treasure to do or to be. According to what is being said, the things we treasure most are important for us to achieve (Somez, 2014). The idea of freedom also respects our free will to decide by ourselves what we value, what we want and finally what we decide to choose. Capability is thus linked to the opportunity aspect of freedom, seen in terms of comprehensive opportunities and not only focusing on what happens in climax. The Capability Approach is thus a general theory that focuses on information about particular advantages for individuals, evaluated in view of opportunities rather than an established design for how a society should be structured (Somez, 2014). It emphasizes the central importance of inequality in capabilities in the evaluation of social differences. However, it does not propose a framework for policy decisions. When it comes to the evaluation of development in a society, the Capability Approach would largely observe the big significance in the expansion of capabilities among every individual in the society. As mentioned before, the theory does not establish a framework or a design for how one can handle conflicts between aggregative and distributional considerations (even if each one is evaluated in terms of capabilities). The Capability we are interested in is our capability to achieve various combinations of features that we can compare and evaluate against each other when it comes to that we treasure. The Capability approach focuses on human's lives, and not only on specific individual convenience, for an example income or commodities which an individual may possess, which often is valued as the most important criteria for development especially in economic analysis. It proposes a severe deviation from the focus on the way of living and the real capabilities of living (Sen, 2009, 231-233).

3.5.2 Economic Growth Approach

For a country to undergo economic development, increase in economic growth is needed. In Schumpeterian growth models, for example, the technological progress (which yields an increase in growth) is captured by the concept creative destruction (Somez, 2014). This means that entrepreneurs create new processes and products that they bring in to the economy that will yield diminishing returns to capital, which may produce endogenous growth by three mechanisms: 1) human capital accumulation that produce productivity growth 2) unintentional knowledge spillover as a consequence of capital accumulation 3) Research and Development activities that creates higher productivity. As Schumpeter, Abramovitz (1993) argues that innovation is an important component of economic growth

the market needs some conditions to allow it. Markets should be open and there should be access to credits and stable macroeconomic environments for entrepreneurs so that the sense of risk is not too great for their prices and costs (Abramovitz 1995). The capital accumulation created by the entrepreneur generates a technological progress and their relationship is mutual. The support that capital accumulation gives to the technical progress is corresponding by the support that the technological progress provide both capital growth and the contribution of capital can bring to the production (Somez, 2014). The most central and easiest reason is that the expected revenue of the investment is depending on the new capital's ability to increase production efficiency and ensure better products to consumers. That is both the volume of new investments and in what a capital unit can deliver to growth output associated with technological progress. In this capital-using technological progress, the marginal productivity increases more than the marginal productivity of labor, which leads to an increase in the demand for capital relative to labor and by that generating a raise in growth of capital-labor ratio (Somez, 2014). Even if the technological progress support the capital accumulation (both physical and nonphysical) it also affects the technological progress in short-term by embodiment process and in long-term through learning by doing, investment in Research and Development (R&D) and by the influence of education to the engagement of new processers and products (Abramovitz, 1993).

3.5.3 Theory of Food and Cash Transfer for the Extreme Poor

The conceptual framework of the theory grounded in three components: “settings,” “assets,” and “activities.” Setting describes the environment in which a household resides. All assets share a common characteristic, namely, that alone or in conjunction with other assets, they produce a stream of income over a period of time. In assessing the food and cash transfer programs, BRAC has considered three conceptual issues: their general impact on household welfare, the specific fact that these target women, and the fact that some of them are in-kind rather than cash transfers. Some assets have a second characteristic, namely, that they are a store of value. The allocation of these assets to IGAs is conditioned by the settings in which these households find themselves.

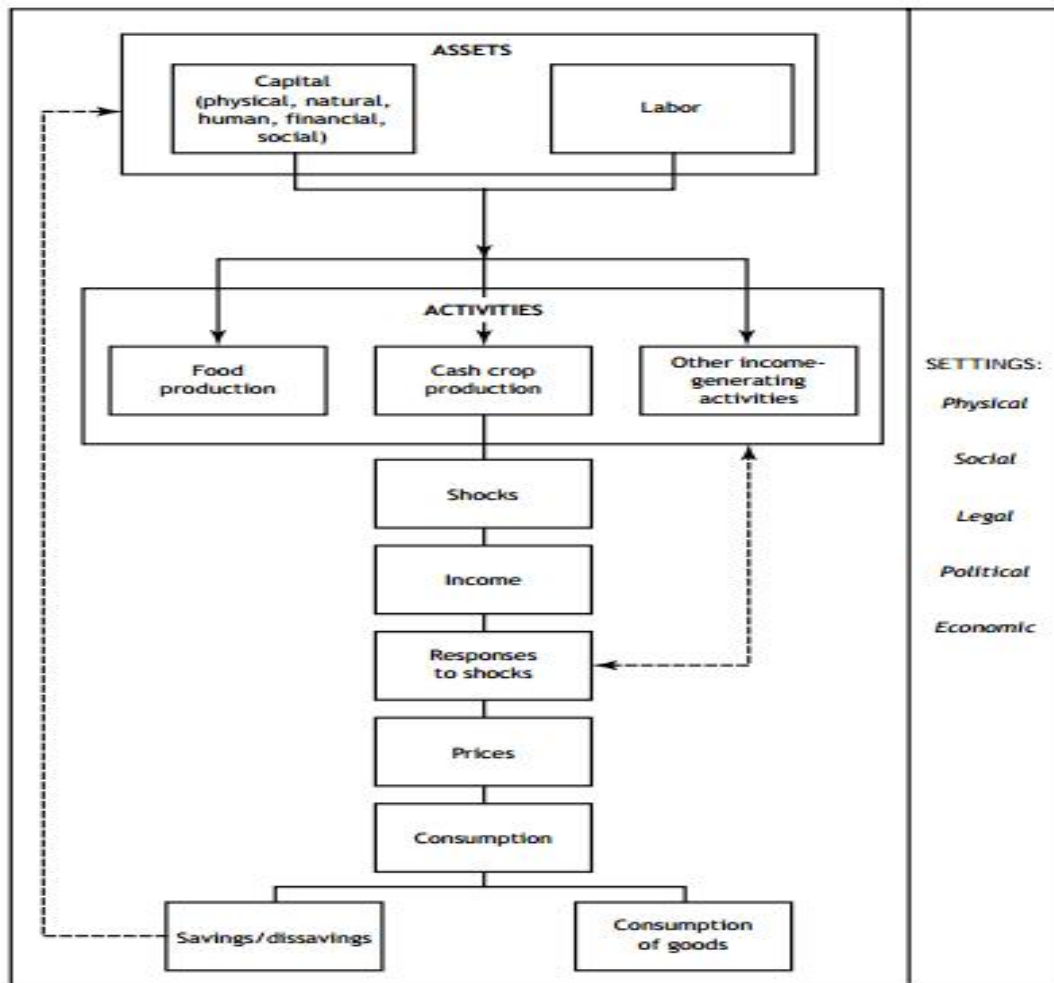


Figure-1: Conceptual Framework: Settings, assets and activities

Source: Quisumbing and Hoddinott (2003)

The outcome of these allocations is income, which is a determinant of consumption, poverty, and vulnerability. Consider a household residing in a rural locality. This locality is characterized by a growing season, followed by a period of time in which no crops are cultivated (Ahmed et al, 2009). The figure showed below illustrates that this household exists within five types of settings: physical, social, political, legal, and economic. The physical setting refers to natural phenomena such as the level and variability of rainfall, the natural fertility of soils, distances to markets, and the quality of infrastructure. The social setting captures such factors as the existence of certain norms of behavior, of social cohesion and strife. The legal setting can be thought of as the general “rules of the game” in which exchange takes place, which, in turn, is partly a function of the political setting that captures the mechanisms by which these rules are set. Finally, there is the economic setting, which captures policies that affect the level, returns, and variability of returns on assets. Within these settings, the household has endowments of capital and labor. Capital

includes physical capital (agricultural tools, livestock), natural capital (land), human capital (in the form of knowledge, skills, and health), financial capital (cash in hand, bank accounts, net loans outstanding), and social capital (networks, norms, and social trust that facilitate coordination and cooperation). Labor endowments reflect the household's ability to work either for it or for external employers. The household allocates these endowments across a number of activities. These activities are food crops, cash crops, and other IGAs, but these are solely for illustration, can create impact on the savings and consumptions of food (Quisumbing and Hoddinott, 2003).

3.5.4 Situational Constrains Perspectives Theory of Poverty

The theory focuses that situational poverty is a period of being poor caused by situational factors, in contrast with generational poverty, which is a form of entrenched poverty that can encompass multiple generations of a family. There are a number of reasons for this condition to emerge, but some of the most common are divorce, death of a spouse, unexpected health expenses, and the loss of a job. These uncontrollable events can cause a spiral of events which leads to a loss of income and material possessions (Morill and Wolenberg, 1971). Understanding the difference between generational and situational poverty is crucial for people who work with the poor and for poverty advocates. People in different types of poverty tend to approach their circumstances differently, and they may have very different values or priorities. By not trying to understand the circumstances of the poor in a region, activists can sometimes do more harm than good, even when they think that they are trying to help (Ibid, 1971).

Poverty can be grueling, especially without a support network. For people who have worked hard all their lives, it can also be extremely depressing, as it may seem like everything is being taken away for no apparent reason. Many people who work with individuals in poverty point out that such circumstance are a sobering lesson, as they can potentially strike anyone; many people in the middle classes, for example, are only a catastrophic accident away from losing everything. Getting out of short-term poverty usually requires identifying and addressing the cause and seeking out employment that will help to alleviate the situation. In many cultures, assistance is provided in the form of temporary government benefits, job placement assistance, food banks, and so forth, in the hopes of preventing people from falling through the cracks. If situational poverty is

prolonged, it has a potential to become generational, which is something most advocates would like to avoid (Ibid, 1971).

3.5.5 Theory of Culture of Poverty

This theory has been discussed by Oscar Lewis in 1959 in his famous book “Five families: Mexican case studies in the culture of poverty”. The culture of poverty is a social theory that expands on the cycle of poverty. It attracted academic and policy attention in the 1970s, survived harsh academic criticism, and made a comeback at the beginning of the 21st century. It offers one way to explain why poverty exists despite anti-poverty programs. Critics of the early culture of poverty arguments insist that explanations of poverty must analyze how structural factors interact with and condition individual characteristics (Lewis, 1959). Early proponents of this theory argued that the poor are not simply lacking resources, but also acquire a poverty-perpetuating value system. According to anthropologist Oscar Lewis, "The subculture of the poor develops mechanisms that tend to perpetuate it, especially because of what happens to the worldview, aspirations, and character of the children who grow up in it" (Moynihan, 1969). Some later scholars (Young 2004; Newman 1999; Edin and Kefalas 2005; Dohan 2003; Hayes 2003; Carter 2005; Waller 2002; Duneier 1992) contend that the poor do not have different values (Moynihan 1969, p- 209). The term "subculture of poverty" later shortened to "culture of poverty" made its first appearance in Lewis's ethnography *Five Families: Mexican Case Studies in the Culture of Poverty* (1959). Lewis struggled to render "the poor" as legitimate subjects whose lives were transformed by poverty.

He argued that although the burdens of poverty were systemic and, therefore, imposed upon these members of society, they led to the formation of an autonomous subculture as children were socialized into behaviors and attitudes that perpetuated their inability to escape the underclass. Lewis gave some seventy characteristics that indicated the presence of the culture of poverty, which he argued was not shared among all of the lower classes. The people in the culture of poverty have a strong feeling of marginality, of helplessness, of dependency, of not belonging. They are like aliens in their own country, convinced that the existing institutions do not serve their interests and needs. Along with this feeling of powerlessness is a widespread feeling of inferiority, of personal unworthiness. Usually, they have neither the knowledge nor the ideology to see the similarities between their problems and those of others like themselves elsewhere in the world.

3.5.6 Structural Functionalist Theory of Poverty

Structural functionalist is a subject of community perspectives in which believe that society is an organized institution decorated by different societal organization. The institutional organizations are like educational, religion and economical etc. The main proponents of this theory are Emile Durkheim, Herbert Spencer and Parsons Robert Merton. Herbert Spencer who is believed as the founder of Structural functionalist is familiar for his 'Survival of the fittest' theory. Two classic sociological approaches to poverty and social stratification are structural-functionalism and conflict theory. The structural-functionalist approach to stratification asks the question: what function or purpose does stratification serve? The theory's answer is that all parts of society, even poverty, contribute in some way or another to the larger system's stability. Structural-functionalists maintain that stratification and inequality are inevitable and beneficial to society: the layering is useful because it ensures that the best people are at the top of the hierarchy and those who are less worthy are at the bottom. Those at the top are given power and rewards because of high abilities, and the high rewards exist to provide incentive for qualified people to do the most important work in high status occupations. According to this logic, inequality ensures that the most functionally important jobs are filled by the best qualified people. The conflict-theory approach offers a critique of structural-functionalism. First, the critique asserts that it is difficult to determine the functional importance of any job, as a system of interdependence makes every position necessary to the functioning of society.

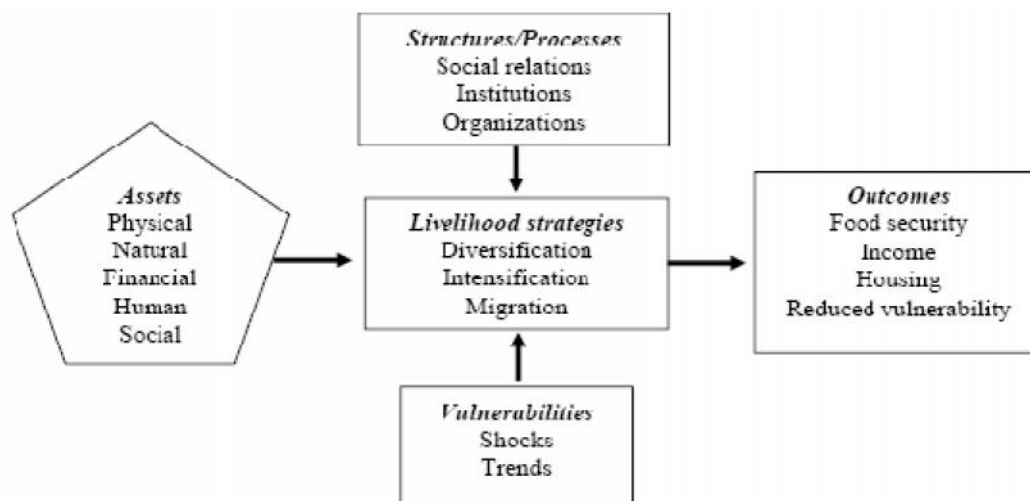
Second, this approach assumes that the system of stratification is fair and rational, and that the 'best' people end up on top because of their superiority. But, according to conflict theorists, in reality the system does not work so easily or perfectly and there are barriers to qualified people ascending the hierarchy. In contrast to structural-functionalists, conflict theorists argue that stratification is dysfunctional and harmful in society. According to this theory, stratification benefits the rich and powerful at the expense of the poor. Conflict theory assumes that those in high positions perpetually try to increase their wealth at the expense and suffering of those who occupy low positions. For example, many wealthy families pay low wages to nannies to care for their children, gardeners to tend to their yards, and maids to clean their homes. Conflict theorists believe that this competitive system, together with structural barriers to upward mobility ends up creating and perpetuating stratification systems. Conflict theorists hold that competition and inequality

are not inevitable but are created and maintained by people. Structural-functionalists maintain that stratification and inequality are inevitable and beneficial to society, and that the privileges attached to high status positions exist as incentive to motivate well-qualified people to fill high status positions. According to this logic, inequality ensures that the most functionally important jobs are filled by the best qualified people. Conflict theorists argue that stratification is dysfunctional and harmful to society, and that it results in competition between the rich and the poor as individuals act for their own economic advantage. Conflict theorists hold that competition and inequality are not inevitable but are created and maintained by people trying to gain access to scarce resources.

3.5.7 The Sustainable Livelihood Framework

Ellis (2000) argues that the assets are the most important and “basic building blocks upon which households are able to undertake production, engage in labour markets, and participate in reciprocal exchanges with other households”. Some other researchers also categorize the assets for the poor. To resolve the anomalies among the opinions of researchers Ellis (2000) identifies five categories of assets for the households such as “natural capital, physical capital, human capital, financial capital and social capital”. He argues that assets are the main livelihood platform for the households. Figure 1 shows the framework for livelihoods analysis.

Figure 2: The Sustainable Livelihood Framework



Adopted from Rabbani et al. (2006:5)

The above diagram shows that the transformation of assets into livelihood strategy is mediated by different factors. Ellis (2000) identified mainly two factors i.e. endogenous

factors such as social relations, institutions and organisation and exogenous factors such as trends and shocks. Ellis (2000:38) opines “social relations refer to the social positioning of individuals and households within society. This social positioning comprises such factors such as gender, caste, class, age, ethnicity and religion”. On the other hand, institution means the rules of the game, informal rules of behavior. In general, organisation means an organized group of people. It may be governmental, non-governmental, voluntary or private organisation. These three endogenous factors play crucial mediating role for livelihoods (Ibid.). The above discussion demonstrates that the social capital of individuals and households is related to endogenous mediating factors. The people who belongs good social networks can get easy access to different development services.

Under the exogenous factors Ellis (2000:39) includes the population size and its growth rate both local and national level, nature and trend of internal migration, technological development of agricultural sector, prices of goods, national and international economic situation as trend and these trends mediate the impacts on livelihood strategies. Moreover, he identifies (2000:40) some shocks such as drought, floods, diseases of human, animals and crops, and civil war that directly affects on the assets of individuals and households. These trend and shocks play mediating role in determining the livelihood strategies of the people. Ellis (2000) divided livelihood strategies into two categories such as natural resource based activities and non-resource based activities. These two kinds of livelihood strategies contribute to the livelihood security and environmental sustainability of the individual and households (Ibid.). As a summary of Ellis theory we can conclude that sustainable livelihood framework describes five categories of livelihood assets combination with some institutional processes and external events. These processes and events contribute to form household livelihood strategies that affects on livelihood outcomes such as food security, income, shelter etc.

3.6 Selection of the Theory to be Used in the Study

In the present study the researcher considered the sustainable livelihood framework given by Ellis (2000) for analyzing the findings of the study entitled '*Credit-Plus*' Approach for the Extreme Poor: A Study on Two Selected Areas of Bangladesh. The researcher believes that the sustainable livelihood framework helps her to assess the different form of assets the extreme poor have. It also assists the researcher to understand their vulnerabilities, shocks and limitations as well as their capacities to deal with the vulnerabilities. The

livelihood framework is also significant to explore their livelihood strategies of the extreme poor. The main intension of the present study is to review the effectiveness and problems of 'credit-plus' approach of BRAC to deal with the problems of the extreme poor. The researcher, therefore, believes that this framework helps her to understand the applicability and limitations of newly introduced strategy by BRAC to address the problems of ultra-poor. The important aspects of the sustainable livelihood framework are reviewed bellow:

In the sustainable livelihood framework Ellis emphasizes on asset based livelihoods and mentions some mediating factors that generate the livelihood strategies and these strategies help the extreme poor to cope with different shocks and vulnerabilities in participating mainstream development program. 'Credit-Plus' approach provides different kinds of aid and skill development training that help the extreme poor people to cope with vulnerabilities and generate some asset based livelihoods and these asset based livelihoods assist them to upgrade their confidence and it helps the program make success. In addition, awareness building services help the poor people to have access to information and improve their voice. Therefore, the researcher decided to use Sustainable Livelihood Framework for analyzing the findings of the present study.

Chapter Four: Related Literature Review

4.1 Introduction

A significant number of studies have been conducted on different aspects on micro-credit and extreme poverty such as socio-demographic condition of extreme poor, impact of microcredit, welfare services for the extreme poor, gender issues in micro-credit program in recent years and the like. But very few studies have been conducted particularly on 'credit-plus' approach for the extreme poor. Therefore, there is a scarcity of literature on the studies relating to 'credit-plus' strategy in Bangladesh. The researcher has gone through a significant number of studies related to 'credit-plus' approach published by the different organizations. Among these some important studies which are related to the present study have been reviewed and presented below:

4.2 Crafting a Graduation Pathway for the Ultra Poor: Lessons and Evidence from a BRAC Programme

Matin et al (2008:1) in their paper entitled "*Crafting a Graduation Pathway for the Ultra Poor: Lessons and Evidence from a BRAC Programme*" argue that the existing approaches of microfinance do not address the problem of ultra-poor and therefore, an effective holistic approach is needed for them that would require multiple entry points.

This was an impact assessment study conducted using multiple approaches to verify and validate results. The main objective of the study was to explore the extent of effectiveness of 'credit-plus' approach for the ultra-poor. Apart from objective indicators, self-perception and community perceptions of change were studied to understand the multi-dimensional outcomes of the programme. Both quantitative and qualitative research methods were used to assess the components of the approach and provide meaningful recommendations.

The authors (2008) argue that the ultra-poor spend most of their income on food, yet failing to afford their basic calorific need. Their livelihoods do not generate enough income to manage adequate food intake. As a result, they suffer from malnutrition and the consequent malnutrition leads to frequent morbidity and generate ill health makes a fragile livelihood even more vulnerable. The authors mentioned that the ultra-poor live in the areas that are poorer, which may themselves be caught up in spatial poverty traps. Such

areas suffer from low economic growth due to technological and infrastructural bottlenecks, creating the conditions for persistence of poverty, including ultra-poverty. In these ways, the ultra-poor suffer from deprivation in their everyday lives. Under these circumstances, the ultra-poor cannot involve themselves in the microfinance programme. The exclusion is thus not only from financial access, but also from other services provided by the NGOs. In this regard, the authors argue that an effective approach for the ultra-poor would require multiple entry points, all working together, at least for some time before they can make use of, and leverage, a single entry point approach, such as microfinance. In this regard, BRAC lunches IGVDG (Income Generating for Vulnerable Groups Development) program, which is able to reach the ultra-poor and graduate them to full-fledged, long-term microfinance clients. Through this programme BRAC links food, training and savings with microfinance.

In the present text Martin et al. (2008) argue that the IGVDG programme can play a significant role to address the problem of the ultra-poor. Under this programme the ultra-poor have the access of food as basic nourishment from government and then BRAC organizes them in to groups for skill development training on different income generating activities like poultry and livestock. After completing the training BRAC provides them loan to find a small scale income generating activities. Moreover, the IGVDG programme provides medical facilities including annual medical check-up, reproductive health care, family planning services and other BRAC services. But in some cases, the local political economy of IGVDG has been a major issue. For instance, most locally elected representatives play a key role in the IGVDG process in regard to selection, overseeing distribution of wheat, arranging venues for training and community level interactions. In addition, the beneficiaries are dependent on the locally-elected representatives in many ways and they show greater dependency on them than BRAC. As a result, it creates tensions with an approach predicted on development and graduation of the ultra-poor. But what are the ways to remove the tension, the authors have not clearly mentioned in the text.

The argument of the authors in the text confirms the researchers' own experience. The researcher found through literature review that the IGVDG programme of BRAC is considered as one of the impressive programme for the ultra-poor. The ultra-poor suffer from severe problems in particular food and deferent kinds of deprivation. As a result, microfinance alone cannot address the problem of the ultra-poor. Under this perspective,

BRAC's IGVGD programme is a holistic approach for addressing the problem of the ultra-poor in which BRAC links government food aid to training and microfinance. In the present text the authors opine that the IGVGD programme plays a crucial role for the ultra-poor. It links food aid to training, savings and microfinance. As a result, the ultra-poor can get access in mainstream development programme. The main idea of this paper is very relevant to the present study. The researcher believes that this knowledge will help her to understand the effectiveness of 'credit-plus' approach for the extreme poor.

4.3 Targeted Development Programmes for the Extreme Poor: Experiences from BRAC Experiments

In the study entitled "*Targeted Development Programmes for the Extreme Poor: Experiences from BRAC Experiments*" Matin (2003:3) argues "Microfinance, the mainstay of most NGO programmes in Bangladesh, though a very effective and powerful poverty alleviating instrument, it is not suitable for all categories of the poor."

This working paper was conducted in order to identify the appropriate strategy based on literature review to address the problem of the chronic poor. The study reviews Income Generation for Vulnerable Group Development (IGVGD) programme of BRAC designed for the ultra-poor. Study reveals that BRAC's IGVGD Programme aims to strategically link the food aid with training, savings and credit. In this way, the programme creates a missing rung in the ladder for the extreme poor. The subsequent programme for the extreme poor, which is still in its early phase, takes a far more comprehensive conceptualization of the knots in the poverty web of the extreme poor-ranging from lack of assets to lack of voice.

The author argues that the current crop of micro credit programmes in Bangladesh does not attract the extreme poor. Despite a phenomenally rapid growth of NGOs and in particular the microfinance programmes in Bangladesh, they tends to fail a significant proportion of the poor and especially those living in extreme poverty. He argues that chronic food insecurity is one of the important constraints that make the extreme poor highly vulnerable. He opines that the degree of food security is a powerful proxy for poverty levels and its severity in rural Bangladesh. Under these circumstances, BRAC realized that it was difficult to provide microfinance alone for the extreme poor and was looking for the 'entry point' to involve the destitute in its development operations and established a link between extreme poverty and food insecurity and developed the IGVGD

(Income Generating for Vulnerable Group Development) programme for the ultra-poor. The aim of this programme is to link the food aid with training, savings and credit. The author argues that IGVGD programme creates a missing rung in the ladder for the extreme poor. But there are some limitations in the IGVGD programme. For instances, the IGVGD programme is largely driven by the local government representatives, it connects only food aid with training, savings and credit but their assets, health, stipends, shocks fund have not considered and there was no monitoring except training programme. To minimize the limits of IGVGD programme, BRAC introduced a new approach called ‘Challenging the Frontiers of Poverty Reduction: Targeting the Ultra Poor (CFPR-TUP)’.

In the text Matin (2003) found that the IGVGD programme mainly driven by the local community leaders and BRAC plays a passive role. BRAC staffs are only involved in organizing the training programme and training are provided on the different sectors of BRAC programmes and the ultra-poor have the access of microfinance after having food aid over 18 months. Now BRAC introduces new programme on the basis of the experience of the IGVGD programme to help the extreme poor more exclusively. But yet some extreme poor fall in to the poverty trap and dropped out from the programme. In the text, there is no clear indication to minimize the drop out trend of the extreme poor from the programme.

The author’s argument confirms the researcher’s own experience. In Bangladesh, there are many extreme poor who are suffering from severe problems and depriving from their access to the opportunities. To address the problem of the extreme poor, many NGOs operate microfinance programme for the extreme poor among them Grameen Bank, BRAC, ASA and Proshikha is mentionable. But the microfinance programme alone could not address the problem of the extreme poor rather they fall in the poverty trap and debt burden. Under these circumstances, BRAC, one of the largest NGOs of Bangladesh adopted the IGVGD programme to help the extreme poor so that they could combat their problem with their own capacity. Study findings show that there is an impressive result of the IGVGD programme though this programme faces some challenges. To minimize the limitations of IGVGD programme and formulate a more effective approach for the extreme poor BRAC lunches the “Challenging the Frontier of Poverty Reduction: Targeting the Ultra Poor (CFPR-TUP) Programme. It is expected that this holistic approach will help the extreme poor to be able to combat their problem successfully with their own capacity.

In the previous text entitled “Crafting a Graduation Pathway for the Ultra Poor: Lessons and Evidence from a BRAC Programme” Matin et al. (2008) argue about the IGVGD programme to address the problem of ultra-poor. Under this programme the ultra-poor are given food aid so that they could participate in the training programme of BRAC for their capacity building. BRAC provides loan to the skilled people to fund in a small scale income generating activities so that they can save and improve their life style. In the present text, the author also opines about the IGVGD programme, its evolution, programme components, challenges and finally introduces a new holistic approach called CFPR-TUP for the extreme poor. The argument of reviewed text is relevant to the present study. In the present study, the researcher will also see the ‘credit-plus’ approach of BRAC and there is a clear linkage between reviewed text and the present study.

4.4 Combining Methodologies for Better Targeting of the Extreme Poor: Lessons from BRAC’s CFPR/TUP Programme

Matin and Halder (2004:4) argue that “The holistic approaches encourage more complex programme designs, (multi-sectoral and inter-organisational partnerships) that seek to help poor people not only meet minimum material needs but also access to health, education and other services.”

This paper aims to assess the effectiveness and draw lessons from the targeting strategy used in a new BRAC programme called Challenging the Frontiers of Poverty Reduction-Targeting the Ultra Poor (CFPR/TUP) that aims to experiment with a different type of approach to address extreme rural poverty. The underlying theme of both the CFPR/TUP programme and the targeting methodology used is an acknowledgement of the strength of combining different methods and approaches for greater effectiveness. The programme, for instance, combines promotion and protection oriented mechanisms. Similarly, the targeting approach used in the programme combines various targeting methodologies and knowledge streams about the extreme poor. This paper uses programme data emerging out of its targeting exercise to assess questions of effectiveness of the approach used. Combining the various targeting approaches and drawing from different streams of knowledge has been the main innovativeness of the targeting methodology used in this programme.

The authors (2004) argue that the hardcore poor experience extreme poverty because of their lack of opportunities for upward mobility and their poverty last long. To address the

problem of hardcore poor, Matin and Halder (2004) emphasis on Challenging the Frontier for Poverty Reduction: Targeted the Ultra Poor (CFPR/TUP) programme. The authors opine that a lot of poverty alleviating programmes taken by government and NGOs exist in Bangladesh. But these kinds of programme focus only microfinance for poverty reduction and therefore, these programmes do not reach the extreme poor. To meet the needs of hardcore poor who are not able to have access the mainstream poverty reduction, in the present text Matin and Halder introduced a new approach called ‘Challenging the Frontier for Poverty Reduction: Targeted for Ultra Poor’ (CFPR/TUP) of BRAC.

In the text Matin and Halder (2004) argue that the many microfinance programmes do not reach the problem of the extreme poor. Therefore, in August 2001 BRAC initiated CFPR/TUP programme for the extreme poor. The CFPR/TUP programme provides assets in the form of domestic animal, health care facilities, flexible saving scheme and long term loan facilities to address their problems. It seeks to empower women by increasing literacy, training and leadership. This programme also helps the extreme poor to reduce chronic hunger and malnutrition. But what are the limits of this kind of programme to implement in rural Bangladesh the authors have not clearly mentioned.

The researcher’s previous experience confirms the author’s argument. Bangladesh is a developing country where about 15 percent of rural population lives with extreme poverty. They are deprived from accessing the opportunities of the society. Only the microfinance programme organized the different NGOs in Bangladesh do not reach the needs of the extreme poor. As a result, the extreme poor became more vulnerable in the society. Therefore, the largest NGO, BRAC is implementing the ‘Challenging the Frontier for Poverty Reduction: Targeted for Ultra Poor’ in rural Bangladesh specially in northern part of the country where rural people face extreme poverty.

In the text entitled ‘Targeted Development Programme for the Extreme Poor: Experiences from BRAC Experiment’ Matin (2003:3) argues “Microfinance, the mainstay of most NGO programmes in Bangladesh, though a very effective and powerful poverty alleviating instrument, it is not suitable for all categories of the poor.” The central theme of present text is like that. In the present text the authors believes that microfinance alone cannot address the problem of the poor. Therefore, Matin and Halder (2004) suggests the CFPR/TUP for the ultra-poor. In previous text the author also opines about the IGVGD programme for the extreme poor and finally he suggests a more comprehensive approach

called 'Challenging the Frontier for Poverty Reduction: Targeted for Ultra Poor (CFPR/TUP)'.

The main theme of the reviewed text is relevant to the present study. In the reviewed paper the authors focus on the 'credit-plus' approach for the extreme poor which is relevant to the 'Challenging the Frontier for Poverty Reduction: Targeted for Ultra Poor' programme.

4.5 Targeting the Poorest in Microfinance: Poverty Outreach of BDP Ultra Poor Programme

Barua and Solaiman (2006:2) argue that the poorest need greater flexibility in the financial services. Probably the approach of 'microfinance only' is not appropriate for the very poor. Therefore, some safety net programmes are designed with basic financial service provisions. BDP ultra poor programme of BRAC is one such initiative of the later variety.

This study attempts to assess the targeting effectiveness of the BDP ultra poor programme by measuring relative poverty of BDP ultra poor. A total of 1,339 households were surveyed from 30 area offices consisting of BDP ultra poor, VO members and non-VO members. Findings show that 46% of BDP ultra poor households belong to the poorest quartile and most of the remaining BDP ultra poor households belong to moderate poor quartile that suggests the programme is being able to concentrate on the target population. It was also found that the current focus on BDP ultra poor targeting is on the poorer VO members since majority of BDP ultra poor households was selected from existing BRAC microfinance VOs. To improve targeting effectiveness of BDP ultra poor package further, the focus will have to be on the poorest households outside the VOs most of whom have never participated in any microfinance programmes and possessed extremely low poverty score.

The authors (2006) argue that microfinance does not reach the poorest of the society and even within the existing microfinance membership of BRAC there are significant numbers of poorest who cannot combat their problem. BRAC's CFPR-TUP programme has given special attention to these extreme poor which is called 'BDP ultra poor' programme. So, BDP ultra poor are those members who are included BRAC's Village Organisation (VO) or very poor household in the community who cannot participate with their own capacity. But with some additional support they can participate and get benefit from microfinance

services. The authors opine that the BDP ultra poor programme will be able to address the problem of the poorest of the society.

In the text Barua and Solaiman (2006) argue that the BDP ultra poor programme seeks to assist people by providing training on income generating activities and some non-financial services. The training and other non-financial services helps them to participate in the income generating activities. But it is difficult to identify BDP ultra poor from the society. The authors identified some selection procedures but they have not clearly mentioned the difference between ultra-poor and BDP ultra poor and how it can be distinguished.

In Bangladesh, there are about 15 percent extreme poor people who cannot participate the existing development programme. To address their problem BRAC, one of the largest NGOs in the country initiated different kinds of programme such as IGVD programme, CFPR-TUP programme, BDP ultra poor programme etc. The BDP ultra poor programme serves the struggling people in the village whose problem is severe and cannot get access the opportunity of the society. So, the authors' argument confirms the researcher's empirical experience.

Matin and Halder (2004) opine that "The holistic approaches encourage more complex programme designs, (multi-sectoral and inter-organisational partnerships) that seek to help poor people not only meet minimum material needs but also access health, educational and other services." In the present text Barua and Solaiman (2006) argue like that. The authors opine 'only microfinance' approach is not appropriate for the very poor in the society. They need some additional non-financial services to cope with the society.

In the present study, the researcher will review the 'credit-plus' approach of BRAC and how this approach helps the extreme poor to cope with the society. In this connection, it is expected that the knowledge of the reviewed paper will help the researcher to conduct the study successfully.

4.6 The Impact of Microfinance on Decision-Making Agency: Evidence from South India

Holvoet (2005:76) argues "Effects on women's empowerment may be increased when access to credit is combined with other services, including additional financial services (such as voluntary saving facilities, non-productive loan facilities, insurance), enterprise development services (production-oriented and management training, marketing support)

and welfare-related services (literacy and health services, gender and social awareness training)”.’.

This paper formally tests the impact of some of the suggested changes in programme features on one particular dimension of empowerment: decision-making agency. Using household survey data from South India, the author (2005) explores the importance of the borrower’s gender and the lending technology for intra-household decision-making processes. It is shown that direct bank–borrower credit delivery does not challenge the existing decision-making patterns, regardless of whether men or women receive the credit. These findings change when credit is combined with financial and social group intermediation. Women’s group membership seriously shifts overall decision-making patterns from norm-guided behaviour and male decision-making to more joint and female decision-making. Longer-term group membership and more intensive training and group meetings strengthen these patterns.

The author (2005) argues that integrated packages have an advantage over minimal credit, while financial and social group intermediation is thought to have more empowering effects than direct bank-borrower individual lending. She also opines that intensive social group intermediation, particularly, raises a programme’s potential to increase women’s decision making agency. She mentioned that the way in which direct bank-borrower minimal credit enters the household is not relevant for decision making patterns. Rather the effects are more striking when women have been members of a group for a longer period and in particular when more attention is given to genuine social integration.

The microfinance has a positive impact on women empowerment. Microfinance institutions provide loan mostly to the women members for their development. The aim of the microfinance institutions is to empower women through leadership development, increase capacity through training and literacy, building social awareness etc. But microfinance alone is not enough for ensuring empowerment of women. The author argues that it requires a ‘credit-plus’ approach for women empowerment. But she has not clearly pointed out that to what extent this approach has influence on women’s decision making process.

The author’s argument confirms the researcher’s previous experience. In Bangladesh, microfinance institutions provide loan to poor women for their empowerment. But most of the cases it is found that only microfinance programme can not address the problem of the

rural poor and consequently the women borrowers cannot be empowered rather they fall in poverty trap by microfinance programme. Under these circumstances, some NGOs like BRAC, Grameen Bank introduced 'Finance-Plus' approach in their programme in which the rural extreme poor became empowered.

In the previous text entitled "Crafting a Graduation Pathway for the Ultra Poor: Lessons and Evidence from a BRAC Programme" Matin et al. (2008) argue about the need for the IGVGD programme to address the problem of ultra-poor. Under this programme the ultra-poor are given food aid so that they could participate in the training programme of BRAC for their capacity building. BRAC provides loan to the skilled people to find in a small scale income generating activities so that they can be empowered. In the present text, Holvoet (2005) also opines about the credit-plus approach, for ensuring women empowerment.

The main theme of the reviewed text is relevant to the present paper. In the present study the researcher will focus on the 'credit-plus' approach for the extreme poor. In the reviewed text, the author also opines about the need for 'credit-plus' approach for women empowerment which is related to the present study.

4.7 Challenges of Scaling-UP a Program for the Poorest: BRAC's IGVGD Program

Matin and Yasmin (2004:2) argue "although the poorest do need subsidy-based programs to improve their immediate food and nutrition needs, adding microfinance as a strategic element of the programme lays long-term sustainable foundations for food security and livelihoods improvements".

BRAC's IGVGD (Income Generation for Vulnerable Groups Development) program uses microfinance as a key instrument to build opportunity ladders for the poorest. The main point of departure for BRAC is that although the poorest do need subsidy-based programs to improve their immediate food and nutrition needs, adding microfinance as a strategic element of the program lays long-term sustainable foundations for food security and livelihoods improvements. BRAC's IGVGD program builds on a government safety-net program funded by the World Food Program (WFP) that provides destitute women with free food-grain for an 18-month period. BRAC organizes these women into groups and provides basic savings, credit services, and skills training. The savings service allows women to accumulate some financial resources over time. Small amounts of credit help

them become comfortable with handling money and instill financial discipline. Training provides women with simple skills to run micro-enterprises. Participation in groups makes women more confident and helps them gain some self-respect. By the time the 18-month period of free food-grain ends, women in BRAC programs are already operating microenterprises and earning incomes that enable them to stay above their previous levels of destitution. In fact, studies revealed that two-thirds of these women subsequently “graduate” to regular microfinance programs and improve their economic conditions. Since its beginning in 1985, over 1.4 million women have been members of the IGVDG program.

BRAC’s experiences suggest that its success in creating a strategic linkage between grant based and market-based microfinance programs is based on careful planning, and solid and committed management. In order to scale up such an approach, it also requires constant learning and innovation, negotiations with partners based on actual field experience, and an appetite to take on larger challenges of developing markets to open up new opportunities for the very poor. Most important of all, it requires vision and commitment to include the poorest. BRAC’s experiences suggest that carefully designed strategic linkages that include grants with a central role for microfinance can work for the poorest. There will surely be many different models and approaches to including the poorest, which will vary according to country contexts. However, the starting point will have to be reversing the trend of apathy-either to exclude the poorest or treat them as “relief cases” to be dealt by “others.” The poorest have to be very much central to the vision and commitment of microfinance institutions. Only then will the search for possibilities and opportunities to include the poorest begin and develop.

The authors argue that BRAC’s IGVDG programme uses microfinance as a key instrument to build opportunity ladders for the poorest. Under this programme the poor destitute women are given food aid for a period of 18 months. During this period BRAC organizes them in groups and provides basic savings, credit savings and skill development training and after skill development they are given small loan to fund in a small scale business so that they can run micro enterprises. The authors argue that there are some challenges of scaling up a programme for the poorest. Its success in creating a strategic linkage between grant based and market based microfinance programs is based on careful planning and solid and committed management. Matin and Yasmin (2004) also opine that it requires constant learning and innovation, negotiations with partners based on actual field

experience and an appetite to take on larger challenges of developing markets to open up new opportunities for the very poor.

In the text Matin and Yasmin argue (2004) that the IGVGD programme of BRAC can address the problem of the extreme poor in the society. But there are some challenges for scaling up the programme for the poorest. In fact, the IGVGD is a partnership based programme between donor, the government of Bangladesh (specifically the Ministry of Women's and Children's Affairs, Directorate of Relief and Rehabilitation, and local government representatives), and a development organisation (BRAC). This partnership creates some challenges for the programme. In addition, local political economy also plays driven role for selecting the extreme poor. Moreover, there are inadequate infrastructures for the programme that hampered the monitoring and evaluation of the programme. In the text the authors mentioned the way of managing the challenges, but what are the specific strategies for minimizing the challenges, they have not clearly mentioned in the text.

In Bangladesh BRAC lunches the IGVGD programme for the poorest people of the society from 1985. This programme plays a significant role to address the problem of the poorest in Bangladesh particularly in the northern side of the country. But this programme faces some challenges in successful implementation. In the IGVGD programme local government representative plays the driven role and development organisation BRAC plays passive role. In addition, as it is a partner based programme, there are some problems in coordinating the programme. As a result, the IGVGD programme often fails to serve the actual extreme poor of the society.

In the previous text entitled Matin et al. (2008) argue that the IGVGD programme do address the problem of the rural extreme poor. In their text the authors believe that microfinance alone cannot address the problem of the poor. Therefore, they suggest the IGVGD programme for the ultra-poor. In the present text Matin and Yasmin (2004) also opine the same. But they identified some challenges of scaling up the programme for the poorest.

The main idea of the text is very relevant to my proposed study. The researcher believes the theme of reviewed paper specially the IGVGD programme, its challenges and way of managing these challenges will assist the researcher to conduct the study successfully.

4.8 Microfinance and Non-Financial Services for Very Poor People: Digging Deeper to Find Keys to Success

POWG (2006:2) argues “Access to credit and deposit services is a way to provide poor women and men with opportunities to take an active role in their respective economies through entrepreneurship and building income, bargaining power and social empowerment”.

This paper discusses the results of preliminary research done by the Poverty Outreach Working Group (POGW) to identify promising approaches for serving very poor people with microfinance and non-financial services. The working group identified 10 microfinance institutions (MFIs) and asked them each to submit a case study describing how effective their programs were in reaching their target clients, how they measured their clients’ poverty levels, and whether (and how) they could document their effectiveness. From these case studies, the POWG hoped to identify and examine any common elements that made these MFI programs successful and from this recommend areas for further research. As a result, the POWG developed an extensive questionnaire for the next stage of research.

POWG (Poverty Outreach Working Group) shows that although most of the microfinance institutions seek to reach poor people, it rarely serves very poor people. Therefore, the paper discusses that there need financial and non-financial services for the very poor. POWG examines the existing approaches of MFIs and sets an example of BRAC, a large, multi-faceted development organisation in Bangladesh which operates the IGVGD (Income Generating for Vulnerable Group development) and CFPR-TUP (Challenging the Frontier for Poverty Reduction: Targeting the Ultra Poor) programme for the extreme poor. POWG opines that to address the very poor people financial services alone are not sufficient, it requires additional services and in order to successfully serve very poor people, they need to be explicitly targeted in most cases and assisted with products and services specifically tailored to their needs.

The paper discusses the approaches of serving very poor people with microfinance and non-financial services. It suggests to provide effective and sustainable micro enterprise development services to the poor people. But there are some challenges to provide these services for the very poor. In this paper POWG has not clearly mentioned the way of minimizing the challenges.

The argument of the text confirms the researcher's own experience. In Bangladesh, there are a significant number of people who are suffering from extreme poverty. To address their problem, microfinance alone is not enough; additional services such as education, skill development training, health care services, and social empowerment programmes are needed. In this connection, BRAC, the largest NGO of the country lunches the IGVD and CFPR-TUP programme to address the problem of ultra-poor.

Matin and Halder (2004:4) argue in their text that microfinance alone cannot address the problem of the poor. Therefore, they suggest the CFPR/TUP for the ultra-poor which provides skill development training, health care services, microfinance etc. The present text also discuss about financial and non-financial services to address the problem for very poor people. The main argument of the reviewed paper is relevant to the present study. In the reviewed paper, there is an extensive discussion on the existing approaches of microfinance institutions. It is, therefore, expected that the reviewed knowledge will help her a lot in conducting her study properly.

4. 9 Is the BDP Ultra Poor Approach Working? Survey of Some Key Issues

Barua and Sulaiman (2007) in their study entitled "*Is the BDP Ultra Poor Approach Working? Survey of Some Key Issues*" argue that the differences within the poorest drive the need for differentiated approaches. In this paper, the authors present the profile of the BDP ultra poor and STUP to have a feeling about the differences that exists.

Though BRAC's CFPR/TUP (Challenging the Frontiers for Poverty Reduction: Targeting the Ultra Poor) is the specialized programme for the ultra-poor, the authors found that a good portion of its microfinance clients are also very poor and require special attention. Moreover, some of the poorer households from the community can be served through the mainstream BRAC Development Programme (BDP) of which microfinance is the major part. To serve this specific group of microfinance participants and equally poor non-participants, CFPR/ TUP includes a model called 'BDP ultra poor'. The key components of the BDP ultra poor programme are training on income generating activities (IGA) and provision of microcredit along with some other non-financial services.

The objectives of this paper are to assess the knowledge retention on IGA training, and to explore the quality of participation in financial and non-financial services by the BDP ultra poor. The study found that participants' engagement in the IGA, their self-interest, training

settings and number of training participants have strong association with the level of knowledge retention. The quality of microfinance participation of BDP ultra poor is encouraging in terms of increasing their regularity of microfinance involvement. The borrower member ratio of the BDP ultra poor who were recruited in 2003 is now over 85%, which is the industry standard. Such high borrower member ratio results from regular borrowing of the members, a reflection of their quality of participation.

The key argument of the reviewed text is relevant to the proposed study. In the reviewed paper the author opined that special attention is needed in dealing with the problems of the BDP ultra poor. The present study also focuses on the additional services for the extreme poor.

4.10 Assessing the Poverty and Vulnerability Impact of Micro-Credit in Bangladesh: A Case Study of BRAC

Zaman (2001) in his paper entitled “*Assessing the Poverty and Vulnerability Impact of Micro-Credit in Bangladesh: A case study of BRAC*” argues that micro-credit contributes to mitigating a number of factors that contribute to vulnerability, whereas the impact on income-poverty is a function of borrowing beyond a certain loan threshold and to a certain extent contingent on how poor the household is to start with.

This paper explores the relationship between micro-credit and the reduction of poverty and vulnerability by focusing on BRAC, one of the largest micro-credit providers in Bangladesh. The argument of the paper is illustrated by complementing the existing literature with some empirical analysis of household survey data collected in Bangladesh in 1995. Consumption data from 1072 households is used to show that the largest effect on poverty arises when a moderate-poor BRAC loanee borrows more than 10000 taka (\$200) in cumulative loans. A number of pathways by which micro-credit can reduce vulnerability, namely by strengthening crisis-coping mechanisms (the 1998 flood in Bangladesh is used as a case study), building assets and ‘empowering’ women are discussed. Data from 1568 women are used to construct sixteen ‘female empowerment’ indicators and the empirical analysis that follows suggests that microcredit has the greatest effect on female control over assets and also on her knowledge of social issues controlling for a host of other characteristics.

The main argument of the reviewed text is very similar to the present study. In the reviewed paper the author assesses the impact of micro-credit on poverty and vulnerability

reduction based on literature review. In the present study, the researcher will also see the extent of effectiveness of “credit-plus” approach of BRAC in addressing the vulnerability of the extreme poor.

4.11 Income and Employment Effects of Micro-credit Programmes: Village-level Evidence from Bangladesh

Khandker et al (1998) in their paper argue that micro-credit programmes, having made their mark in providing credit and other development services to the poor in a non-traditional way, are able to make significant changes in a rural economy.

This article attempts to quantify the village-level impacts of the three most important micro-credit programmes of Bangladesh, namely Grameen Bank, Bangladesh Rural Advancement Committee (BRAC), and Bangladesh Rural Development Board's (BRDB) RD-12 project. Descriptive and econometric analyses show that these programmes have positive impacts on income, production, and employment, particularly in the rural non-farm sector. Also, growth in self-employment has been achieved at the expense of wage employment, which implies an increase in rural wages. The article emphasizes that an upward shift in the labour demand curve is required for both improved productivity and wage gains on a sustainable basis, which can only be supported through a structural transformation of the rural economy.

In the present study, the researcher will review BRAC’s two ‘credit-plus’ approaches namely Income Generation for Vulnerable Group Development (IGVGD) and Challenging the Frontiers for Poverty Reduction: targeting the Ultra Poor (CFPR:TUP) in order to know the extent of effectiveness in dealing with the problems of the extreme poor.

4.12 Understanding the Ultra-Poor Graduation Approach

Rashid (2017) in her paper “*Understanding the Ultra-Poor Graduation Approach*” that graduation combines support to address immediate needs of participants with longer term investments in life skills and technical skills training, asset transfers, enterprise development, savings and planning for the future to transition ultra-poor families into sustainable livelihoods. By addressing the social, economic and health needs of families simultaneously, these programmes provide holistic support to participants as they climb the ladder of economic self-reliance into a sustainable future. She has mentioned some evidence. First, Bandiera et al (2013) who has used cluster-randomized controlled trial for

BRAC TUP Programme (2007-2011). Here, Investigators were London School of Economics, University College London, Bocconi University, and BRAC. The location was Bangladesh. Results at four year, relative to baseline 38% increase in participant annual earnings, 92% increase in hours devoted to more stable, productive work, 8% increase in increase in consumption expenditure, 10-fold increase in savings, additional economically and statistically significant effects on asset ownership, food security, non-food per-capita expenditures, and well-being. Then Banerjee et al. (Science 2015) on BRAC TUP Programme where timeframe is 2007-2014 and here the method also Cluster-randomized controlled trial and the investigators were London School of Economics, University College London, Bocconi University, and BRAC. The findings is 37% increase in participant annual earnings, 361% increase in hours devoted to more stable, productive work, 10% increase in consumption expenditures, 9-fold increase in savings and 2x increase in access to land.

She emphasis here that the multidimensional and nuanced problems of the ultra-poor food insecurity, poor health, social stigma, limited skills, assets or savings -require an approach that is comprehensive, long-term and substantive enough to empower the ultra-poor to engage with markets and their own communities and graduate from extreme poverty. Traditional social protection interventions, such as food aid, cash transfers, school feeding, public works programmes, and the like, aim to facilitate effective access to essential goods and services, to enable the poor and vulnerable to cope with the precarious circumstances of their lives. BRAC strongly believes that poor and vulnerable households can and must be equipped to do more than just cope. Interventions must be carefully planned to build their skill sets and asset base as well as their confidence and social capital (i.e. community inclusion, gender empowerment, etc.). So they can remain food secure, lead sustainable economic lives and ultimately become more resilient.

By focusing on the poorest, BRAC recognizes that ending extreme poverty must start with the Ultra Poor. By building secure, sustainable and resilient livelihoods, Graduation aims to propel the Ultra Poor onto a sustainable pathway out of extreme poverty. Many governments are moving towards implementing more integrated, comprehensive social protection systems, as per the global drive to introduce or expand social Protection Floors, with complementary social and economic policies. One area of broad consensus is the realization of a “twin track” approach, with a social safety net put in place for poor and vulnerable people who cannot work, and graduation programmes designed only for a

subset of the poor with the capacity for economic self-sufficiency. While Graduation is a particularly promising ladder from poverty, other approaches also provide necessary skills for gainful employment, access to finance and access to mainstream development programmes. Identifying the appropriate approach may require several tools for tackling poverty that are context-specific and needs dependent.

Graduation programmes are not a “magic bullet” for addressing the fundamental drivers of poverty and vulnerability, nor do these substitutes for core social protection programming. This is a program that works across dimensions, and works across countries. The Ultra-Poor Graduation approach is a comprehensive, time-bound and sequenced set of interventions that aim to graduate people from ultra-poverty to sustainable livelihoods. Working together, interdependent interventions lead to strong outcomes at the household level including increased or improved assets, food security, savings and financial inclusion, health outcomes, social integration and productive skills.

Implementing organizations should keep in mind that “graduation” is not synonymous with a threshold past which households are suddenly resilient to the pressures of poverty. Clients of Graduation programmes are the most vulnerable of the poor and can still backslide if persistent shocks inhibit their trajectory. The continued success of graduated households is greatly aided by the presence of support services which reinforce a household’s pathway out of poverty, including access to finance, mainstream development programmes and government led social protection programming. Graduation programmes use these criteria to define when a household has “graduated,” however the experience of graduation is more deeply felt by household that express a better grasp on future income and therefore stability to care for their loved ones, a vision of the future beyond living for today, and increased confidence and self-esteem born from visibility and empowerment in their communities and a sense of agency over their lives. This empowerment and hope for the future is the key to long-term success beyond the short duration of a Graduation programme, enabling participants to sustain and build upon tremendous gains thereafter. A world without extreme poverty is within our reach. Graduation programmes have become increasingly viable solutions in many regions to achieve promising, measureable and sustained results in poverty alleviation. To support organisations implementing new graduation programmes, BRAC has created a suite of service offerings to smooth adoption challenges and provide a comprehensive set of tools for programme success.

4.13 Capability Development among the Ultra-poor in Bangladesh: A Case Study

Ahmed (2009) describes in his book “*Capability Development among the Ultra-poor in Bangladesh: A Case Study*” that an intervention directed at enabling the ultra-poor rural populations to pull themselves out of poverty. The intervention integrates multiple components, including asset grants for income generation, skills training, a time-bound monthly stipend for subsistence, social development and mobilization of local elite, and health support. To improve the health and livelihood status of the poor, BRAC, an indigenous Bangladeshi non-governmental organization (NGO), has integrated a number of capability-enhancing activities into microcredit-based income-earning interventions. These include human capital development, promoting gender equity, and building legal awareness, in addition to customized health interventions. This is termed a ‘credit plus’ approach as opposed to the ‘credit only’ approach of many other NGOs. Nonetheless, grassroots experience in more than three decades has shown that regular microcredit-based interventions as implemented by BRAC are not sufficient to effectively reach the most vulnerable section among the poor, i.e. the ultra-poor, for a number of reasons. Included among these are some structural factors, such as harsh discipline of the microcredit/microfinance institutions, which are unsuitable to the minimal and irregular access to resources among the ultra-poor, fear of cash money transactions, and absence of a safety-net provision in the programme. Launched in 2002, the first phase of the intervention covered all 21 upazilas (an administrative unit covering about 250,000 population) of the three purposively-selected famine- and/or flood-prone districts (Rangpur, Kurigram, and Nilphamari) in northern Bangladesh. From previous poverty-mapping, these districts were found to have the highest concentration of the extreme poor household in the country. In implementing this CFPR/TUP intervention, BRAC expected that, through the development of social, economic and political resources and capabilities, and with access to a healthcare safety-net, the ultra-poor population would be able to attain a sustainable livelihood and subsequently participate in and benefit from mainstream microcredit programmes. The intervention was undertaken to develop and test a model of an integrated health and social protection intervention for the ultra-poor.

In this paper he showed that the CFPR/TUP model of careful targeting, asset transfer, skills development, intensive technical assistance, along with customized health support, was found in general to have worked quite well. This was reflected in various evaluations carried out by the Research and Evaluation Division (RED) of BRRED is an independent

entity within BRAC primarily mandated to provide research support for programme design and improvement. Households selected for intervention were termed ‘selected ultra-poor (SUP) households’, and households which were equally poor but not selected due to exclusion criteria, such as receiving any safety-net benefits and, therefore, marginally better in economic conditions, were considered a comparison group and were termed ‘not-selected ultra-poor (NSUP) households’. However, the two groups were comparable in health-related matters. The NSUP households were the closest group to the SUP households for meaningful comparison. It was assumed that, without the supports the SUP received, the gap between the SUP and the NSUP would have remained the same. Therefore, any reduction in the gap was considered the impact of the programme. In other studies, this problem of different baseline values was efficiently handled in the analysis by estimating the effect of the intervention.

The paper concludes that reducing poverty through specific targeting of the disadvantaged groups, such as the ultra-poor, with customized services is possible and is urgently needed in Bangladesh. In doing so, the following have to be taken into account that a combination of components that includes development of health, socio-cultural, political and economic capabilities and livelihood-protection measures in an intervention can be effective in overcoming the exclusion (including exclusion from essential services, such as healthcare) faced by disadvantaged populations. Customized health interventions (with financial help as and when needed) are necessary to reduce health shocks and the implications these have on household finances on the way to sustainable livelihood. However, there is a danger that the targeting approach followed for identifying the ultra-poor, for example, the requirement that at least one physically-able woman is available in the household can bypass the extremely-vulnerable destitute, for example, those too weak to engage in productive activities. Special safety-net programmes will be needed for such population subgroups.

4.14 Customized Development Interventions for the Ultra Poor: Preliminary Change Assessments of Health and Health-seeking Behaviour (CFPR/TUP 2002 to 2004)

Ahmed and Rana (2005) explained in their study “*Customized Development Interventions for the Ultra Poor: Preliminary Change Assessments of Health and Health-seeking Behaviour (CFPR/TUP 2002 to 2004)*” that Microcredit/microfinance programmes of the non-government organisations (NGO) are documented as an effective and powerful

poverty alleviating instrument in Bangladesh. Health interventions supplement its core activities and the success of BRAC micro-credit programme as a health intervention tool is reported elsewhere. However, it is now well recognized that regular micro-credit based poverty-alleviation interventions may not be properly suited to the livelihood patterns of the ultra-poor for both demand-side factors such as poor initial endowment of household, opportunity costs for attending meetings and income-earning activities, absence of adult males in the household, and supply-side factors such as screening out the potentially risky clients by the programmes. This has encouraged BRAC to test innovative approaches for the extreme poor in recent years (Matin and Hulme 2003). Experiences gained from these activities were used to design a customized development programme for the ultra-poor named “*Challenging the frontiers of poverty reduction/ targeting the ultra-poor (CFPR/TUP)*.” Launched in 2002, the CFPR/TUP programme is based on income-generating asset grants, subsistence allowance, skill training, social awareness development training and pro-poor advocacy, all delivered over a cycle of 18 months duration (BRAC 2001). Once the grant phase is over, it is expected that the extreme poor will attain the foundation for sustainable livelihoods and participate and benefit from mainstream.

This study used a quasi-experimental design (a pre-test/post-test control group design) and comprised a pre-intervention baseline, followed by an 18-month cycle of intervention and a post intervention follow-up. For baseline survey during July-September 2002, 1/3rd of the programme villages under each BRAC CFPR/TUP field office in the three districts were randomly selected. Sample size calculation found this proportion of villages to yield adequate number of households for studying most of the variables of interest. For the present study, a screening was done on the baseline households to check whether the household groupings strictly adhered to the programme targeting criteria. This resulted in some changes in the groupings of the households so as to ensure comparability by the targeting criteria. Thus, all ultra-poor households in the sample villages receiving asset grant and other inputs in 2002 comprised the ‘intervention’ households. Approximately an equal number of comparison households were selected by systematic random sampling from the pool of remaining ultra-poor households in the respective villages. These households comprised the baseline sample for which data on demographics, socioeconomic status, nutrition, EPI/FP, and morbidity and health-seeking behaviour were collected.

The study findings of this paper are summarized like substantial improvement in household economic status (as proxied by self-rated poverty status) and perceived self-health among programme participants; this was matched by improved household capacity for health expenditure and health services and food consumption (and also reducing the proportion of cereal in the diet). Improvement was also observed in under-five children's nutritional status from the level of severe malnourishment. However, no discernible change was noted in women's nutritional status. Contraceptive use increased substantially but not immunization coverage among children (11-23 months) against all EPI diseases. Morbidity profile varied little during the study period (with the exception of sharp rise in the prevalence of fever in 2004 due to an epidemic of chicken pox in the study area at the time of survey), as also between the two groups of households, reflecting the strong influence of environmental and seasonal risk factor. Increased health-seeking for illnesses occurred during the study period, mostly from allopathic providers; sharp decrease in self-treatment and increase in use of semi qualified 'para-professionals' was also noted. Drug retailers continued to be one of the major healthcare providers for the rural poor. Persistence of gender inequity in health seeking from qualified providers was noted. Potential 'health empowerment' effect of development interventions was noted (e.g. increase in knowledge about locally available healthcare, increase in treatment-seeking from formal providers, etc.). Programmatic implications are also mentioned here. Strengthen immunization, sustain family planning coverage. Promote use of services from UHFWC/ UZHC at PHC level. Improve capacity of the drug retailers and other unqualified/semi qualified healthcare providers (including *Shasthya Shebikas*) for providing rational healthcare to the poor. Reduce gender inequity in treatment-seeking from qualified providers.

4.15 Rural Poverty Alleviation through NGO Interventions in Bangladesh: How Far is the Achievement?

Ullah and Routray (2007) explained in their study "*Rural poverty alleviation through NGO interventions in Bangladesh: how far is the achievement?*" that to analyze the current poverty situation and poverty alleviation efforts of the NGOs in Bangladesh with emphasis on the impacts of two NGO programmes in two villages of Barisal district.

This research has employed both qualitative and quantitative approaches. The research has primarily used first hand empirical data. In order to substantiate primary data, relevant

secondary information has also been used. Data were collected through household survey by applying both open and close ended questionnaires. With a view to analyzing data, inferential as well as descriptive statistics have been applied.

The economic condition of the poor in the study areas has not improved much when judged against some selected indicators, namely, income, food and non-food expenditure, productive and non-productive asset, food security, and employment creation. The Foster Greer Thorbecke index shows that the majority of the NGO beneficiaries remained below the poverty line in terms of income and the overwhelming majority of them remained below the underemployment line (less than 260 days of work in a year). The study has clearly quashed the many claims of the NGOs in contributing significantly to the economic development of the poor. Interventions by the two major NGOs in Bangladesh, particularly in two study villages have not created significant impact on the indicators of economic well-being of the beneficiary households. The majority of them remained below the poverty line which is much higher than the national average. Amount of savings increased from the pre-NGO period; however, it is not purely because of the NGO involvement. Productive and non-productive assets including landholding had not increased in the post-NGO period. Majority of the beneficiaries suffered from chronic food deficit. The overwhelming majority of the NGO beneficiaries remained below the underemployment line. The NGO beneficiaries had additional income in the post-NGO period but their income from NGO related activities was not substantial to meet their food. Clearly that NGOs' role in making significant contribution to the development has remained rhetoric and far from the trumpets they have been making since their emergence. While the study does not claim to have grasped the whole gamut of NGO interventions it suggests based on the empirical data that family labour, employment and land holding size having positive correlation with family income and hence should receive more attention to enhance their income level, while morbidities negatively affected their income as they experienced work day loss, thus poverty may be reduced. It raises concerns that why no tangible change in the poverty reduction index is visible despite the involvement of the beneficiary for even 15 years with the NGOs. This merits reviewing and scrutinizing the activities and operational modalities of the NGOs in order to identify the gaps and mechanism to enhance their performances. The current need is to involve GO and NGO as partners of poverty alleviation process, is not only to counter balance the situation but also to ensure higher and visible outputs.

4.16 The Impact of Micro-credit on Poverty: Evidence from Bangladesh

Chowdhury et al (2002) explained in the study “*The Impact of Micro-credit on Poverty: Evidence from Bangladesh*” that this paper is to examine empirically the impact of micro-credit on poverty in Bangladesh. Unlike previous studies, the focus is on both objective and subjective poverty and particular attention is paid to the length of time programme participants have had access to micro-credit. It is often argued that the financial sector in low-income countries has failed to serve the poor. With respect to the formal sector, banks and other financial institutions generally require significant collateral, have a preference for high income and high loan clients, and have lengthy and bureaucratic application procedures. With respect to the informal sector, money-lenders usually charge excessively high interest rates, tend to undervalue collateral, and often allow racist and/or sexist attitudes to guide lending decisions. The failure of the formal and informal financial sectors to provide affordable credit to the poor is often viewed as one of the main factors that reinforce the vicious circle of economic, social and demographic structures that ultimately cause poverty. Bangladesh has experienced rapid growth in the micro-credit sector since 1990. Prior to 1990, only a handful of organisations were in operation.

The empirical analysis presented in this study is based on data collected for three organisations involved in micro-credit activities in Bangladesh: (1) *the Grameen Bank*; (2) *the Bangladesh Rural Advancement Committee (BRAC)*; and (3) *the Association of Social Advancement (ASA)*. The analysis reported below is based on a household-level survey of micro-credit programme. The data was collected through face-to-face interviews following a four stage sampling design. Bangladesh is divided into 64 administrative districts. Two criteria were used to reduce the number of eligible districts. The first was that it had to be one of those relatively close to Dhaka. This restriction was imposed simply because of time and budget constraints. The second was that the district was not one severely affected by the 1998 flood. This restriction was imposed because the devastation and deprivation created by this tragic event would mask any underlying impact of micro-credit. These criteria narrowed the number of eligible districts down to five, of which one, Comilla, was selected. Comilla lies about 70 km south-east of Dhaka and has a mainly rural population of about five million inhabitants.

The main objective of the micro-credit movement in Bangladesh (and elsewhere) is to reduce poverty. Bangladesh is a poor country with a relatively long history of micro-credit

lending. Despite this there is still considerable debate in the development economics community concerning the effect of micro-credit on poverty. The analysis carried out in this paper does suggest that micro-credit borrowing is associated with lower poverty. However, the effectiveness of micro-credit as a *real* poverty alleviation tool does not depend on its short-run impacts. Giving people money may raise them out of poverty for a short period of time but when the money is spent they fall back into poverty. For micro-credit to permanently reduce poverty it must have a long-run impact. Micro-credit is not a short-run subsidy. Its aim is to lead to a sustainable increase in a household's ability to create wealth. The analysis presented in this paper provides some evidence that the effect of micro-credit on poverty is particularly strong for about six years with some levelling off after that point.

After eight years of programme experience, the estimated objective and subjective poverty rates are still in the area of 45 per cent—high by any standard. This suggests that micro-credit organisations should reconsider and adapt their microcredit technologies to improve the longer-run poverty reduction capacity of micro-credit. This seems critical if these organisations want to make a significant contribution to achieving the international development goal of reducing poverty by 50 per cent by the year 2015. It also suggests that the government, in unison with micro-credit intervention, should also apply other techniques of poverty reduction to solve the poverty problem in Bangladesh. With this in mind, the purpose of this paper is to examine empirically the impact of micro-credit on poverty in Bangladesh. Unlike previous studies, the focus is on both objective and subjective poverty and particular attention is paid to the length of time programme participants have had access to micro-credit.

4.17 Improving Access of the Poor to Financial Services

Mujeri (2015) in his paper "*Improving Access of the Poor to Financial Services*" says that like in other developing countries, the access to financial services is still limited in Bangladesh. It is estimated that about 46 million of the country's adult population still remain excluded from accessing financial services who are mostly the poor individuals. Access to finance especially to the poor is essential for promoting inclusive economic growth and eradicating poverty in the country. In Bangladesh, financial services are provided by a variety of financial intermediaries that are part of the country's financial system. There are three broad types of providers of financial services-formal, quasi-formal

and informal. The poor often lack access to formal financial services that other households may take for granted. There are a number of reasons why the poor households tend to be unbanked. Financial institutions frequently require different documents to open an account, set high minimum account balances, and have high fees and other requirements that are ill-suited to the poor households. The study suggests that existing financial, credit and payment systems do not serve the poor well, imposing significant costs and reducing opportunities of these households.

The researchers showed one of the major challenges of serving the poor especially the small and marginal households is a lack of adequate information on the kinds of financial services they need. The financial service providers must also take an active interest in serving these marginalized populations, understand how they access information and adapt existing technologies to make that information available and, in doing so, become productive users of financial services. Microfinance supplies small loans and other basic financial services to the poor in recognition of the fact that the poor people need these services (e.g. loans, savings, and insurance and money transfer services) for improving their socioeconomic conditions and moving out of poverty.

In Bangladesh, several high-performing microfinance institutions, including government agencies and the NGOs, have developed innovative methodologies to extend credit, savings and other services to the poor clients. This paper gives us information about the existing financial services in Bangladesh. We have a clear concept of microfinance and financial services.

4.18 Integration of the Ultra Poor into Mainstream Development: How Effective is CFPR?

Shams et al (2010) in their paper entitled "*Integration of the Ultra Poor into Mainstream Development: How Effective is CFPR?*" argue that microfinance has become a popular tool for poverty reduction especially in Bangladesh where it was pioneered. Since its inception in the early 1970s, microfinance institutions (MFI) in Bangladesh have made great strides in providing collateral free small credit to the poor, especially the women. Rural society in Bangladesh is marked by poor infrastructure, seasonal unemployment, and widespread poverty. In such setting, even small amount of financial capital is difficult to accumulate. Formal institutions like banks have been alleged to fail to meet the credit needs of the poor by stubbornly catering to the richer segments of the population who have

sufficient assets to show collateral and borrow in large amounts. This, however, has been the case in many developing nations. It is, therefore, no wonder that in most developing countries microfinance, a collateral free credit has proved itself to be a breakthrough strategy to make significant inroads into defeating poverty and gain widespread popularity all over the world.

This paper aimed to understand the dynamics of participation of the TUP (Targeting the Ultra Poor) members of CFPR (Challenging the Frontiers of Poverty Reduction) phase I in the financial market since their graduation from the CFPR programme. The analysis was done using the longitudinal panel data. It has been found that after two years of programme support and provision of some flexibility in borrowing from BRAC microfinance, the ultra-poor can meaningfully participate in the formal credit markets. Their active participation can help them achieve long-term benefits in the form of increased per capita income. Participation in the programme has brought about significant positive impacts in the rate of borrowing as well as lending and saving behaviours of the participant households.

This paper has used baseline survey among three districts. It needs to be mentioned here that the programme targeted the ultra-poor households through participatory wealth ranking. Usually households in the poorest category of wealth ranking were considered as the ultra-poor though sometimes households in the poorest two categories were considered. Among the ultra-poor, a group of households were selected to receive programme support. These programme beneficiaries were called SUP (selected ultra-poor) and the rest of the ultra-poor were called NSUP (not selected ultra-poor). The baseline survey included both SUP and NSUP households. The NSUP households were surveyed to represent the comparison group for impact assessment. Though the NSUP households were identified as the ultra-poor by the community, they were excluded in the final selection for programme support as they were relatively better off than the SUP households in the baseline. The paper has tried to find out some question. Like CFPR intervention enabled the participants to participate more actively in credit market, particularly BRAC microfinance. Has the dependency of the CFPR participants on informal credit market (such as moneylender) decreased? The economic and demographic characteristics of the CFPR participant households affect quality of BRAC microfinance participation. The CFPR intervention played any role on the saving and lending behaviour

of the participant households. BRAC microfinance participation helped improve livelihoods of the participant households.

Challenging the Frontiers of Poverty Reduction (CFPR) programme was designed to address extreme poverty in a sustainable manner. The intensive support in the grant phase creates a platform for the ultra-poor which enables them to overcome the socioeconomic constraints on their livelihoods and then pursue their own development and well-being by taking advantage of the conventional development programmes like microfinance. This programme is designed in a manner so that after receiving all these supports from BRAC for two years, they are made to form small groups where they are offered small credit from BRAC microfinance programme. Using a longitudinal panel data, this study provides a deeper insight into the graduated CFPR members' (from phase I) participation in financial market with particular focus on participation in BRAC. Total number of male working aged members in the household and others like being in separate VOs and level of awareness about social and public issues have positive influences on the decisions to take loan from BRAC microfinance. We also found that participation in microfinance had positive impact on per capita income of the participant households. This indicates that effective and meaningful participation of the CFPR graduates in microfinance may help them to have a better livelihood after coming out from the grant phase. Participation of the CFPR graduates in BRAC microfinance was not an automatic process. Nearly 50% of the graduates did not participate in BRAC microfinance just after the grant phase. They took time to decide whether to take a loan or not. This early adoption of microfinance was strongly self-perceived economic status like presence of loans from informal sources, being in separate VOs and level of awareness of the CFPR graduates before their participation in the programme. Flexibilities provided by the programme for microfinance participation such as the provision of smaller loans, giving them time for taking loan and separate VOs wherever possible are likely to play key roles in integrating the targeted households into microfinance. Even though these flexibilities entail a cost to the programme, their continuation is important for effective and meaningful participation of the CFPR graduates in BRAC microfinance. Since programme is being scaled up largely, it is now a matter of challenge how/whether the programme can continue these flexibilities to the large number of CFPR graduates in future. It has been found that due to programme intervention, women's participation in the credit market increased significantly.

4.19 Asset Transfer Programme for the Ultra Poor: A Randomized Control Trial Evaluation

Bandiera et al (2012) in their paper “*Asset Transfer Programme for the Ultra Poor: A Randomized Control Trial Evaluation*” argue that they try to find out that the programme transforms the occupational choices of the poor women who participated in the programme by inducing them to spend more time in self-employment, less in wage labour and increases their labour market participation, leading to increase in annual income on average. Moreover, the programme leads to an increase in wages at the village level and its effects spillover to other poor women who experience an increase in labour supply and income. The programme started in 2007 and has two main components. First, targeted women receive productive assets, such as cows, goats, poultry or seeds for vegetable cultivation. The average asset value which is a sizable fraction of the targeted poor's wealth at baseline. In principle, participants commit to retain the asset for two years with the exception that they are allowed to sell it or exchange it for another income generating asset within that period. In practice, however, the commitment cannot be enforced, thus whether the asset is retained or liquidated is itself an outcome of interest that ultimately determines whether the programme has the desired effect to transform the lives of the poor or merely increases their welfare in the short run.

The asset transfer is accompanied by skills training; specific to the type of asset provided. The training component is both intensive and long lived. Indeed, besides initial classroom training at BRAC branch offices, households receive regular support by an asset specialist who visits them every 1-2 months for the first year of the programme and by BRAC programme officers who visit them weekly for the first two years. Targeting proceeds in three stages. First, the BRAC central office selects the most vulnerable sub-districts based on the food security maps by

In this paper collaborate with the programme management to randomize the roll-out of intervention across BRAC office branches in the poorest areas of the country. To reduce unobservable heterogeneity between treatment and control units, we stratify by sub-district and use pair wise randomization between branches in each sub-district. An average sub-district (*Upazila*) has an area of approximately 250 square kilometers. As such, communities within the same *Upazila* are subject to the same local governance structures, experience similar local policies and are likely to have similar characteristics that affect

the outcome of interest. Stratifying at the sub district level can therefore lead to better balance between treatment and control groups.

A fundamental question then is whether transfers of capital and skills aimed at enabling the poor to operate their own businesses will allow them to permanently exit poverty. This is akin to asking whether one can create successful entrepreneurs -who acquire skills and make productive use of capital -out of poor people who started out without either. Key to this question is whether these transfers allow the poor to alter their occupational and production choices so that they come to resemble non-poor people in their communities, as opposed to merely increasing consumption in the short run. And the question becomes more salient as the world is littered with numerous examples of anti-poverty programmes which, despite their best intentions, failed to have any appreciable impact on their intended beneficiaries. They provide evidence on the matter from an innovative entrepreneurship programme in Bangladesh that targets the poorest women in rural communities and transfers them assets and skills to run their own businesses. Our findings are striking. Two years after the programme, treated women have higher labour force participation, and they allocate more time to self-employment and less to wage-labour. This change in their labour supply and occupational choice corresponds to significant welfare improvements for the treated poor households. More specifically, they have higher income, higher per-capita expenditure, and improved food security. The programme has significant general equilibrium effects on the female labour market in the treated communities -the wage rate for unskilled female labour is higher. Correspondingly, there are spillover effects on the occupational choices of non-treated poor women: they increase their labour-force participation, spending more time in wage-labour and receive higher earnings. Our results have important policy implications. Their results imply that constraints on entering into self-employment are driving occupational choices of poor women in rural Bangladesh. This suggests that programmes—such as the ultra-poor programme—that improve self-employment opportunities of very poor households can lead to significant welfare gains. The researcher contributes to a growing body of literature those finds large spillover effects of large-scale welfare programmes -such as conditional cash transfer programmes or the ultra-poor programme. They show that these effects are likely to be heterogeneous, depending on the underlying market structures in this case, due to the presence of highly segmented labour markets along gender dimensions, we observe general equilibrium and spillover effects on the female, but not on the male labour market. It is important to take

into account these spillover effects while analyzing the cost-effectiveness of welfare programmes. A key question is whether the programme benefits exceed those that would accrue from an unconditional cash transfer equal in cost to the programme.

4.20 Can Basic Entrepreneurship Transform the Economic Lives of the Poor?

Bandiera et al (2013) in their paper “*Can Basic Entrepreneurship Transform the Economic Lives of the Poor?*” opine that paper attempts to partly fill the gap between studies of occupational change driving economic development that concern macroeconomists, and microeconomic work evaluating programmes that relax credit or skills constraints. They focus on in situ occupational change where the rural poor upgrade to more secure, less seasonal business activities rather than on the shift of rural labourers into manufacturing and service sector jobs in cities. They ask whether tackling both capital and skills constraints *simultaneously* by providing business asset transfers coupled with complementary and intense training, can transform the economic lives of some of the world’s poorest. To answer this question, They collaborated with BRAC to implement a large-scale randomized control trial to evaluate their ‘Targeting the Ultra-Poor’ (TUP) programme in rural Bangladesh. Eligible women are offered a menu of possible business activities, ranging from live stock rearing to small retail operations, and intensive training and assistance in running their businesses. In the context of their study, the rural poor are faced with a choice between wage employment (mainly as agricultural labourers and domestic servants) and self-employment (mainly in livestock rearing). The programme influences this choice by increasing wealth via the asset transfer and the returns to self-employment via skills training. They develop a simple model to understand the occupational choices that targeted poor women make at baseline and how the programme affects these choices on their extensive and intensive margins in the terms of labour supplied to each activity. The model shows that both the asset transfer and skills provision components reduce hours devoted to wage employment, through both a wealth and a substitution effect. The model also illustrates how the effect of both components on self-employment hours and labour force participation is heterogeneous depending on whether individuals face a binding capital constraint at baseline and the effect of the programme on occupational choices is theoretically ambiguous. Given focus on occupational change towards basic entrepreneurship, where new business activities take time to develop, we survey households two and four years after the implementation of the programme. This helps trace out the economic trajectories of poor women over an extended period,

shedding light on whether the labour productivity of poor women improves over time as they become more adept at running their new businesses, and it also means that we move well beyond the time when targeted women were receiving direct assistance from BRAC, and the TUP programme becomes entirely free-standing.

This paper showed that programme targeting proceeds in three stages. First, BRAC central office selects the most vulnerable districts in rural Bangladesh based on the food security maps of the World Food Programme. Second, BRAC employees from local branch offices within those districts select the poorest communities in their branch. Communities are self-contained within-village clusters of households. Third, programme officers use a participatory wealth ranking that aggregates the private information of communities to classify households into wealth classes. Households are assigned to one of five wealth bins. The households assigned to the two lowest bins by the community (designated as the ultra-poor and the near poor) are then visited by BRAC officers to determine whether the leading woman in the household meets the programme eligibility criteria.

The researcher presented evidence that the lack of capital and skills determines occupational choice and, through this, poverty. A large, simultaneous, transfer of both assets and skills through the TUP programme has had large and permanent impacts on the occupational choices and earnings of the targeted poor, dispelling the view that the extreme poor are inalienably dependent on the non-poor via employment and other relationships. More broadly, the findings suggest that the myriad of other potential constraints, unrelated to capital and skills, but revolving around information constraints on the perceived returns to capital or human capital investments, self-control or other behavioral biases, leakage of assistance to other's claims, or social norms, are not sufficient to prevent the very poorest taking up opportunities in basic entrepreneurship when provided with sufficiently large injections of capital and skills. When such constraints are relaxed, we find the poor are able to begin breaking this dependence on the non-poor via employment relations and start taking on their own economic activities based around livestock rearing. In thinking about why the TUP programme is successful and whether our findings might apply to other settings three factors would appear to be important. First is the complementarity between capital and skills, so that availability of capital might not be sufficient to start new businesses in the absence of complementary training, and training might not be sufficient without capital. This is consistent with the lacklustre performance of microfinance in creating new businesses and with the similarly

disappointing performance of short-term training for existing micro entrepreneurs, which have generally been found ineffective at increasing profits and business growth. It is also consistent with the fact that while microloans were offered in the villages they study, the treated women were not using them. They find that investments in capital and human capital are enabling poor women to move up a clearly defined occupational ladder away from the bottom rung of insecure wage employment and towards self-employment. This may be structural change writ small but, as we demonstrate, the gains from moving up the occupational ladder are considerable. Given the centrality of occupational change to overall development and growth it would seem that programmes which enable poor people to upgrade occupations, rather than just make them more productive in a given occupation, deserve greater attention.

4.21 Grant vs. Credit plus Approach to Poverty Reduction: an Evaluation of BRAC's Experience with Ultra Poor

Daset al (2016) in their paper entitled "*Grant vs. Credit Plus Approach to Poverty Reduction: An Evaluation of BRAC's Experience with Ultra Poor*" argue that that microfinance is less effective for poorer clients and transfer programmes have large positive effects, they are left with the question: would a combined policy perform better than a mono policy or not. In other words, whether an intervention that combines elements of microfinance and grant can be an effective tool for extreme poverty reduction, rather than only grant or only credit. With this hypothesis, the researcher evaluate BRAC's anti-poverty programme titled "Challenging the Frontiers of Poverty Reduction-Targeting the Ultra Poor (CFPR-TUP). The CFPR-TUP programme implements two intervention packages: (1) asset transfers as grants, consumption subsidy and training for specially targeted ultra-poor (STUP) and (2) credit plus grants in the form of consumption subsidy, training and some inputs to maintain the income generating activities subsumed under 'credit plus' approach for other targeted ultra-poor (OTUP). They estimate the effects of both these support packages with a sole contribution that, while studies on impact assessments of the grant-based asset transfer support package run galore there seems to be no study on the evaluation of the credit plus grant component of the CFPR-TUP programme.

To select ultra-poor households, a targeting methodology are followed which combines geographical, participatory, and proxy means test. The selection process relies heavily on

working closely with communities to identify the poorest areas and the poorest within areas. Initially, based on the poverty mapping of World Food Programme (WFP), BRAC selects the poorest sub-districts from rural areas of Bangladesh with the advantage that the organisation has local offices almost all over the country. In the selected sub-districts, communities that have a high concentration of poverty are identified based on own knowledge of programme staff or discussion with other BRAC programme managers engaged in microfinance, health, education, etc. As we show in the descriptive analysis section of this report, areas that are selected for programme support are indeed poorer than those not selected. In the selected villages, a participatory wealth ranking (PWR) exercise is carried out at the beginning. In the PWR, households of the community are ranked into several wealth groups, such as very poor, poor, middleclass, non-poor. Afterwards, the households from bottom three wealth ranks are visited by programme staff to verify the specific eligibility criteria, as mentioned earlier. This section presents descriptive statistics of all the outcome variables of interest. They present the statistics separately for the eligible households of the STUP and OTUP support packages. Standard errors of the differences are clustered at the branch office level. The means of savings, outstanding loans, and key physical assets. It appears that at baseline, eligible households of both the STUP and OTUP support packages from intervention areas, as compared to non-intervention or control areas, had lower amount of savings, outstanding loan, land, livestock, poultry, key durable asset items, clothing, etc. It is worth mentioning that some of the differences in means of those variables between intervention and nonintervention areas are also statistically significant.

BRAC has been implementing an anti-poverty programme titled “Challenging the Frontiers of Poverty Reduction-Targeting the Ultra Poor” or CFPR-TUP. Originally, the programme was developed to transfer productive assets, skills and consumption subsidy to asset-less ultra-poor in Bangladesh, whose livelihoods are heavily dependent on females’ domestic work, begging, and casual wage employment. Considering heterogeneity among the ultra-poor themselves, in the CFPR-TUP programme introduced two intervention packages: (1) a grant-based support package for specially targeted ultra-poor or STUP support package and (2) a credit plus grant support package for other targeted ultra-poor or OTUP support package. While both the support packages target ultra-poor households, the target group of the latter is relatively well-off than those of the former. Further, the STUP support package is costlier compared to the OTUP. This paper is an initiative to evaluate

the OTUP and STUP support packages of the CFPR-TUP programme by using non-experimental evaluation design. Descriptive statistics shows that at baseline, the participants of both the STUP and OTUP support packages were asset-poor and heavily dependent on casual wage employments but the participants of the later were relatively well-off than that of the former. For example, at baseline, only a miniscule proportion of the participants of the STUP support package owned cultivable land and cow, the participants of the OTUP support package owned these assets, respectively.

The researcher finds that the STUP support package increases self-employment, total labour supply, per capita income, consumption of meat, fish, etc., and productive asset-base of ultra-poor. The findings on the effectiveness of the STUP support package seem to echo the positive results obtained by other studies that experimented similar intervention. The effect of the less costly OTUP support package of the CFPR-TUP programme on the livelihoods of ultra-poor has also been found to be positive. The magnitude of the effect of this support package on productive asset holding is large. They also find positive effects of this support package on self-employment, per capita income and consumption of rice, fish, vegetables, etc. There is also evidence that both the support packages increase the clothing of the ultra-poor women and men alike. Main limitation of this study, however, hovers around the methodological issue: first, we have used no experimental evaluation design; nevertheless, we have tried to address the limitation using panel data that allows us to control for household-level fixed effects. Second, the target group for the OTUP support package is different from that of the STUP package. Hence, it is difficult to compare the effects of the two support packages. The ideal could have been experimenting STUP and OTUP packages for the same target group allowing us to investigate their relative effectiveness. They leave this issue for further research. But the general message of this study is that a credit plus approach (OTUP support package) can be an effective intervention at least for the ultra-poor that are close to the edge of the ultra-poverty line. Notably, Bangladesh has already achieved the status of lower middle income country. Since the OTUP package (which is less costly than STUP) has been found to be an effective model, at least in the short-run, this model can be scaled up to help the ultra-poor in Bangladesh. An attempt has been made in this paper to evaluate these alternative approaches to poverty alleviation - OTUP and STUP support packages. Using non-experimental evaluation design, it was observed that both the STUP and OTUP support packages increase self-employment, total labour supply, per capita income, consumption

of high value food products, and productive asset-base of the ultra-poor. There is also evidence that these supports lead to some additional non-food improvements such as increased clothing and reduction in domestic violence against women.

4.22 Does a Grant-based Approach Work for Addressing Extreme Poverty?

Das and Raza (2010) describe in their paper “**Does a Grant-based Approach Work for Addressing Extreme Poverty?**” that despite the strides taken forward in terms of poverty reduction, dealing with extreme poverty remains as much a key issue for Bangladesh as it does for the rest of the world. To address this challenge, BRAC initiated the “Challenging the Frontiers of Poverty Reduction” (CFPR) programme in 2002 for five years (2002-2006) as its debut phase. BRAC is currently implementing the second phase of the programme with greater coverage in terms of the number of extreme poor included and increased diversity in its packages to address the heterogeneity among the poor. This paper provides an assessment of the cogency of this grant-based programme using a RCT design, effectively addressing much of the earlier data limitations from the first phase’s impact assessments. We find that the grant-based support and the holistic approach of the programme rapidly influenced the livelihoods of the beneficiaries. Upon engagement, the participant households are given a productive asset base which was found to significantly contribute to income source diversification and increase in per capita income of the participant households.

They also find that programme has substantially reduced vulnerability of the households by increasing their food security and most interestingly it has been found that they have diversified their food items. This leads one to speculate that this would have a positive impact on the nutritional status of the household members. Sanitary latrine holding among the households have also increased remarkably due to programme participation, which is expected to improve health status through proper sanitation and hygiene practices. Programme participation enabled the participant women’ to increase their saving behaviour, which may further increase their investment opportunity while enabling them to cope with crisis if and when faced. Expense for the poor in poor countries is although not sufficient it is not negligible in volume. For example, the Government of Bangladesh spends approximately 5% of its public expenditure for the poor. What is necessary for sustainable reduction in extreme poverty is to design the mechanism for the delivery of the funds. This paper finds that CFPR approach is an innovative programme for addressing

extreme poverty. This paper suggests through the CFPR approach investment for the extreme poor may better help them by creating livelihood pathways.

4.23 How much can asset transfers help the poorest? The five Cs of community-level development and BRAC's Ultra-Poor Programme

Krishna (2010) et al "*How much can asset transfers help the poorest? The five Cs of community-level development and BRAC's Ultra-Poor Programme*" that the researchers develop a framework for assessing community-level development programmes, building upon five related elements that are centrally important: confidence, cohesion, capacity, connections and cash (the five 'Cs'). They use this framework for evaluating the impacts over a six-year period (2002-2008) of an innovative programme, implemented in rural Bangladesh, which has assisted extremely poor households, literally the poorest of the poor. Asset transfers constitute the centerpiece of this multidimensional programme, which also supports training, organisation building, cash supports, microfinance, and so on. The provision of a substantial dose of assets has helped produce very positive results by and large. Impressive income gains have been achieved (and sustained) by the majority of assisted households. But vulnerability to downturns on account of negative events, such as illnesses and house damage, has resulted in asset losses for several assisted households. Better social protection measures will help complete the good work commenced by the asset transfer plan. The term 'community-level development' is used here to refer to a collection of development initiatives that intercede in the first instance at the community level. Rather than seeking to expand the national economy or improving regional or state-level economic prospects – and expecting that the resulting benefits will trickle down to the poorest people—these micro-level initiatives directly target poor communities and individuals.

The longer-term objective is to 'graduate' the ultra-poor into a position where they are able to avail themselves of microcredit and other 'normal' or usual forms of assistance. By virtue of having acquired greater confidence and capacity, better connections, more cohesion and inclusiveness with the rest of village society, they are expected to gain better ability for making productive use of cash. The Ultra-Poor Programme was launched in 2002 in three of the poorest districts of Bangladesh, selected with the help of spatial poverty maps coupled with the intimate area knowledge of BRAC staff. Potential programme participants were identified through multiple methodologies, combining

geographical targeting, wealth ranking, and proxy means verification. Initially district and sub districts (*upazilas*) were identified based on spatial poverty mapping. Then, based on BRAC staff experience, particular village communities were identified. For facilitating participatory assessments and programming, larger communities were split into separate clusters. Participatory wealth ranking exercises were undertaken in cluster meetings, facilitated by specially trained BRAC staffs. Households who were ranked in the lowest two (of five) wealth categories constructed in each cluster were further surveyed for information concerned with explicitly stated (and openly advertised) targeting criteria. Two sets of criteria—exclusion criteria and inclusion criteria – were simultaneously applied. Exclusion criteria are binding: if a household satisfies *any* one of those criteria, then it gets excluded automatically from programme assistance. Failure to meet *three or more* of the five inclusion criteria also constitutes grounds for exclusion.

This brief description of programme components shows how all five Cs are given a place in the designing and implementation of the Ultra Poor Programme. Nothing is assumed away, left to chance, or expected to arise as fallout of something else. The comprehensive nature of programme design has resulted in producing considerable initial success. Programme evaluations (presented below) show how the assisted ultra-poor have achieved substantial income gains on average. Initial gains have been built upon in later years. Sustainability and scaling up seem to have been achieved hand in hand. There are indications, however, that strengthening some programme elements – some among the five Cs—will help assisted families hold on better to their asset stocks. Building stronger connections with service providers and market agencies should be useful for these purposes. Programme evaluation is facilitated by the existence of a panel data set compiled by BRAC's well regarded in-house Research and Evaluation Division. A baseline survey was conducted between June and August 2002 in the same three districts where this programme was initially launched. One-third of all programme village clusters were randomly selected for the baseline survey. All selected ultra-poor households (SUP) in these selected clusters were interviewed, with the wife or senior female of the household serving as the principal respondent. An equal number of nonelected ultra-poor (NSUP) households—those who were ranked in the lowest poverty categories during the participatory wealth ranking exercises, but who did not satisfy one or more of the selection criteria presented were also surveyed. Baseline information was collected.

This discussion helps underline that poverty reduction is a multi-dimensional enterprise. There exist multiple limiting factors that trap people in poverty. Thus, any one-dimensional intervention – focusing on only one C – will rarely be sufficient. This fact is critically important for the design of development programmes, particularly those that have, following recent fashions, started to focus, sometimes exclusively, upon cash transfers. While cash can be, and

often is, an important element of a package of assistance, giving out cash without paying heed to the other four Cs is unlikely to produce a lasting impact. Better methods are required for designing relatively high dimensionality interventions. We hope that the foregoing analysis will better help development planners think through these issues. Progress against poverty will improve as a result.

4.24 Understanding the aspirations of ultra-poor women in Bangladesh can enhance wellbeing and target development efforts

McIntyre et al (2002) in their paper “*Understanding the aspirations of ultra-poor women in Bangladesh can enhance wellbeing and target development efforts*” that the aspirations of 43 ultra-poor female heads of household living in urban and rural Bangladesh within the context of wellbeing, i.e., the lives they value, in order to better understand how they could be assisted through development efforts. All women in our study articulated conceptions of personal wellbeing that were linked to their children and with the aim of conducting themselves as good mothers and honorable women. Physical and emotional hardship and the sacrifice of personal aspirations, happiness, nutrition, and health were required to establish children, who might in turn care for them in their old age; still, achieving these modest goals was difficult and resulted in constant worry or tension. Given the life these women value, social programs and policies that aim to support ultra-poor women who have children must consider how they can provide assistance that will benefit women directly without asking them to withhold assistance from their children.

Ethical approval for this study was received from the Conjoint Health Research Ethics Board at the University of Calgary and the Bangladesh Medical Research Council. The study’s recruitment and data collection methods have been described in detail in a previous publication. Briefly, this study comprised 43 ultra-poor women heads of household, defined as the sole financial earner in the household regardless of the presence of other adults. All participants had dependent children and some supported dependent,

often disabled or infirm, husbands. Participants were first selected on the basis of occupation (garment work, rural or urban petty trading, subsistence agriculture, or indigenous day labour). Once satisfying the financial and dependent children criteria for inclusion described above, purposive sampling sought women of different age groups who had been heads of household for different lengths of time and who were migrants or long-time residents of the area. Armed with these criteria, trained recruiters sought out potential participants by travelling on foot and visiting their homes during off-work hours. BRAC (a local non-governmental organization) community health workers recruited garment workers and urban traders; two study collaborators recruited rural traders and agriculturalists; and two indigenous persons recruited Garo informal workers.⁴ Participants included 10 garment workers and 7 petty traders living in Korail Basti (a Dhaka slum), 5 petty traders and 11 agricultural workers from rural Ghorasal, and 10 indigenous Garo women who were precariously employed in the informal sector, living in the remote villages of Askipara and Rangapara near the Indian border. This diverse sample was chosen so as to generate a rich variation in the experience of poverty.

Each woman participated in a single individual face-to-face semi-structured ethnographic interview regarding the daily food routine. Women were asked to describe a typical day, from the time they woke up until they went to bed. They were also asked to reflect on what they did in an average day to manage food and meals for themselves and their families, including strategies for acquiring food, sources of food, meal planning, food preparation, and consumption practices, and what assistance would be required to help them do so. Probes were used as required for clarification or additional information. Interviews were held in a private location with female interviewers and trained translators, and the interviews were digitally audio-recorded. Additional socio demographic and anthropometric data were collected, and a summary of these results can be found. Interviews underwent multi-stage translation. Briefly, the recorded interviews were translated into English by bilingual Bangladeshi university instructors and a Garo translator. Translated texts were then checked for accuracy against audio-recordings by a bilingual Bangladeshi-Canadian student. A complete description of the translation process can be found.

Microcredit programs, often touted as an exemplar in assisting ultra-poor women, would be of greater utility if they were adapted to the specific needs of such women. Walker and Matin have suggested that programmes such as Challenging the Frontiers of Poverty

Reduction/Targeting the Ultra poor (CFPR/TUP) should consider reviewing the terms of their savings rules so that funds can be legitimately used towards unmet needs, rather than only for business-related purchases. Pretes has argued that micro equity financing (i.e., shares or profit are not expected by investors) of development initiatives through the provision of start-up funds for the very poor are preferable to microcredit programs. Thus, a graduated system might be considered: women who are not credits worthy would first be eligible for a living and basic needs stipend in addition to a bursary that could be used to invest in their business, increase profits, and generate additional income. The additional income could allow such women to then graduate to a loan-based program. Such a system would have a significant impact on the women's ability to meet basic needs and aspirations, with the ultimate goal of achieving their modest conceptualizations of wellbeing. The development of monitoring systems for non-governmental organizations and government social safety-net programs that would permit the identification of who is not accessing these programs would be an important step in understanding the adjustments that are needed to enhance access to such programs by this population group.

4.25 Reaching the Poorest: Lessons from the Graduation Model

Hashemi et al (2011) in their paper "*Reaching the Poorest: Lessons from the Graduation Model*" that Microfinance is about extending financial access to poor and excluded people. However, apart from a few notable exceptions, microfinance has not typically reached extremely poor people--those at the lowest level of the economic ladder. The majority of the world's estimated 150 million microcredit clients are thought to live just below and, more often, just above the poverty line. This achievement is not negligible since, for most of these clients, the only other options are informal sources of finances that are often more costly and less reliable. The Graduation Program recognizes that financial services have a role in participants' trajectories beyond graduation. Continuing to save after the end of the program can help participants protect assets and accumulate money for future investments or emergencies. A shared goal across the pilots is that by the end of the program, members have access to a wide range of financial services. The Graduation Approach is not a short-term escape from extreme poverty but instead seeks to equip participants with the tools, livelihoods, and self-confidence to sustain themselves when the program is over

Some practitioners, governments, and funders, however, are specifically interested in reaching extremely poor people. Whether seeking to foster social protection or financial inclusion, many wish to understand how best to put them on the path toward sustainable livelihoods--a path that increases incomes, expands assets, and provides food security so that the poorest no longer require support from safety nets and can make good use of credit, if they want to.

Successful efforts to reach extremely poor people often have combined access to financial services with a variety of nonfinancial services, such as livelihoods training. In CGAP's search for models to fight extreme poverty, we were particularly inspired by the innovative and holistic approach developed by the Bangladesh Rural Advancement Committee (BRAC) over the past three decades. We have written about the model and have extensively advocated for it as an important pathway for many of the poorest to escape extreme poverty.

4.26 Micro Credit-A Different Approach to Traditional Banking: Empowering the Poor

Haque et al in their paper "*Micro Credit-A Different Approach to Traditional Banking: Empowering the Poor*" discusses that the traditional approach has been to lend to those who have more, because they are credit worthy. So the rich get more credit to make more money. This paper discusses an alternative to that approach, which deals with extending credit to the "have nots". This paper discusses how the problems of many urban poor can be solved by extending credit. The paper shows how the poor are just as credit worthy from historical perspectives. The paper discusses the success of Micro Credit in Bangladesh. Microcredit programs have been viewed and instigated as an efficient instrument for alleviating poverty around the world. The success of Micro Credit in many countries proves that the have-nots are just as credit worthy as the haves. All that is needed is for the Micro Credit establishments to work with the borrowers and make them feel they can be part of success. Creditors need to constantly monitor the use of credit and help borrowers at difficult times, as well as encourage the borrowers and give them a sense of confidence. Micro Credit organizations can be just as successful as traditional banks. The success of Micro Credit in Bangladesh is an example that the poor are credit worthy and Micro Credit can alleviate poverty.

Micro Credit is the concept of extending loans to those who live on an income of less than \$1 per day. The loan is usually offered without the traditional collateral required by traditional banks. The loan is usually for \$100, although loan size may vary. Grameen Bank, the Micro Credit established by Dr. Yunus, extends this credit without collateral on the basis that the borrower would use the money to expand small business such as a food stall, cloth mending shop, etc. Inspired by Grameen Bank, many Micro Credit institutions have evolved extending credit of up to \$1000. Dr. Yunus believes that Micro Credit can alleviate poverty and he targeted the village and especially women. Unique about Dr. Yunus' policy is the fact that along with Micro Credit, he believes that the borrower should be provided with better education and better healthcare.

Dr. Yunus mentions that 99 percent of borrowers repay their loans. It is obvious that Dr. Yunus' Grameen Bank borrowers are 97 percent female. It is difficult to establish Micro Credit in many countries because of traditional banking regulation. Governments in developing countries must show a firm commitment in supporting Micro Credit as an integral tool for alleviating poverty. Micro Finance is a means to help the underprivileged in our society.

A host of obstacles stand in the way of success for the poor with micro-loans. Most women do not want to be entrepreneurs – they want a job that pays a living wage. Those that do are constrained by the household-level duties which women must do to perform the normal schedules and obligations. These duties would include: buying and cooking food, doing laundry, cleaning, attending to children, having children, transportation issues, etc. These women also have the fewest resources with which to develop a viable business, time, labor, knowledge, skills, least educated; all of which taken together limit the range of business options to those which are time and labor-intensive, where the market is saturated, and pay is low and unpredictable. The end result is that not only do many may fail to receive benefits from participation, they may suffer in ways that they would not have otherwise as Mosley found in Bolivia. Maybe the harshest criticism was made in the statement that microfinance serves best to transfer wealth from the poorest segments of society to the wealthiest.

4.27 Food provisioning experiences of ultra-poor female heads of household living in Bangladesh

Huda et al (2011) explain in the study “*Food provisioning experiences of ultra-poor female heads of household living in Bangladesh*” that Ultra poor women in Bangladesh are especially vulnerable to poverty and food insecurity, and they have generally been excluded from recent improvements in hunger and poverty rates in the country. women’s accounts of their daily food routine revealed chronic and pervasive food insecurity punctuated by acute episodes of absolute food deprivation that resulted from seasonal fluctuations in earnings, rising food prices, illness disrupting work, and healthcare costs. Women’s accounts of their daily food provisioning experiences suggested compromises in, and trade-offs between, multiple basic needs as a result of inadequate income.

They discussed that women were further constrained by social norms and gender roles that in their ability to work outside the home. While the goal of MDG 1 is the elimination of hunger and poverty, an overemphasis on food and nutrient issues, i.e., nutrition education and food relief, rather than income may detract from determining durable solutions to food insecurity among vulnerable groups. Indeed, the findings from this study reaffirm that the alleviation of hunger must begin with the broader alleviation of poverty and a reconsideration of the supportive interventions required to impact the most food insecure members of society.

The researcher spoke with only a small fraction of ultra-poor women who are heads of household, but the factors that influenced their food insecurity experience were similar to those that have been previously described in the literature. Protecting and promoting livelihoods requires a more holistic approach that addresses the causes of vulnerability to food insecurity as well as the consequences. In doing so, it needs to pay attention to what people are doing for themselves and to how their efforts can best be supported. The adoption of a WPD approach has the potential to create meaningful improvements in the lives of ultra-poor women and their families by pointing to programmatic adjustments that could alleviate poverty and chronic food insecurity, which would be grounded in women lived experience. While the feasibility and efficacy of the proposed adjustments requires further investigation, this paper highlights the potential to move forward in achieving MDG 1 by addressing ultra-poor women’s assertions about chronic, competing, daily needs as they struggle to feed themselves and their families.

4.28 Microfinance as a Poverty Reduction Tool-A Critical Assessment

Chowdhury (2009) described in his paper “*Micro finance as a Poverty Reduction Tool-A Critical Assessment*” that attempts to provide a critical appraisal of the debate on the effectiveness of microfinance as a universal poverty reduction tool. It argues that while microfinance has developed some innovative management and business strategies, its impact on poverty reduction remains in doubt. Microfinance, however, certainly plays an important role in providing safety-net and consumption smoothing. The borrowers of microfinance possibly also benefit from learning-by-doing and from self-esteem. However, for any significant dent on poverty, the focus of public policy should be on growth-oriented and equity-enhancing programs, such as broad-based productive employment creation.

The most-cited source of evidence on the impacts of microfinance is the early set of studies collected by David Hulme and Paul Mosley (1996). The findings of these studies are provocative: poor households do not benefit from microfinance; it is only non-poor borrowers (with incomes above poverty lines) who can do well with microfinance and enjoy sizable positive impacts. More troubling is the finding that a vast majority of those with starting incomes below the poverty line actually ended up with less incremental income after getting micro-loans, as compared to a control group which did not get such loans.

Findings of the Hulme and Mosley studies imply that credit is only one factor in the generation of income or output. There are other complementary factors, crucial for making credit more productive. Among them, the most important is recipient’s entrepreneurial skills. The findings of the MIT study by Banerjee *et al* also point to this factor.⁸ Most poor people do not have the basic education or experience to understand and manage even low level business activities. They are mostly risk-averse, often fearful of losing whatever little they have, and struggling to survive. It does not mean that they do not want to better themselves.

They tried to show microfinance is not a panacea for poverty reduction, which needs both complementary supply-side and demand-side factors. Supply-side factors—such as good infrastructure, entrepreneurial skills, etc.—are needed to make micro-enterprises more productive. But the potential for increased productivity will remain mostly unrealized in the absence of demand-side factors. In other words, without a supportive macroeconomic,

trade and industry policy framework, micro-enterprises will remain micro, with no backward or forward linkages or employment creation possibilities. This is the crux of the so-called graduation problem of micro-borrowers, as highlighted in a recent editorial in the *Daily Star* (Dhaka, Dec. 12, 2008): so long as this is not complemented by the government's facilitating growth of marketing network, reliable energy supplies and a dose of fiscal incentives to the small exporters, the full potential of the micro-credit sector would remain untapped.

In sum, while non-government organizations (NGOs) are making valuable contributions to safety-net by providing micro-credit to the poor and vulnerable, the state cannot abrogate its role in the area of social provision. The state also has to be a major player in the design and operation of an inclusive financial sector to cater for the needs of the "missing" middle in the informal and agricultural sectors. This is crucial to ensure that growth is employment-intensive to maximize its impact on poverty reduction.

4.29 Making Microfinance Work for the Extreme Poor: Evidence and Experiences from Bangladesh

Sulaiman and Matin (2008) described in their study "*Making Microfinance Work for the Extreme Poor: Evidence and Experiences from Bangladesh*" that Bangladesh is often cited as a crucible of microfinance possibilities. With regular innovations in products, processes, and their continuous assessments, microfinance in Bangladesh has managed to reach millions of poor and vulnerable non-poor households. All the major microfinance institutions (MFIs) are geared toward achieving social outcomes, while maintaining financial performance. In keeping the balance between the two bottom lines, a concern of excluding the extreme poor in microfinance has emerged. Based on the existing evidence of the extent and the quality of microfinance participation by the extreme poor in Bangladesh, we argue that a mix of specialized packages is required to serve specific sections of the extreme poor.

They showed that microfinance alone is largely inadequate for the poorest. However, discussions on what can be done to address this demonstrates two broad trends: one is centered around addressing the demand-side constraints of the poorest before introducing microfinance, while the other has been a focus on supply-side constraints of microfinance that make it difficult for the poorest to participate meaningfully. Within this, the thrust of the discussion has been on innovations of the financial product (such as introducing

flexibility, more risk responsiveness of products, etc.), rather than the process (such as staff engagement quality, internal group cohesion etc.) which may be equally important to ensure effective microfinance participation of the poorest. Working on the process domain becomes critical as most scaled-up microfinance very quickly does not usually pay much attention to this aspect once the initial microfinance culture is built. The very poor need a lot more flexibility in the product than most MFIs are currently providing. However, this may not be enough. For instance, despite the flexibility, an innovative urban microfinance provider does no better in reaching the extreme poor. Similarly, MFIs are often criticized for charging high interest rates and often the policy suggestion is to charge lower interest for the extreme poor. In fact, recent research shows that borrowers are responsive to interest rate change and the elasticity of borrowing for interest rate change is higher among the relatively poor. However, the practical difficulty with differential interest rates is the mechanism of targeting and tracking who gets the actual benefits of the subsidies

In the “microfinance plus” approach, the additional service needs to be something that the poorest have reasons to value. Skill development training had been a regular component in this package, but this is not adequate since the activities can generate very little productivity gain.³⁴ On the other hand, morbidity and ill health have been regularly identified as the major cause of lower productivity of the extreme poor. Therefore, health services are often suggested to be included in “microfinance plus” packages. Inclusion of the poorest in microfinance is often discussed in terms of tradeoffs in social and financial performance. Of course, reaching the poorest with microfinance is more costly for their lower borrowing ratio, greater risk factors, smaller loan size, and lower increments that they can usefully absorb. However, this is too narrow a perspective, which is unlikely to generate the kind of innovations we need to get the extreme poor out of chronic poverty. Microfinance can be an important link in the mix of interventions that is needed to achieve this, but we need to be more imaginative with microfinance as well as go beyond it. Effective packaging and sequencing of interventions that are likely to make microfinance work for the poorest will possibly have to address both demand- and supply-side constraints, including the process of delivery.

4.30 Extreme Poverty to Sustainable Livelihoods: A Technical Guide to the Graduation Approach

Montesquiou et al (2014) claim in their study “*Extreme Poverty to Sustainable Livelihoods: A Technical Guide to the Graduation Approach*” that extremely poor people are often beyond the reach of the “Making Markets Work for the Poor” paradigm that many development actors have adopted. Serving the extreme poor effectively are more expensive and more difficult, both because such populations are often geographically and socially isolated and also because of the complex, multi-dimensional nature of severe poverty. Among the approaches aimed at reaching the extremely poor, one of the most successful has been the Challenging the Frontiers of Poverty Reduction/Targeting the Ultra Poor program pioneered by BRAC in Bangladesh. CGAP has studied and written extensively about this approach. They have advocated for its replication, believing it to be a promising holistic solution to the complex nature of extreme poverty

By focusing on the extreme poor, they hope to reduce entrenched, self-perpetuating inequalities that harm families across multiple generations and that hold back the development of entire societies. At a time when there is growing interest in fostering linkages between social protection and economic development, if implemented at scale the Graduation Approach has potential to help move large numbers of the extreme poor into the market economy, by preparing them for self-employment or formal financial services. We understand that this is a long and complex process, and furthermore, that many self-employed poor people might well prefer regular salaried or wage-paying jobs if those were available rather than self-employment. They also recognize that neither the Graduation Approach nor any other intervention of its kind is an adequate substitute for responsive, universal social protection programs. But the fact remains that nearly 1.2 billion people still live below the extreme poverty line, and that most of them live in countries where opportunities for formal employment and safety-net protections are both rare. They believe that the scale of extreme poverty and its complexity—poverty looks different and has different drivers from one society to another—demand a diverse range of responses. The Graduation Approach is one such response. They believe it holds significant promise, and it is our pleasure now to make this Guide available. They also look forward to collaborating over the course of the next year with as many as possible of those who implement the Approach detailed in these pages. Working together as a community of

practice, they hope to expand their understanding of what makes the Approach work best, to continue to refine it, and to share what we learn with all interested parties.

They conclude this paper with one of the observations with which they began it: poverty is a complex, multi-dimensional phenomenon. This is especially true of the extreme poverty entrenched across multiple generations, affecting entire communities that was the focus of the Graduation Approach during its 2006-2014 pilot stage. Such complexity means that caution is warranted when attributing causation to any given intervention, including the Graduation Approach, and that is why the CGAP Ford Foundation Graduation Program includes RCT impact assessments as part of its robust research and learning agenda. When the full results of the impact research are published in 2015, CGAP and the Ford Foundation, and the community of practice coming together around this Approach, will have a much richer understanding of the extent to which program participants are achieving their goals and the extent to which the Graduation Approach is the decisive factor in that achievement. In the meantime, the preliminary results have been very encouraging.

4.31 Eliminating Extreme Poverty: Comparing the Cost-Effectiveness of Livelihood, Cash Transfer, and Graduation Approaches

Sulaiman et al (2016) in their paper “*Eliminating Extreme Poverty: Comparing the Cost-Effectiveness of Livelihood, Cash Transfer, and Graduation Approaches*” discussed that targeted interventions that sustainably improve the lives of the poor will be a critical component in eliminating extreme poverty by 2030. The poorest households tend to be physically and socially isolated and face disadvantages across multiple dimensions, which makes moving out of extreme poverty.

For livelihood and lump-sum cash transfer programs, they gathered information through a literature search, primarily relying on existing systematic reviews to ensure that studies had already been screened for quality and relevance. Out of 198 evaluations, they excluded 63 evaluations because they did not involve in working directly with households (instead, they were macroeconomic policy reforms, trade reforms, etc.) and another evaluations of microcredit interventions. Following this program screening, they included all studies that measure impacts on consumption (or on income) and have adequate information for calculating per beneficiary cost of interventions. They ended up with a total of 41 cases, resulting in a geographical distribution covering 19 countries in Africa,

Asia, and South America. While all the cash transfer cases are randomized control trials (RCTs), only nine of the livelihood cases are RCTs. Therefore, livelihood programs vary in terms of attribution of changes on the interventions. For graduation programs, they focused on randomized evaluations only, and included seven evaluations from two studies on graduation programs

For calculating benefit-cost ratios, they used impacts on annual household consumption (or income, if impact estimates for consumption were not available) and intervention costs per beneficiary household. Therefore, a ratio of indicates that the impacts need to sustain for at least five years to equalize costs. This is a limited measure of benefit, but it allows for comparability across programs. When cost information was not provided in the published studies, they compiled information from various sources including evaluation reports by donors

This paper compares the cost-effectiveness of three strands of anti-poverty social protection interventions by reviewing 30 livelihood development programs, lump-sum unconditional cash transfers, and seven graduation programs. All the selected graduation initiatives focused on the extreme poor, while the livelihood development and cash transfer programs targeted a broadest of beneficiaries. Impacts on annual household consumption (or on income when consumption data were not available) per dollar spent were used to benchmark cost-effectiveness across programs. Among all 48 programs reviewed, lump-sum cash transfers were found to have the highest benefit-cost ratio, though there are very few lump-sum cash transfer programs that serve the extreme poorer measure long-term impacts. Livelihood programs that targeted the extreme poor had much lower benefit-cost ratios. Graduation programs are more cost-effective than the livelihood programs that targeted the extreme poor and measured long-term impacts. More evidence is needed, especially on long-term impacts of lump-sum cash transfers to the extreme poor, to make better comparisons among the three types of programs for sustainable reduction of extreme poverty. A direct comparison of long-term impact among specific livelihood development interventions serving the extreme poor, lump-sum cash transfers also serving the extreme poor, and graduation would provide useful additional evidence for policy purposes.

4.32 Dynamic Effects of Micro-credit in Bangladesh

Khandker et al (2014) in their paper “*Dynamic Effects of Microcredit in Bangladesh*” that uses long panel survey data spanning over 20 years to examine the dynamics of microcredit programs in Bangladesh. With the phenomenal growth of microfinance institutions representing 30 million members with over \$2 billion of annual disbursement over the past two decades, it is important to understand the dynamics of microcredit expansion and its induced impact on household welfare. A dynamic panel model is used to address a number of issues, such as whether credit effects are declining over time, whether market saturation and village diseconomies are taking place, and whether multiple program membership, which is rising as a consequence of microcredit expansion, is harming or benefiting the borrowers. The paper’s results confirm that microcredit programs have continued to benefit the poor by raising household welfare. The beneficial effects have also remained higher for female than male borrowers. There are diseconomies of scale caused by higher levels of village-level borrowing, especially for male members. Multiple program membership is also growing with competition from microfinance institutions, but this has rather helped raise assets and net worth more than it has contributed to indebtedness

Microfinance has received donor endorsement as an anti-poverty program, because it targets and reaches the poor, especially women, as well as small producers and entrepreneurs who often have limited access to formal financial institutions. Despite its overwhelming success in reaching the poor, induced benefits of microfinance (measured in terms of income and consumption and other dimensions of household welfare) are debated. Some studies found substantial positive effects, while others found no or even negative effects. The most substantive evaluation of microcredit was carried out two decades ago by researchers at the World Bank, which examined three well-known credit programs in Bangladesh using the 1991/92 cross-sectional survey data. This evaluation found that microcredit helped promote household welfare, and the impacts of credit are higher for women than men. The findings have been debated because of restrictive statistical assumptions for model identification of program benefits. However, the claims of statistical limitations were also invalidated.

The data used in this study were derived from a long panel survey over 20 years. The first round cross-sectional survey, conducted in 1991/92, was studied to determine the role of

microfinance in the economic and social advancement of the poor carried out jointly by the World Bank and the Bangladesh Institute of Development Studies (BIDS).

The estimates of credit effects might not be the same across years if timing of the borrowing matters; that is, if the credit received in the past affects behavior differently from the credit received recently. In other words, unlike the implied assumption in equation (3), parameters of the credit demand and other regressors may vary over time, allowing for differential credit impacts over time.

Credit effects may vary by time for different reasons. For example, during the initial years of membership, participants may choose conservative projects (or be influenced to by other members of the group) until they have demonstrated an ability to repay, focus more on accumulating assets, and thus cement the new insurance network, a result of group participation. As time goes by, they may have a larger cushion, allowing for some risk-taking behavior with new loans. Second, the unobserved local market conditions that influence a household's demand for credit may change over time so as to exert a favorable impact on credit demand. Third, if the non-credit effects of program participation are important, and if the changes in attitudes they engender are functions of time spent in the group, the total effect of participation may decline over time. On the other hand, if the knowledge gained through self-employment experience is an important component of the returns to self-employment, credit effects may rise over time.

The results of the basic model unequivocally show that group-based credit programs have significant positive effects in raising household welfare including per capita consumption, household non-land assets and net worth. Microfinance increases income and expenditure, the labor supply of males and females, non-land asset and net worth as well as boys' and girls' schooling. Microfinance, especially female credit, also reduces poverty. The results using long-panel data thus confirm most of the earlier findings that microfinance matters a lot, and more for female than for male borrowers.

The results support the view that microcredit effects change over time, and show that the effects of new borrowing are different from that of old borrowing. For example, past credit has a higher impact on income and expenditure than current credit. There is also a sign of village diseconomies due to market saturation with higher village-level participation in microfinance programs.

4.33 Targeting the Ultra Poor

Morduch (2010) discussed in his paper “*Targeting the Ultra Poor*” that the first programs to target the ultra-poor were based on the idea that food insecurity was the greatest constraint trapping the poor in a chronic state of poverty. In the wake of the Bangladesh famine of 1974, the World Food Programme (WFP) initiated its Vulnerable Group Feeding (VGF) program to provide relief to the hungry in food-insecure areas. This program was the foundation of a partnership between the WFP and BRAC, a large NGO in Bangladesh. The organizations joined forces in 1985 to develop an extreme poverty relief program that coupled classic livelihood protection—namely, food transfers—with livelihood promotion through human and physical capital development

The researcher examined the promises and risks of ultra-poor programs. This paper reports on the evolution of ultra-poor programs. It describes Bangladesh Rural Advancement Committee’s (BRAC’s) targeting the Ultra Poor (TUP). The microfinance sector has been exploring an alternative path to reach the poorest through graduation programs that move participants from targeted training and asset-transfer programs into mainstream microfinance. TUP is one such program that allows families that have been dependent on charity to achieve greater self-sufficiency. TUP provides income-generating assets alongside food aid, health services, and skills training. Ultra poor programs: Address the self-reinforcing conditions of extreme poverty; Hold both promises and risks; Have asset transfer as a key feature; Can expand the client base and break the cycle of poverty for the very poorest; Must sequence financial products to achieve graduation to microfinance programs; Should offer savings products early and in conjunction with safety net assistance. He wants to say that early insights from TUP programs indicate that consumption stabilization, close monitoring, and an incremental transfer of knowledge are essential to producing sustainable results.

The pilot initiative evolved into BRAC’s Income Generation for Vulnerable Group Development (IGVGD) program. The idea behind the combination was that while food transfers provide only short-term relief, supplementing food aid with training and other financial services could sustain livelihood improvements into the long term. The program provided 24 months of access to health care and food support through a monthly wheat ration, creating space for participants to focus on productive activities. To support participants’ productivity, it included a skills training program. The program also included

a modest savings requirement, since food aid allowed recipients to save money they otherwise would have spent on food. Later, to help reinforce skills training, BRAC extended small loans to IGVDG program participants.

About 75% of program participants moved on to become clients of BRAC's microfinance program. The high "graduation" rate speaks to an important success, but the IGVDG program did not achieve a different objective: targeting the ultra-poor. The 25% of IGVDG participants who did not move on to BRAC's mainstream microfinance programs were "among the poorest and most vulnerable" (Matin and Alam 2002, 6). In response, BRAC reconceived its program and rebranded it 'Challenging the Frontiers of Poverty Reduction: Targeting the Ultra Poor' (CFPR-TUP).

BRAC initiated CFPR-TUP in early 2001 with two goals: to *push down* the intervention to effectively reach the ultra-poor and to *spread out* the intervention to address the structural causes of poverty.

4.34 Conclusion

The researcher has gone through a significant number of literatures related to microfinance and extreme poverty. But very few literature has been found on 'credit-plus' approach. Most of the literatures revealed that micro-credit alone is not a panacea to deal with the vulnerabilities of the extreme poor. It is, therefore, needed to introduce a new approach that may provide credit with some additional services which is called as 'credit-plus' strategy introduced by BRAC. The present study will be an attempt to identify the effectiveness of 'credit-plus' approach in order to address the problems of extreme poor in Bangladesh.

Chapter Five: The Profile of the Extreme Poor in Bangladesh

5.1 Introduction

Bangladesh is one of the poorest countries in the world. Poverty, corruption, higher population growth rate, unplanned migration, unemployment, illiteracy and frequent natural disasters are the common problems of this country (Naz, 2006). As a result, almost half of the people live under the poverty line and a significant number of people live in extreme poverty (Finance Division, 2009:27). The government of Bangladesh (GoB) along with non-governmental organisations including BRAC is working for eradicating poverty particularly extreme poverty in Bangladesh. Consequently, the extreme poverty incidence is decreasing day by day. But there are significant variations among the incidence of extreme poverty in Bangladesh. Table 1 shows the spatial variation of extreme poverty in Bangladesh.

Table 1: **Extreme Poverty Incidence in Bangladesh**

Division	2010			2005		
	National (%)	Rural (%)	Urban (%)	National (%)	Rural (%)	Urban (%)
Barisal	35.6	37.2	26.4	34.7	35.9	21.7
Chittagong	16.1	18.7	8.1	27.5	30.1	17.1
Dhaka	19.9	26.1	9.6	34.5	43.6	15.8
Khulna	31.6	32.7	27.8	32.3	34.0	23.0
Rajshahi	34.5	35.6	28.4	42.7	43.9	34.5
Sylhet	20.8	22.3	11.0	26.7	26.1	35.2
National	25.1	28.6	14.6	34.3	37.9	20.0

Source: BBS, HIES (2009) cited in Finance Division (2014), Bangladesh Economic Review 2009, Ministry of Finance, Government of People's Republic of Bangladesh

Above table demonstrates that the incidence of rural extreme poverty is higher than urban context and even than national context. Among the six administrative divisions Barisal and Rajshahi are highly vulnerable to extreme poverty. It is to be noted here that BRAC initiated CFPR/TUP programme covering three districts of Rajshahi division. The extreme poor of these two divisions experience different kinds of shocks like flood, drought, and river erosion in every year that affects their livelihood strategies. Here, an attempt has been made to see the extreme poverty profile in Bangladesh.

5.2 Livelihood Assets of the Extreme Poor in Bangladesh

5.2.1 Human Asset

The adult earning member is the key component of human asset for the extreme poor household in Bangladesh. The important features of the extreme poor in Bangladesh are female headed household with some small kids. Most of the cases this kind of households consist of widowed, divorced or abandoned women and their food security depends on only one adult member's earnings (Datta and Hossain, 2003:6). There are also few male headed household comprising with aged and diseases affected members. These male members usually engage themselves in day labor in rural area and *ricksha* pulling in urban area and they cannot earn enough money to lead the family. Thus, they are dependent on their wife's earnings (Ibid.). Literature shows that the household size among the extreme poor is lower than the national figure and teenage marriage and dependent population is higher among the extreme poor households (Das and Siraj, 2009: 29). Hadi (2004) found that about 41.6 percent people are considered as depended population among the extreme poor while the national figure is 39 percent. Literature also demonstrates that the ultra poor are less educated and their livelihood strategies are also weaker compared to moderate poor and non-poor. Table 2 shows the difference between the extreme poor (those who live under the lower poverty line) and moderate poor (those who live above the lower poverty line but under the upper poverty line) according to the Bangladesh Household Income Expenditure Survey (HIES) - 2005 (Matin et al., 2008: 4).

Table 2: Key differences between Poverty Groups

	Extreme Poor	Moderate	Non-poor
Average agricultural day labor in each HH	0.5	0.3	0.1
Average non-agricultural day labor in each HH	0.4	0.4	0.2
Female headed HH (%)	10.8	8.1	10.7
% with primary education per HH (above 14 years)	21.7	31.6	56.6
Literate (% per HH, above 6 years)	29.7	39.4	60.4

Source: HIES 2005, cited in Matin et al. (2008)

The net enrollment rate among the children eligible for primary schooling is 64.8 percent, but the adult literacy rate is very low and it is only 7 percent (Nath and Khan, 2004), and only 9 percent ultra-poor households are headed by the literate person (Das and Siraj, 2009: 36). The extreme poor in Bangladesh also suffer from different diseases and their level of malnutrition is higher than others and it affects mostly children and the elderly people (Calder and Standing, 2008: 9). The lower literacy rate and high levels of malnutrition affects on the skills of extreme poor. As a result, they suffer from lack of skills and self-esteem.

5.2.2 Social Asset

In Bangladesh the extreme poor has very limited social assets and usually they suffer from the risk of high vulnerability. Consequently, most of the extreme poor lose their income opportunity that affects their consumption capacities. In this regard, the social relations and networks play important role for the extreme poor to cope with the crisis situation. During the crisis situation the extreme poor go to the local elites for assistance. But if the extreme poor do not have good relation with them, they do not get any assistance from them. But in the case of intimate relation, the extreme poor can lend money at higher interest rate from the elites (Sultana, 2002). In addition, their inclusion to the social security programmes provided by both the government and non-government organisation depends on the local leaders. This kind of assistance depends on the patron-client relationship in Bangladesh. Literature reveals that “access to welfare projects such as cash grant for the elderly, food support for the vulnerable groups, food-for-work project, rural maintenance programme, etc. was very limited for the ultra-poor”(Das and Siraj, 2009: 29). In this connection, a baseline survey shows that about 78 percent of extreme poor do not have any connection with the local elites and those who have some contacts mostly with the elected representatives of *Union Parishad*⁹ (Rafi and Alim, 2004).

5.2.3 Natural Asset

“Land is the key component of natural assets in the context of Bangladesh” (Rabbani et al., 2006). In most of the cases, it is found that the extreme poor do not have agricultural land, livestock, draught power, etc. and if they have any natural resources, most of the cases that is unproductive (Datta and Hossain, 2003:6). But these kinds of natural

⁹Union Parishad is one of the small units of the local government and it comprises with one elected chairman and elected members.

resources are considered as important assets for sustainable livelihood of the extreme poor. The extreme poor household cultivates their land for meeting their food demands. But if they cannot cultivate land due to lack of human capital, they mortgage their agricultural land to the elites (Ibid.). Literature shows that the extreme poor have no or very few own homestead land on which they can set up their home. In that case, they live on their patron's land and are considered as a sub-household of their patron's. As the extreme poor are not able to join the mainstreaming development programmes with own capabilities, in most of the cases they seem "to be weaker than others in terms of associational capital" (Matin et al., 2008).

5.2.4 Physical and Financial Asset

The extreme poor have very few physical assets. Most of the extreme poor do not have accommodation in urban Bangladesh. In that case, they live in the open space beside the street, at the train and bus station and big shopping mall (Conticini, 2007). In rural Bangladesh the extreme poor live in dangerous and hazardous areas. These areas are backwarded and comparatively under developed and excluded from modern facilities. As a result, the poor people especially the extreme poor face difficulties including spending more times for gaining access to the market. In addition, they are deprived from different kinds of state services such as health care centers, primary schools, pure drinking water, sanitation facilities, electricity etc. (Datta and Hossain, 2003:6).

Usually, the extreme poor in Bangladesh do not have savings and cash capital. They also rarely have liquid assets such as jewelry or poultry birds. In some cases, it is found that the extreme poor have small piece of land. But when they wish to sell it in order to face the financial crisis, the richest and dominated people do not offer legal price for their land (Ibid.) and these dominated people always try to deprive the extreme poor that creates inequalities in the society and these inequalities produce injustice and exploitation.

5.3 Livelihood Pattern of the Extreme Poor in Bangladesh

As it is often highlighted, extreme poor in Bangladesh "are not only poorer than the poor but differently so". A profile comparison from HIES 2010 shows that incidence of extreme poverty is about three times higher among the households with the head being illiterate compared to those with the head being literate. Land ownership continues to be one of the most important determinants of extreme poverty. In terms of occupation, the

extreme poor are caught in low return activities of day laborers. Extreme-poverty also has strong association with other household endowment and wellbeing characteristic.

Table 3: Profile of the Extreme Poor in Bangladesh

	Ultra-poor (Rural)	Ultra-poor (Urban)	National (Rural)
Female headed households (%)	28	24.5	11
HH head without any schooling (%)	72.5	72	27
Secondary school enrolment (%)	35	23	80
Housing: straw/plastic as roof material (%)	24	0	5
Open defecation (%)	47	14	56
Have only one or no source of income (%)	31	19	-
No electricity (%)	86	12	51

Source: Sen and Ali (2015)

A more recent contextual review of the ultra-poverty in Bangladesh by Sen and Ali (2015) makes an important conclusion that growth alone cannot attain the goal of eradicating ultra-poverty. Firstly, the ultra-poor are not able to reap the benefits of economic opportunities because of their lack of assets (physical, financial and human) and voicelessness. Secondly, they are often caught in a complex multidimensional trap which they cannot break free with a simple income transfer and they often need a ‘mini big-push’. Finally, their economic lives are marked by high vulnerability to shocks, which require combining protection with livelihood promotional interventions.

5.4 Problems of the Extreme Poor in Bangladesh

The extreme poor are the people in the bottom half of those living below nationally defined poverty lines. This population tends to be food insecure, to have poor health, to lack education, to own few or no assets of even a non-durable nature (e.g., livestock), to have limited livelihood prospects, and to be socially isolated. Most of the world’s extreme poor live in countries where social safety nets are patchy and frayed at best. Safety nets must compete with other public spending needs in developing countries which operate on very limited budgets and face many other major challenges. Even where social safety net coverage is, to some extent, available, the extreme poor are often so socially isolated that

they do not know such assistance exists or how to go about getting it. The result is that the extreme poor often have to rely on religious or charitable organizations or else on networks of family and friends who are often no better off than they are. Economic development interventions frequently if unintentionally exclude the extreme poor, whether because the cost of reaching this population is prohibitively high or because such interventions (notably including standalone microfinance programs) deliberately target the economically active, less-extreme poor. The extreme poor are also less likely to obtain adequate schooling for their children, consigning them to a lifetime of lower earnings and reinforcing the intergenerational cycle of extreme poverty. Recent behavioral research also suggests that unless their immediate consumption needs are addressed, poor people make suboptimal economic decisions because of distraction due to stress, and a “tunneling” syndrome which limits their ability to focus on anything beyond the next imminent crisis (Micro-credit Summit Campaign, 2012).

5.5 Shocks and Stress of the Extreme Poor in Bangladesh

It is well known that poverty is a much more complex issue which encompasses social, cultural, political and other factors in addition to economic factors like income. Moreover, poverty is a stochastic concept as those who are considered poor today according to the conventional measures of poverty might not be the same individuals making up the poor group in the future. Some households currently above the poverty line might slide below it after facing adverse shocks and become poor whereas some households currently below the poverty line might build up an asset base strong enough to smooth consumption during shocks and gradually climb out of poverty. Some households which are moderately poor might constantly face the threat of sliding into destitution or deeper poverty since they do not have sufficient assets or other insurance privileges that might help them to cushion the impact of any adverse shock. According to Chambers (1989), vulnerability and poverty are not the same because a non-poor person could also be equally vulnerable as a poor person. According to him vulnerability therefore, does not mean lack or want but defenseless, insecurity and exposure to risk, shocks and stress. So, at any point in time, those below the poverty line consist of a widely heterogeneous group of poor. Some are ‘transient’ poor while those whose income and consumption levels are permanently below the poverty line and have little means of climbing out of the ‘poverty trap’ are considered chronically poor. It is this chronically poor and highly vulnerable group that the CFPR

programme deals with. Since the poorest possess very low levels of all types of assets (physical, natural, social, human and so on), they consequently possess fewer cushions in the form of savings and insurance. Not only are they highly susceptible to idiosyncratic shocks but the impact of these shocks on the overall well-being is also the greatest on them (Parker and Kozel 2007). This is because any emergency situation consumes a larger portion of their limited resources. Therefore, in this section an assessment of the current vulnerability situation of the extreme poor group who has been selected for the third phase of the CFPR programme is described. Rahman and Hossain (1995) used a framework which describes the vulnerabilities of the poor arising out of three factors: first, structural factors like seasonality in demand for labour and products; second, crisis factors which are either household or environmental shocks such as illnesses, thefts or natural calamities, etc.; and lastly, life cycle factors such as death, divorce, marriages, etc. Some information regarding the crisis factors and life cycle factors such as the frequency of their occurrence within the last five years and coping strategies used and approximate coping costs have been collected to understand the current extent of vulnerability to various idiosyncratic shocks of the selected programme participants compared to other non-participants in the programme villages.

Chapter Six: Introducing Study Area

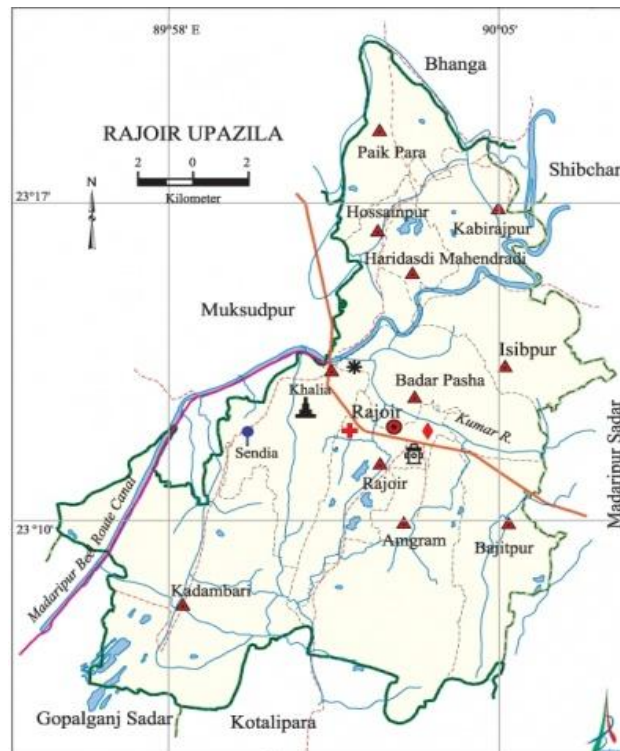
6.1 Introducing Rajoir Upazila of Madaripur District

The present study was conducted on two selected areas of Bangladesh. One of the research areas was Rajoir Upazila under Madaripur district. The service recipients of the program of BRAC, Rajoir Upazila branch were studied here which has been introduced below (Ramzan, 2015).

6.1.2 Area and Population

Rajoir Upazila covering 226.62 square kilometer area is located in between 23°06' and 23°20' north latitudes and in between 89°56' and 90°06' east longitudes. It is bounded by Bhanga upazila on the north, Kotalipara and Gopalganj Sadar upazilas on the south, Madaripur Sadar and Shibchar upazilas on the east, Muksudpur and Gopalganj Sadar upazilas on the west. Total population of this area is 218095 among them male 110233, female 107862; Muslim 146727, Hindu 70393, Buddhist 962 and others 13. Among the water bodies, Main River are Kumar, Madaripur Beel Route Canal, Chandar Beel and Bagier Beel are notable.

Figure 3: Location Map of Rajoir Upazila



Source: Encyclopedia of Bangladesh

6.1.3 Archaeological Heritage

Under archaeological heritage, Sarmangal Mosque, Annapurna Mandir (1765), Khalia Rajaram Mandir (1825), temple of Ganesh Pagal, Patitapaban Sebasrama Mandir and Pranab Math (Bajitpur) are notable.

6.1.4 Historical Events

Ambika Charan Majumdar of village Sendia in Rajoir upazila formed the first political party of East Bengal in 1881 called 'Faridpur Peoples Association'. In 1918, he established the Faridpur Rajendra College. During the war of liberation, the Pakistan army brutally killed 50 villagers of Sendia. They also conducted mass killing, rape, plundering and set many houses of different villages on fire.

6.1.5 Religious Institutions

It includes Mosque 370, temple 29, church 2, pagoda 5, tomb 2 and mostly noted religious institutions are Sarmangal Mosque, Kadampur Mosque, Annapurna Mandir (1765), Khalia Rajaram Mandir (1825), temple of Ganesh Pagal, Patitpaban Sebaashrama Mandir, tomb of Syed Ameer Ali, Kamlapur Narauttam Asharama and Pranab Math (Bajitpur).

6.1.6 Literacy Rate and Educational Institutions

Average literacy of this area is 44.3%; male 49.5%, female 39.1%. Educational institutions consist of college 6, secondary school 29, primary school 128, kindergarten 6, madrasa 13 and mostly noted educational institutions are Rajoir Degree College (1970), Kadambari Union College (1990), Sheikh Rasel College, Khalia Rajaram Institution (1900), Rajkumar Edward Institution (1902), Amgram High School (1917), Rajoir-Gopalganj Kapali Jubosangho High School (1929), Isibpur High School, Kadambari High School (1942), Aruakandi-Natakhola-Barakhola High School (1963), Haridasdi Mahendradi High School (1965), Sankherpar High School (1968), Kashimpur Meher Ali High School (1968), Rajoir Girls High School (1968), Tekerhat Popular High School (1970), Hassan kandi High School (1971), Chatushpalli High School (1973) and Sheed Sardar Shahjahan Girls High School (1986).

6.1.7 Cultural Organizations

In this area, there are many cultural organizations consisting library 8, club 45, child organization 2, theatre group 2, cinema hall 4, women organization 3, playground 21 and *special attractions* are Tekerhat Port, Pranab Math (Bajitpur) and Kamlapur Narauttam Ashrama.

6.1.8 Income Source

Main sources of income of the people in this area are agriculture 60.68%, non-agricultural labourer 2.33%, industry 1.04%, commerce 19.55%, transport and communication 1.82%, service 4.09%, construction 2.65%, religious service 0.22%, rent and remittance 0.96% and others 6.66%. Therefore, ownership of agricultural landowner is 69.01% and landless is 30.99% accompanied by agricultural landowner in urban area is 48.93% and rural area is 71.04%. Main crops are paddy, wheat, jute, sweet potato, sugarcane, pulse, mustard, sesame and crops are Kaun, china, barley etc. Main fruits are mango, jackfruit, blackberry, star apple, sapodilla, banana, papaya, litchi, date etc. Moreover, fishery is 31, dairy is 2, poultry is 155 and hatchery is 1.

6.1.9 Communication Facilities

In this area, concrete road is 33 kilometer, semi-concrete road is 13 kilometer, mud road is 325 kilometer and waterway is 70 nautical miles. Besides, extinct or nearly extinct traditional transports are Palanquin, duli etc. Therefore, noted manufactories are rice mill, jute mill, yarn mill, welding factory, aluminum factory, ice factory, bronze ornaments factory etc. There are some cottage industries e.g, Blacksmith, potteries, weaving, brass and bell-metal work, ghani (oil mill) etc.

6.1.10 Hats, Bazars and Fair Hats and Bazars

The number of this areas is 22 including 8 fairs and most noted of which are Rajoir Hat, Amgram Hat, Kadambari Hat, Isibpur Hat, Bajitpur Hat, Kabirajpur Hat, Khalia Hat, Tekerhat, Sendia and Kadambari Samkranti Mela, Khalia Rath Mela, Bajitpur Maghi-Purnima Mela and Ganesh Pagaler Kumba Mela at Kadambari. Moreover, main exported goods are Jute, date molasses, sesame, mustard oil etc.

6.1.11 Access to Electricity

All the unions of the upazila are under rural electrification net-work. However 38.55% of the dwelling households have access to electricity.

6.1.12 Sources of Drinking Water and Medical Facility

These include tube-well 96.26%, pond 0.77%, tap 0.27% and others 2.70%. Therefore, Sanitation 9.71% (rural 7.75% and urban 29.13%) of dwelling households of the upazila use sanitary latrines and 78.47% (rural 80.03% and urban 63.03%) of dwelling households use non-sanitary latrines; 11.21% of households do not have latrine facilities. Along with

these, the number of health center Hospital is 1, upazila health centre is 6, family planning centre is 10 and clinic is 3. Operationally important NGOs of this area are Village Development Organisation.

6.2 Introducing Derai Upazila of Sunamgang District

Derai Upazila of Sunamgang District covering area 420.93 square kilometer, is located in between 24°39' and 24°53' north latitudes and in between 91°10' and 91°28' east longitudes. It is bounded by Dakshin Sunamganj and Jamalganj upazilas on the north, Sulla, Bangladesh and Nabiganj upazilas on the south, Jagannathpur upazila on the east, Sulla, Khaliajuri and Jamalganj upazilas on the west.

6.2.1 Population

Total population of this area is 202791; male is 105252, female is 97539; Muslim is 144136, Hindu is 58576, Buddhist is 33 and others are 46.

6.2.2 Water Bodies

Notable rivers of this area are Surma, Kushiyara, Dahuka; Ainal, Tatua, Jalaldi, Haria and Bhogdoba beels. Administrative Derai Thana was formed in 1942 and it was turned into an upazila in 1982.

Figure 4: Location Map of Derai Upazila



Source: Encyclopedia of Bangladesh

6.2.3 Archaeological Heritage and Relics

Shyamar Char Akhra, Mazar of Wakil Shah, Mazar of Lengta Shah, Bhatipara Mosque and Hosenpur Mosque are the notable heritage and relics in this area.

6.2.4 Historical Event Sand Site

Nankar Rebellion was held in this upazila in 1938. On 25 August 1971, an encounter was held between the freedom fighters and the Pak army in which Muktiyoddhas like Azim Ullah, Kuti Miah and Gopendra Das were killed and while Adul Khaleque and Company Commandar Aatur Rahman were wounded. Marks of the War of Liberation were Mass grave 1 and Mass killing site 1. Religious institutions include Mosque 253, temple 15 and tomb 6.

6.2.5 Literacy Rate and Educational Institutions

Average literacy of this is 35.4%; male 38.4%, female 32.2%. Noted educational institutions are Derai Degree College (1979), Derai Boys' High School (1915), Derai Girls' High School (1958), Fakir Mohammad Ideal High School (1987), Rajanagar Krishna Chandra Public Secondary School (1903), Derai Ideal Government Primary School (1805), Derai Jamea Hafizia Hossainia Madrasa (1978) etc.

6.2.6 Cultural Organizations

There are 80 clubs, 1 Library, 2 cinema halls, 1 theatre stage, 4 jatra groups, 2 women organizations, 5 cultural organizations etc.

6.2.7 Main Sources of Income

People is involved in different work e.g. agriculture 74.85%, non-agricultural labourer 5.30%, industry 0.24%, commerce 8.14%, transport and communication 0.26%, service 3.19%, construction 0.64%, religious service 0.38%, rent and remittance 0.70% and others 6.30%. In this area, fish is exported in different countries.

6.2.8 Ownership of Agricultural Land and Crops

There are 49.11% landowners, 50.89% landless; agricultural landowner in urban and rural areas is 43.25% and 50.04% accordingly. Main crops are paddy, chilli, potato, onion, vegetables etc. Extinct or nearly extinct crops are jute. Main fruits are mango, jackfruit, wood-apple, banana, litchi, blackberry, guava etc.

6.2.9 Fisheries, Dairies and Poultry

The number of fishery, hatchery and poultry are 150, 5 and 120 consecutively.

6.2.10 Communication Facilities

This includes pucca road 20 km, mud road 520 km; waterway 46 nautical miles and extinct or nearly extinct traditional transports are Palanquin, horse carriage etc.

6.2.11 Noted manufactories

It includes rice mill 12, flour mill 2, saw mill 8, brick-field 5, ice factory 3, pipe factory 1 etc. Moreover, cottage industries lead weaving and bamboo work.

6.2.12 Hats, Bazars and Fair Hats and Bazars

The number of such place is about 20 most noted of which are Derai, Rajanagar, Tanakhali, Ratanganj, Bhatipara, Shyamar Char, Banglabazar and Dhalbazar and Dhal Mela etc. Besides, the number of fairs is 2.

6.2.13 Access to Electricity

All the wards and unions of the upazila are under rural electrification net-work. However 9.93% of the dwelling households have access to electricity.

6.2.14 Sources of Drinking Water

It includes tube-well 76.30%, pond 13.23%, tap 7% and others 3.47%. The presence of arsenic in an intolerable level has been detected in 3% shallow tube-well water of the upazila.

6.2.15 Sanitation and Health Centers

26.36% (rural 22.62% and urban 49.94%) of dwelling households of the upazila use sanitary latrines and 58.78% (rural 61.43% and urban 42.13%) of dwelling households use non-sanitary latrines; 14.86% of households do not have latrine facilities.

The number of health centers includes Upazila health centre 1, health and family planning welfare centre 13, and satellite clinic 2, tuberculosis (TB) hospital run by BRAC 1, leprosy hospital run by HEED Bangladesh 1, community clinic 15, veterinary hospital 1 and so on.

6.2.16 Natural Disasters and NGO Activities

The floods of 1974 and 1988 and the tsunami of 2004 caused heavy damages to settlements and properties of the upazila.' Operationally important NGOs are BRAC, HEED Bangladesh, Grameen Janakolyan Sangstha.

Chapter Seven: BRAC's Micro-credit Programmes

7.1 Emergence of BRAC

BRAC started its journey after independence of Bangladesh on 1972 involving in small scale relief and rehabilitation activities initiated by Fazle Hasan Abed to assist the country facing devastation and trauma of liberation war. Initially, it focused on helping the refugees returning from India to Bangladesh. BRAC started to help affected people by giving construction materials of houses and rehabilitation support and later it turned into a 'community development; and 'microfinance' institutions providing financial services along with health care, education, and other social development services to the poor people. Now BRAC emerged as an independent and self-financed development institution and it is the largest NGOs in Bangladesh (Serajul, 2008:4).

BRAC realized within a short time that by giving relief and rehabilitation assistance could meet immediate needs of the poor people but long term sustainable development is not possible (Lovell, 1992 cited in Ahmed and Rafi, 1999). In order to achieve the long-term sustainable development BRAC started a programme with integrated community development approach in 200 villages in the northern districts¹⁰ of the country. It was the first integrated service package for the poor that covers skill development training, adult education, health care and family planning services, agriculture, fisheries etc. (Ahmed and Rafi, 1999). But this integrated community development approach could not attract the poor people. Especially adult education programme failed to involve the village people and the vocational training programme was not available in the village (Chen, 1991; Lovell, 1992, cited in Ahmad and Rafi, 1999). Therefore, BRAC introduces 'Participatory Development Programme'-an alternative development approach under which the villagers participated in their own community and actively took part in programme planning and implementation. But there was a problem to organize the whole village within an umbrella. Therefore, in 1974 BRAC initiated credit cooperative programme for the poorer groups of the village. In 1978, BRAC shifted its approach from credit cooperative programme to concept of organizing the poor in groups which is called the 'Target Group Approach' (Ibid.).

¹⁰Northern districts of Bangladesh is highly vulnerable to food insecurity

BRAC started non-formal primary education programme in 1985 with a view to provide education facilities for those poor people who are excluded from formal schooling. BRAC school teaches on the existing curriculum for the students. BRAC provides health care services for the poor people. Trained health workers and volunteers are working for building awareness among the extreme poor people. BRAC organises a set of support services including training for implementing the programmes. Besides these, BRAC introduces social development, legal and human right support programme for the poor people. BRAC believes that poverty can be alleviated from a holistic point of view and introduced holistic approach for the extreme poor (BRAC, 2008).

7.2 BRAC's Micro-credit Programmes and Lending Approach

BRAC is one of the largest micro-credit providing institutions in Bangladesh. The primary goal of BRAC's micro-credit programme is to alleviate poverty and empower the women. BRAC provides collateral-free loan to the poor people and applies 'finance-plus' approach to address the problem of the extreme poor (BRAC, 2008).

The main platform of BRAC's micro credit programme is Village Organisation¹¹ (VO). "The main goal of VO is to strengthen the capacity of the poor for sustainable development" (Ford Foundation, 2010) so that they may able to join the national development activities. A member of VOs is eligible to have access to different kinds of BRAC services such as receiving credit, opening savings account and building their social capital (Ibid.). BRAC organises the poor people into the VOs. After organising VOs, women are provided necessary information regarding lending procedures and loan utilisation strategies so that VOs member can start new enterprises or expand their existing business. The VOs member becomes eligible for larger loan (BRAC, 2010a). These lending procedures of BRAC follow the 'Grameen' model. Till December 2008 BRAC covers 110 million poor people in Bangladesh, with 8.09 million VOs members and 6.37 million loan borrowers. Among them 99.5 percent are women (BRAC, 2008:1).

¹¹"Village Organisations (VOs) are the nucleus of BRAC's development activities at the community level. These VOs meet for Human Rights and Legal Education classes, health forum and participate in federated platforms for social development" (Matin et al., 2008:7). Currently BRAC implements its development programmes through about 293,016 VOs spread all over Bangladesh (BRAC, 2008)

7.3 BRAC's Credit Products and Its Linkages

BRAC provides two different kinds of loans such as 'Micro' loans and 'Micro Enterprise' loan. 'Micro' loans are provided for the extreme poor and exclusively for women members who cannot join the mainstream development programme. This loan was first introduced in 1974. BRAC seeks to assist the extreme poor by involving them in income generating activities through micro loans. It is a group based loan and the main intention of this loan is to increase the opportunities for income generation (BRAC, 2008:23). On the other hand, 'Micro Enterprise' loan is provided for individual. An individual is eligible for micro enterprise loan and it is provided for both men and women. This loan was introduced in 1996 in order to strengthen the capabilities for employment creation (Ibid.). Small entrepreneurs can expand their business by utilising micro enterprise loan. These two kinds of loans are provided under three different schemes which are *Dabi*, *Unnoti* and *Progati*.

Dabi is the core component of BRAC's microfinance programme. It delivers group-based micro loans to the extreme poor women in both rural and urban slums. The poor landless women are organised into VOs. The *Dabi* members are entitled to have the access to micro loans and savings schemes that helps them to reduce their vulnerability by increasing their income opportunities. The poor people who sell their labor on daily basis and owns not more than one acre of land including homestead are eligible for *Dabi* loan. BRAC provides three kind of *Dabi* loan such as general loan, housing loan and disaster loan. The General loan "ranges from BDT 4000 to BDT 30,000 (50-450 US dollar) with a flat 15 percent interest rate" (Ford Foundation, 2010). This Loan is to be paid through 46 weekly installments within a year (Ibid.). The poor women use this loan for cultivation of rice, vegetables, rearing livestock and poultry and running small business like restaurant, phone shop, grocery shop etc. (BRAC, 2008:23). The housing loan size up to BDT 10,000 (150 US dollar) and it is also to be paid through 46 weekly installments within one year with 10 percent flat interest rate. On the other hand, the disaster loan is provided to the disaster affected people and its loan size and interest rate is determined based on the condition of the client and the loan period is one year (Ford Foundation, 2010).

Unnoti is a popular loan product for the "small and marginal farmers who own more than one acre of land" (BRAC, 2010b). This loan is provided at 15 percent flat interest rate to meet their specific needs. BRAC realized that the economy of Bangladesh mostly depends

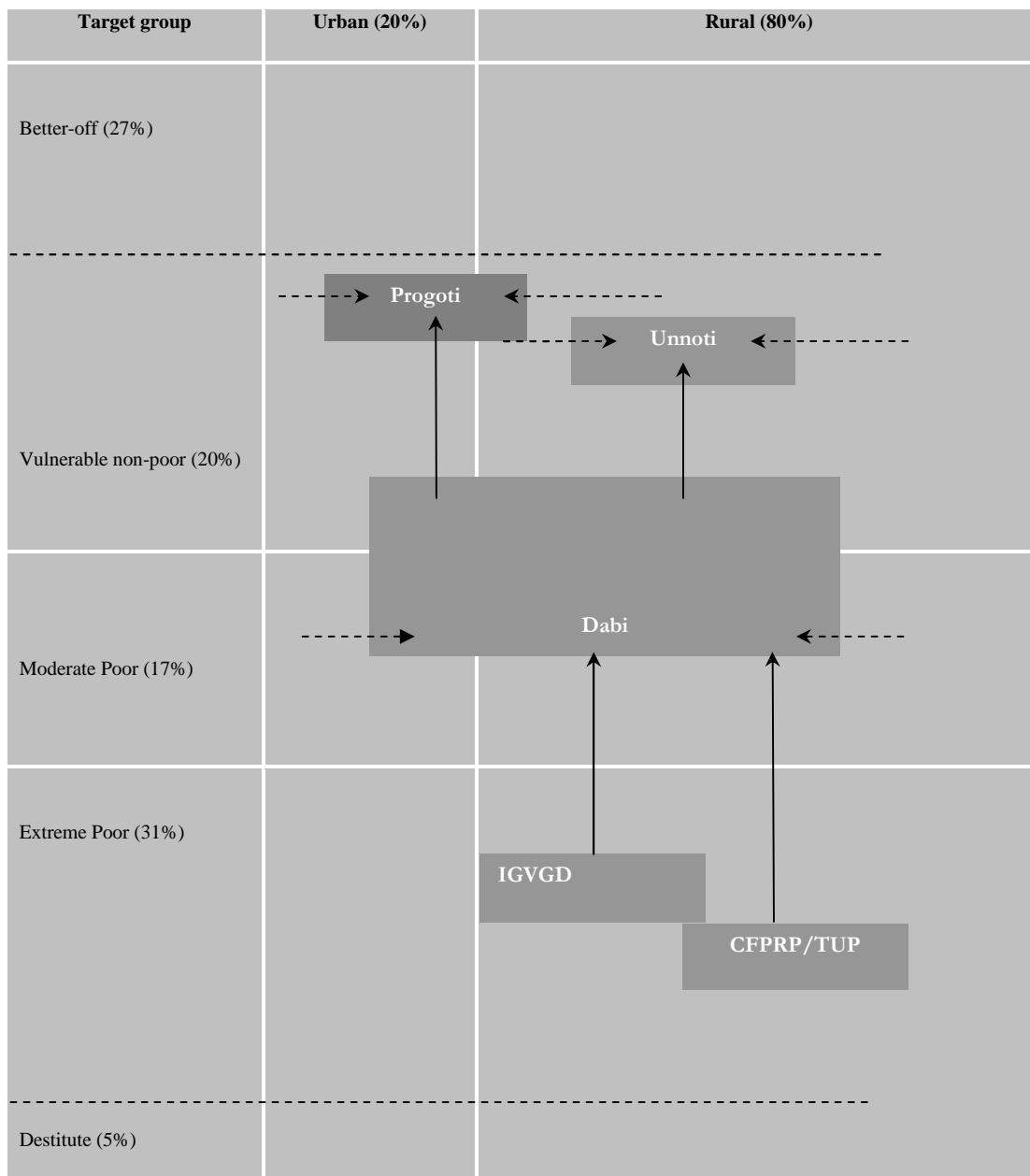
on agriculture and most of the rural people directly or indirectly engaged in agricultural sector. BRAC believes that if marginal farmers have access to loan, they can grow more crops that can contribute for ensuring country's food security (Ibid). This loan ranges from BDT 10,000 to BDT 50,000 (150-750 US dollar) and it is to be paid over 12 to 18 month time through the equal installments (Ford Foundation, 2010).

Progoti is mainly for small entrepreneurs of both rural and urban areas who run small scale business, but due to lack of financial capital cannot expand their business. These small entrepreneurs do not have the access to financial services of formal banking nor as a member of landless group. The *progoti* borrower needs to open a bank account to join in the loan activities. The loan size is between BDT 50,000 to BDT 300,000 (750-4500 US dollar) at 15 percent flat interest rate and it is to be paid over 12 to 18 month through the equal installments (Ibid.).

The above discussion demonstrates that the BRAC credit programmes are linked each other and there is a credit ladder among the programmes. After successful participation in *Dabi* loan, the borrowers can gain eligibility for participating in comparatively larger loan products called *Unnoti*. The *Unnoti* borrowers can graduate for *Progoti* loan which provides larger loans to small entrepreneurs to invest and develop their existing business. This ladder also connects the extreme poor to the credit programme through 'Income Generation for Vulnerable Group Development' and 'Challenging the Frontiers for Poverty Reduction: Targeting the Ultra Poor' programme (BRAC, 2010b).

A brief picture (Figure-2) of BRAC's microfinance programmes for different categories of poor are given below (Chowdhury, 2009: 3):

Figure 5: BRAC's Microfinance Programmes



Note: IGVGD= Income Generation for Vulnerable Group Development; CFPRP/TUP= Challenging the Frontiers of Poverty Reduction/Targeting the Ultra Poor; Progoti= Microenterprise Lending and Assistance; Unnoti= Enterprise Development Program; Dabi= Poverty Alleviation Poor Landless Women

—————> signifies vertical entry, and —————> signifies horizontal entry

Source: Chowdhury (2009:3)

Chapter Eight: BRAC's Credit-Plus Approach

8.1 Introduction

In Bangladesh BRAC has been working with the poor since 1974 through its microfinance programme as an economic development intervention. As the poor are not a homogeneous group, the micro-credit alone cannot be a panacea for all categories of poor. BRAC believes that extreme poor need additional non-financial services as background activities to have the access of mainstream development programme. Therefore, BRAC has been scaling-up its microfinance products and applies 'credit-plus' approach combining micro-finance with socio-economic development services and linking these services into effective rural livelihood generation activities. BRAC introduces different programmes under 'credit-plus' strategy such as 'Income Generation for Vulnerable Group Development' (IGVGD) and 'Challenging the Frontiers of Poverty Reduction: Targeting the Ultra poor' (CFPR/TUP).

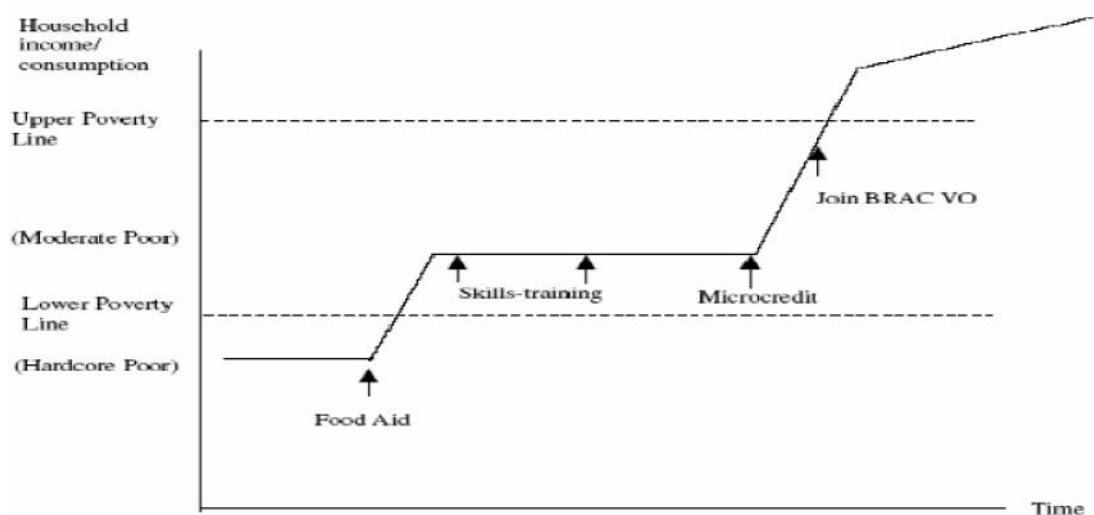
8.2 Case 1: The Income Generation for Vulnerable Group Development (IGVGD)

The IGVGD is a food aid based comprehensive programme for the extreme poor that enables them to participate in the mainstreaming development programmes linking food, skill development training, and savings with microfinance. The IGVGD programme started in 1985 as a pilot programme. Now it is implemented as a national programme and covers most of the extreme poor affected and food insecure areas of Bangladesh (Halder, 2003: 2). It is a collaborative initiative for ensuring food security led by the government of Bangladesh (GoB), the World Food Programme (WFP) and the BRAC (Hashemi, 2000). The main objective of this programme is to work with the extreme poor women and to build a link that helps them move from a subsidized programme to regular microfinance programme (Hashemi and Rosenberg, 2006).

The IGVGD programme is based on a government safety net programme. It provides free food for 18 month period to the most insecure female headed households who have no or very few assets in their livelihood, own half of acre of land and mostly depend on household work, day labour or begging and earn less than BDT 300 (5 US dollar) per month (Ibid. p.5). This extreme poor are highly vulnerable to shocks particularly natural disasters such as floods, droughts, river erosion, and heavy rainfall every year. These

affect badly their crops and damage their other livelihood assets. Consequently, they suffer from food insecurity in their life cycle. BRAC realised that it is difficult to include these poorest people in the microfinance programme without giving some additional support and decided that food aid might be an attractive incentive for them to join the programme. Therefore, under the IGVGD programme BRAC uses food aid to attract the very poor and then applies skill development training, savings and micro-credit services for strengthening their capacity. During the 18 month food assistance the participants receive different kinds of training such as poultry and livestock rearing, vegetable gardening etc. Usually, participants complete their skill development training within 6 months and then they are enrolled into a pre-existing BRAC center. The participants attend the weekly meeting regularly and they are required to save BDT 25 (0.30 US dollar) per month with BRAC which is stated in 'Grameen' micro-credit model and participants receive 6 percent interest on their savings from BRAC (Hashemi, 2000). After completing training and showing satisfactory performance on savings, the first loan of BDT 2500 (37 US dollar) with 15 percent flat rate of interest are given to the IGVGD participants. This loan is provided for a period of 12 months. The participants receive second loan of BDT 4000 (60 US dollar) for those who successfully repay the first loan (Ibid. p.3) and the free food aid ends during the second phase loan repayment period. Figure 3 shows the IGVGD model of poverty reduction for the ultra-poor.

Figure 6: **The IGVGD Model**



Source: Matin et al., (2008:8)

The above diagram shows that “poverty reduction as a ‘two-step’ process of livelihood protection and promotion” (Matin et al., 2008:8). At the first stage of this model, the hardcore poor receive food aid that helps them to overcome the lower poverty line and at the second stage they receive different forms of skill development training, participate in the credit programmes, engage in some kind of entrepreneurial activities and build up savings that help the participants to gain confidence (Hashemi and Rosenberg, 2006: 5). As a result, after participating in the programme the participants are “encouraged to ‘graduate’ by joining BRAC’s regular Village Organisations and become eligible for access to micro-credit, health care, legal awareness and other BRAC services” (Matin et al., 2008:7). In this regard, Hashemi and Rosenberg (2006: 5) claim that the result of IGVGD is impressive. In the same study, they found that since its beginning the IGVGD programme has provided services to 1.6 million extreme poor women and about two-third of them graduated from extreme poverty to join regular microfinance programme (Ibid.). The IGVGD programme has not only intensified the outreach activities but also facilitated them to increase their livelihood assets as Ellis (2000) stated in the sustainable livelihood framework. The study (Hashemi and Rosenberg, 2006) also shows that the IGVGD programmes helped the participants to increase their income and material assets such as agricultural land, homestead plots, beds, blankets, etc. which helped them to decrease begging and to improve their livelihood strategies.

Another BRAC study (Matin et al., 2008:8) also reveals that through IGVGD programme the income of the participants has increased and about 80 percent of the participants have joined BRAC’s regular microfinance programme. Matin and Hulme (2003:647) also confirm the above statement and argue that the IGVGD programme has increased the outreach of poverty alleviation activities and the result is very satisfactory. The IGVGD outcome report (WFP-Bangladesh, 2007) shows that food aid with combination of other services improved the food security and livelihoods of the extreme poor household and it helped them to improve their crisis coping capacities. In order to combat the vulnerabilities they now use their savings, breaking clay bank, selling eggs or borrow money from friends, VO members and relatives instead of lending money from patrons. They also search alternative earning opportunities outside their communities to raise their income (Ibid.). It helped them to change and improve their livelihood strategies.

A longitudinal survey (Hashemi, 2000) reveals that the IGVGD participants benefited significantly from this programme in the terms of improving their income and livelihood

assets. Food aid helped the extreme poor to save their earnings. In addition, the initial loan allowed the participants to engage in income generating activities. Consequently, their livelihood strategies have improved and now they are engaged in livestock and poultry rearing, rice husking, small trading, shop keeping, cultivation of own land, among others (Ibid.). Survey findings also show that the IGVDG programme helped the extreme poor women gain their human and social assets. Before joining the programme most of the participants were unskilled and suffered from lack of self-esteem. They also had lack in social networks particularly with the elites and they could not engage themselves in income generating activities. In this respect, the skill development training along with food aid and loan facilities helped them to gain more skills which increased their confidence. Now they are able to generate income opportunities and their social network has been expanded in the community (Ibid.).

The above findings indicate that the linkages between credit and additional services helped the extreme poor increase their livelihood and livelihood assets. According to these findings the financial, physical and social capital of extreme poor has been increased significantly. As a result, their livelihood capacities and strategies have also been improved.

But there are some other voices. A large body of literatures raises questions regarding the effectiveness of IGVDG programme. Halder and Mosley (2004) found that only 34 percent of the IGVDG participants could join the regular microfinance programme. Another study (Hashemi and Rosenberg, 2006) result shows that “Though about 80 percent of the IGVDG beneficiaries joined BRAC’s regular microfinance programme, a longitudinal study found that only 70 percent of them manage to continue their Village Organisation membership beyond three years” (cited in Matin et al., 2008: 9). It indicates that about 30 percent IGVDG beneficiaries fail to start their graduation process (Ibid.) and the beneficiaries who could continue the programme most of them are moderate poor with strong social networks and have good access to political parties. Therefore, it demonstrates that the extreme poor did not get real benefit from the IGVDG programme. The programme has just added some value for the participants such that by participating in the IGVDG programme the extreme poor got free food aid, some capacity building training, involvement in some entrepreneurial activities etc. which is only ‘plus’ service but did not generate real opportunity for the extreme poor.

In fact, the IGVGD programme is for Vulnerable Group Development (VGD) beneficiaries who are selected by local government and in most of the cases it is found that the moderate poor get more benefits than the extreme poor through this process. It means that the extreme poor do not have enough social networks particularly connections with local elites or political parties to get easy access to different development services. In chapter three of this paper, we noted that the extreme poor have inadequate connection with local elites who play a key role for selecting the IGVGD clients. As a result, due to lack of social capital the extreme poor are most often excluded from the programme and suffer from different kinds of vulnerabilities. On the other hand, the moderate poor who have these kinds of social capital can have easy access to the programme.

“The IGVGD programme implementation and governance is itself a part of the problem” (Matin et al. 2008: 9). The IGVGD is a collaborative programme and it needs to make fresh contract with the GoB and the WFP every two year cycle and it takes about six months. This means that all development components provided by BRAC have to be completed within 18 month programme period which is very difficult (Ibid.). In addition, the 18 months period for a programme like IGVGD is very short. The IGVGD programme covers the most vulnerable areas of Bangladesh where the extreme poor face natural disasters, malnutrition, frequent illness, accident. They experience some stress in their life cycle like payment for dowry, some weeding related expenses, dependent small kids, disable family members etc. In addition, the extreme poor of Rajshahi and Barisal division (referred to in chapter III) where the extreme poor incidence is higher than the other four administrative divisions face seasonal unemployment in the month of September and October almost every year (BRAC, 2008). Therefore, it is very challenging to help the extreme poor to be able to join regular microfinance programme within the short period. As a result, the extreme poor do not get the desired advantages from the IGVGD programme.

Political economy challenges are also a major issue for the programme. The local elected representatives play a vital role in the selection process of extreme poor women for the IGVGD programme. They also supervise the wheat distribution and organization of the training activities and interact with the beneficiaries (Matin et al., 2008). It means that the local elites’ role is very crucial for this programme. As a result, the extreme poor show greater dependency on them than BRAC staff in order to avoid exclusion from the

programme (Ibid). One of the major barriers in implementing the programme, therefore, is the apparent elite capture.

As mentioned earlier, the IGVGD is a partnership programme between WFP, GoB and BRAC. The lack of proper coordination among these three parties is another problem for the programme and it adversely affects the implementation process of the programme (Ibid.). In addition, the IGVGD programme does not follow the process oriented model of graduation but rather emphasise on inputs and improving the economic aspect of livelihoods (Ibid.). As a result, the programme cannot bring expected outcomes for the extreme poor.

8.3 Case 2: Challenging the Frontiers of Poverty Reduction: Targeting the Ultra Poor (CFPR-TUP)

The ‘Challenging the Frontiers of Poverty Reduction: Targeting the Ultra Poor’ (CFPR/TUP) is a social protection programme for the ultra-poor initiated in January 2002 in three districts of Rajshahi division, northern Bangladesh to enable them to join mainstreaming development activities. Now it covers 40 districts in Bangladesh, “including 20 districts with the highest concentration of poverty” (BRAC, 2008:28). The programme conducts outreach development interventions. In the first phase (2002-2007) of the programme, development activities were extended to 100,000 households and in the second phase (2007-2011) it covers additional 860,300 households in Bangladesh (Ibid.). The main purpose of this programme is “to improve the lives of the ultra-poor through a combination of asset transfer, supplementary feeding, and livelihood support services as well as social awareness and other welfare activities” (Sinha et al, 2008:1).

The CFPR-TUP programme focuses especially on female headed households who have no productive assets and own less than 10 decimal of land, do not have male earning members and school going children, mostly depend on day labour, domestic work or begging and cannot meet the minimum food caloric requirement. Under this programme BRAC links assets, stipend facilities, training, health care services, shocks fund and savings with credit. The main components of this programme are “temporary cash stipend, individual household asset transfers, skills’ training, increasing participants’ social awareness and creation of links between the ultra-poor and public resources by mobilizing local community leaders” (Rabbani et al., 2006:1).

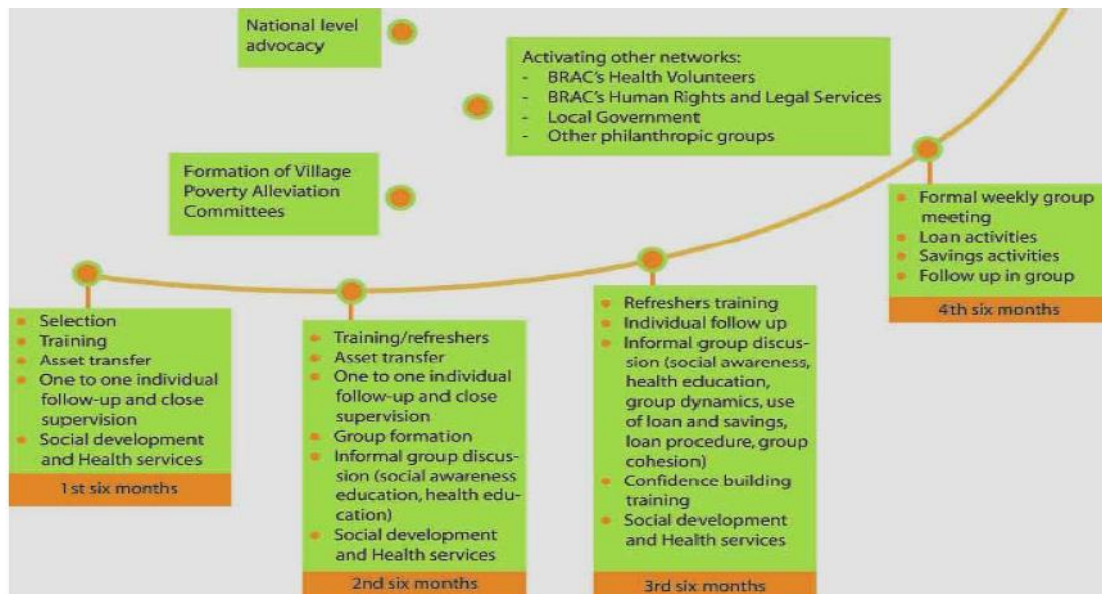
The programme deals with the extreme poor applying two main approaches “a grant-based approach for Specially Targeted Ultra Poor and a grant-plus-loan approach for Other Targeted Ultra Poor” (BRAC, 2007). The main features of both the groups are female headed households. The Specially Targeted Ultra Poor (STUP) woman owns less than 10 decimals of land and involves in beggary or wage labor or domestic work and depends on children’s income. On the other hand, the Other Targeted Ultra Poor (OTUP) woman owns 11 to 30 decimals of land and involves in seasonal livelihood work (BRAC, 2008: 28).

The targeting process of CFPR-TUP is different from the IGVD programme. The BRAC Research and Evaluation Division (RED) takes the main responsibility to select the client for CFPR-TUP programme and “undertook a process documentation research (PDR¹²) of the targeting process” (CFPR/TUP research team, 2004). The RED research team follows four targeting stages for selecting beneficiaries i.e. “Rapport building, Participatory Rapid Appraisal (PRA) meeting, Survey and preliminary selection and Final selection” (Ibid.). At the first stage, the responsible research team determines the target area where extreme poverty incidence is comparatively higher and selects the PRA venue in the central location of the programme area so that the community members can easily attend the PRA meeting. The team also communicates with the local community members, builds rapport and invites them to attend the PRA meeting (Ibid). At the second stage, participants of PRA meeting are requested to draw a map of the target area and conduct the wealth ranking¹³ exercise to select the participants for CFPR programme. On the basis of PRA findings, the research team conducts a questionnaire survey and prepares a preliminary selection list. At the last stage, the regional office and senior officers of BRAC confirm the lists and seeks community members’ opinion (Ibid.) and after getting feedback from the community people, they finalize the selection process and this is the first stage of programme implementation. Figure 4 shows the summary of the CFPR/TUP programme stages:

¹²“PDR is a social science research technique that provides systematic recording of activities and interactions of various groups involved in the field-level implementation of any programme. PDR emerged as a useful research technique in the 1970s, especially with the PDR carried out on a communal irrigation project in the Philippines in 1977” (Chong Javier, 1978; Chaiong-Javier, 1980; Borlagdan, 1979; and Quidoles, 1980 cited in CFPR Research Team, 2004:1).

¹³“The wealth ranking is most commonly carried out on the basis of the following criteria: people who own a fair amount of land, have a salaried job, live in a tin or paddy sheaf house, own cows, goats or other livestock or own power tiller, rice mill, etc. are considered wealthy. On the other hand, landless people or people who own nothing outside their homestead, work as day laborers, small traders or beg, do not have any livestock or assets and live in straw houses are considered to be poor” (CFPR Research Team, 2004: 18)

Figure 7: Staged Model of CFPR-TUP



Source: Matin et al. (2008: 12)

The CFPR/TUP programme is designed for four phases of six months each but there is some flexibility to participate in the regular microfinance programme than the previous programme. During the first six months BRAC provides skills development training to the participants and after building their capacity, they are given assets such as cow, goats, poultry, birds, seeds etc. so that they can engage themselves in income generating activities. BRAC is in charge of the technical and managerial aspects of the programme. BRAC staffs monitor and supervise their activities and provide help if needed. In addition, BRAC staffs conduct a social awareness programme and require participants to engage in social development activities. During the first six months programme period, BRAC provides preventive and curative health care services through referral to the government clinics. In the second phase, BRAC repeats all the components along with group formation, informal group discussion, social awareness education, health education services for the participants. In the third phase of the programme, BRAC provides refresher training, maintains individual follow-up, organises informal group discussion including social awareness, health education, group dynamics, discussion on the use of loan and savings, loan procedure, group cohesion etc. In addition, in this stage BRAC organises confidence building training for the participants so that they can engage themselves efficiently in income generating activities. The participants also receive basic health care services through BRAC. After successful completion of third stage, the

participants are required to attend formal weekly group meeting. Through the weekly group meeting they distribute loan, collect savings and involve themselves intensively in income generating activities and BRAC monitors and follows-up their activities by group. Under the CFPR/TUP programme BRAC links the ultra-poor with other networks such as BRAC's health volunteers, human rights and legal services, local government and other philanthropic groups so that they can get benefit from these associations. In addition, BRAC establishes a 'Village Poverty Alleviation Committee' for the participants. This committee helps the extreme poor to improve their awareness and enable them to have access to public resources which helps them to participate in the decision making process at local level. In all the stages, BRAC monitors and follows-up the activities and provide assistance if needed.

The above discussion demonstrates that the CFPR/TUP is a better targeted and extreme poor friendly programme. The selection process of the participants is more rigorous compared to other programmes. It combines different methodologies to select the poorest section of the population for the programme. The community based wealth ranking process helps to collect correct information regarding the extreme poor. In this process, the households who belong to the lower level of wealth ranking are considered as extreme poor (CFPR/TUP Research Team, 2004). In order to select the participants for the programme BRAC introduces some inclusion¹⁴ as well as exclusion¹⁵ criteria. The extreme poor household need to meet minimum two inclusion criteria and also requires to avoid all the exclusion criteria (Sulaiman and Matin, 2006a:3). Thus, the role of RED-BRAC by involving community people makes this selection process more transparent and reliable. BRAC research findings reveal that 95 percent of the programme participants meet minimum two inclusion criteria and 70 percent of the beneficiaries fulfill only two selection inclusion criteria (Ibid. p.15). It indicates that the CFPR/TUP's selection tools have efficiently reached the target group of the programme. Evidence claims that the targeting success has been achieved not only for using the effective tools but also for their rigorous implementation for selecting the participants (Ibid. p.18). As a result, the extreme poor who do not have enough social capital and mostly depend on local elites can get the access in the programme.

¹⁴“Inclusion criteria include no adult male income earner, adult women selling labour outside homestead, school going-aged children engaged in labour, total land including homestead is less than 10 decimal, and have no productive asset” (Sulaiman and Matin, 2006a:3).

¹⁵BRAC applies three exclusion criteria for selecting participants i.e. “borrowing from NGO, recipients of government development programme, and no physically able adult women” (Sulaiman and Matin, 2006a:3).

A baseline survey¹⁶ report of CFPR/TUP shows the clear distinction between the selected ultra-poor (SUP) for the programme and non-selected ultra-poor (NSUP) in terms of their livelihood assets and vulnerability. At the beginning of the programme the SUPs were worse off than the NSUPs. But after joining the CFPR/TUP programme in 2005, there was found a significant difference between the SUPs and NSUPs and SUPs were found better off position than NSUPs. BRAC study (Rabbani et al., 2006) shows that “the percentage of households living under the one dollar a day threshold reduced significantly from 89 percent to 59 percent among the beneficiaries” (cited in Matin et al., 2008:26). In addition, the selected ultra-poor achieved a significant improvement in terms of natural, financial, physical and social assets. Rabbani et al. (2006) found that the participants achieved higher access to land and their participation to financial markets has been increased. Moreover, after joining the programme the social and legal awareness among the participants has also been increased and consequently, reduced their vulnerability (cited in Matin et al., 2008).

BRAC’s impact study (Rabbani et al., 2006) findings also show that 35 percent of CFPR/TUP programme participants became land owner in 2005 who were landless in 2002. The participants also gained some physical assets by participating in the programme. For instance, in 2002 only 2.5 percent CFPR participants had cows but in 2005 this figure significantly increased over 88 percent. In fact, the CFPR/TUP programme transfers livestock and poultry to the participants as assets. In this sense, more CFPR participants were able to own cows which had improved their physical assets. Other physical assets such as bicycle ownership also increased but not as significant. For instance, 0.1 percent participants owned bicycle in 2002, but in 2005 this figure was 1.6 percent (Ibid.). It is to be noted here that there was no significant improvement of human assets of the participants. For instance, before joining the programme the literacy rate of 15 years above people was 7.45 percent but this figure increased to 10.89 percent in 2005 (Ibid.). The beneficiaries also gained financial assets during this programme period. After attending the CFPR programme the percentage of participants having savings increased significantly. In 2002, only 8.3 percent of the participants had savings but in 2005 this

¹⁶The first baseline survey was conducted by BRAC in 2002. Later, in 2005 a repeat survey has been conducted to assess the impact of CFPR/TUP on the livelihood of the extreme poor. Both of two survey considered two groups of extreme poor i.e. selected ultra poor (SUP) and non-selected ultra poor (NSUP). The NSUPs are identified by the local community members as ultra poor but not selected as participant for the programme not to meet the selection criteria. In 2006, Rabbani et al. provides a descriptive analysis of impact assessment of CFPR/TUP based on 2002-2005 panel data.

figure increased up to over 98 percent (Ibid.). It should be noted here that according to CFPR/TUP programme, the participants become eligible for credit programme after showing satisfactory performance on savings. Consequently, this criterion positively improved the participants' ability to save. The social capital of CFPR participants also increased significantly compared to the previous position. Findings show that in 2002, only 8 percent of women participants knew about the legal age of marriage, but after three years, this increased to 70 percent. In addition, the rate of social inclusion was also increased during this period. Before participating in the CFPR programme, 24.92 percent of the participants were invited to non-relative neighbors' house, but in 2005 this figure increased to 38.61 percent (Ibid.).

The above findings reveal that the CFPR-TUP programme helped the participants to improve their natural, physical, financial and social capital and it helped decrease their vulnerability. It means that after joining CFPR/TUP programme, participants gained skills and self-esteem. Their social relations and networks have also increased significantly. As a result, their coping strategies and capabilities have also been increased which based from Ellis (2000) livelihood theory are crucial factors in alleviating the poor from extreme poverty. It is found that before joining CFPR programme the participants were mostly engaged in household work, begging and day labor but after participating in the programme most of them changed their livelihoods and now engaged in running small business or trading, livestock rearing, poultry rearing, cultivation of own land, some professional services, etc. (Rabbani et al., 2006). Consequently, their household income, food security and housing quality improved significantly.

The per capita income is one of the important livelihood outcomes of the participants. BRAC impact study (Rabbani et al.2006) shows that the per capita income of the participants has been improved significantly after joining the programme. As a result, it helped them to move from extreme poverty. Impact study reveals that 30 percent of the participants could manage to move from extreme poverty, but in the case of non-participants this figure was 13 percent (Ibid. p. 23). Food security is another livelihood outcome for the extreme poor. In 2002, the SUPs were worse off position compared to NSUPs in terms of food security. But after joining the programme they were found in a better off position than the NSUPs in 2005 (Ibid. p.24). In this respect, another BRAC study (Hassen, 2006) shows that at the beginning of CFPR/TUP programme 60 percent of SUPs were found in chronic food deficit but in 2005 this percentage had been significantly

decreased to below 15 percent. In 2002, the calorie intake was 1750 kcal per person per day, but in 2005 it improved significantly and it was 2150 kcal per person per day (cited Matin et al., 2008). The quality of food taken by the beneficiaries was also improved. After attending the programme the beneficiaries were able to diversify their food items and it was sustained even after the graduation period (Haseen and Sulaiman, 2007). It indicates that assets transfer, cash stipend and development interventions played a very crucial role for ensuring food security of the ultra-poor.

The socio-economic conditions of the beneficiaries were also improved during this period. BRAC research findings show that participants' economic, social and health condition had improved. In this regard, 69 percent of the participants thought that their economic condition had improved significantly and 83 percent believed that they became more confident to cope with vulnerability (Rabbani et al., 2006). It means that after attending the programme participants gained sustainable livelihoods which helped them to cope with vulnerabilities.

BRAC research team (Sulaiman and Matin, 2006b) tried to know the community peoples' perception regarding the poverty dynamics in the household by using participatory change ranking exercise. Study findings reveal that the common perception of the community is that the rich people became richer and the poor people became poorer. In the case of CFPR/TUP participants, however, their perception is different as they believed that the CFPR/TUP beneficiaries improved significantly in terms of livelihood assets, vulnerability as well as in terms of socio-economic condition (Ibid.).

The above discussions demonstrate that CFPR/TUP is one of the successful programmes of BRAC to reach the ultra-poor (BRAC, 2007:22). But some literature raises questions regarding the long run effectiveness of the programme. Sulaiman et al. (2006) argue that only "about one-third of the SUPs have been repaying loan without any difficulty and likely to continue their engagement in micro-credit representing the cases of successful 'graduation' ". It means that about two-third of the SUPs experienced difficulties in repaying their loan but are trying to pay them to avoid being dropped out. However, about a quarter of those who are having repayment problems conveyed that they would never participate in credit activities in the future (Ibid). In fact, there are no significant difference between the lending approach of CFPR/TUP programme and regular microfinance programme. As a result, the CFPR participants have to repay their loan like a regular

micro-credit client. Therefore, they do not feel encourage to be graduated to join the regular credit programme rather it may create some tension among extreme poor households.

The other issue is that the programme duration does not allow for long term and sustainable benefit for the extreme poor. As stated earlier, the extreme poor suffer from lack of skills and low self-esteem in their livelihoods which makes them vulnerable. In addition, CFPR programme covers most of the northern districts of Bangladesh. The extreme poor of these areas experience seasonal unemployment and consequently, food insecurity every year. In fact, after cultivating *amon*¹⁷ rice there are very few or no opportunity for the extreme poor to get involved in income generating activities. As a result, they face severe food insecurity during the month of September and October which is locally called *monga*¹⁸ (BRAC, 2008). Moreover, the extreme poor have some depended member in their household. Traditionally they are bound to give dowry for their daughter marriage. Even if they do not have ability to pay for dowry, in that case they borrow money from informal money lenders at higher interest rate for the welfare of their daughter (Geirbo and Imam, 2006). Under these circumstances, it is difficult for the extreme poor to get expected benefit through participating in a 24 month programme period. Therefore, it requires a more flexible programme where the extreme poor can get the financial and non-financial services for longer period so that they can gain skills that make them confident to cope with a regular microfinance programme.

BRAC establishes Village Poverty Alleviation Committee for mobilizing the potentials of the local elites so that the extreme poor can get access to public resources. The intension of forming this committee is undoubtedly good, but it is another kind of elites' involvement in the programme. This involvement of elites may affect on programme implementation process in many ways. For instance, as a programme implementation agency BRAC has to ensure extreme poor people's participation in the programme. But the extreme poor are dependent on the local elites due to lack of livelihood assets and vulnerabilities. In this regard, BRAC has to negotiate with the local elites to ensure successful implementation of the programme. Thus, in the case of CFPR/TUP programme

¹⁷*amon* is one of the main crops of the people of northern part of Bangladesh

¹⁸*monga* is the "recurring famine-like conditions, that prevail in the north from September and October after the amon rice crop has been planned and before it is harvested" (BRAC, 2008:26).

local elites also play a significant role in different stages of the programme implementation which might be a cause of exclusion of the extreme poor.

The involvement of the community leaders both in initial PRA meetings and the final identification of beneficiaries may arguably adversely impact the project outcomes. For instance, the presence of community leaders during PRA meetings may affect the agency of the intended beneficiaries to speak freely. On the other hand, the involvement of community leaders in the final identification of the beneficiaries may result to politicisation of the process. This means that those who are loyal to the community leaders may be given preferential treatment in the selection. The involvement of community leaders therefore may result to unscrupulous control of the programme.

To deal with the highly vulnerable extreme poor, the programme requires compassionate work force and realistic planning, coordination and frequent meeting among the involved officers (Matin et al, 2008). Given the limitations of BRAC on the aforementioned aspects, still there exists some uncertainty about the long run effectiveness and sustainability of the programme.

Chapter Nine: Findings and Discussion

9.1 Introduction

This section deals with the findings and analysis of the study. The analysis of the primary data is very important to understand the attainment of the objectives of the study. Both the findings and analysis can help to indicate the outcome of the study as well as to replicate the necessity of BRAC to develop the socio-economic condition of extreme poor. Two important techniques of data collection have been applied for gathering primary data in the study such as, in-depth interview and focus group discussion. The researcher has also applied observation technique for collecting data. The major findings of the study are discussed on following headings:

9.2 Socio-demographic Condition of the Extreme Poor

The researcher tried to explore the demographic information of the participants. Participant's age, educational status, marital and professional status, family members, income and expenditure are analyzed below in a descriptive manner.

9.2.1 Age

Age is an important factor to identify the socio-economic situation of a human being, because age provides the ability to work and earn money for maintain their lives. In 'credit-plus' approach of BRAC, all beneficiaries are women and most of them are below sixty years old. Findings show that most of the participants' age is between 25 to 45 years.

9.2.2 Gender

Most of the beneficiaries of 'credit-plus' approach were female and the researcher didn't find any male participants in the study which indicates that the main priority of this approach is woman.

9.2.3 Religion

The respondents of this program were mostly the followers of Islam. There were also some respondents from Hindu religion.

9.2.4 Educational Status

The educational level of extreme poor families is very much low. Only a few families are interested about the education of their children but most of them are hoping that their

children will work and earn very soon. This is another impact of lack of awareness of education that can increase the number of child labor. But BRAC is trying to encourage them to send their children to schools and ensure necessary free medical services for them. It is very much surprising that all the extreme poor people are literate and write their names with the assistance of BRAC. The majority of the participants dropped out before completing their primary education as a result of poverty and early marriage in the low land area of Madaripur and Sunamgang district. The researcher didn't find any participant of 'credit-plus' approach who completed their primary education. All these information indicates the poor educational status of the extreme-poor in Bangladesh.

In case studies, one respondent said,

"I did not have opportunity to admit in the school even my family members forced me not to go to school...."

Another respondent argued,

"My family could not manage three times meal in a day and could not able to send me to the school".

In FGDs, most of the participants said that they did not go to school because of unawareness of their parents. Extreme poverty severely affects their lives; even almost all of the participants came from extreme-poor family.

In case studies, all of the respondents opined,

"We were extreme-poor family and our parents could not bear the expense that is why, education was really unthinkable at that moment."

Another three respondents argued,

"We were not encouraged to go to school even it was greatly burdened due to be a girl."

9.2.5 Occupation

Most of the extreme-poor in rural areas involved in the program and receiving training and assets and now involved in rearing cows, goats, hens, sheep, pigeons or birds. Some of them are also involved in horticulture, vegetable cultivation or rice cultivation and crops production etc.

9.2.6 Family Members, Their Health and Nutrition Intake

Many families are having so many children but they even not earn enough money to feed them. Extreme poor people do not have any kind of idea of family planning process until BRAC comes forward to help them. This is why, the members in their families are more and it is truly impossible to ensure food and clothes for their children. It was found in the study that the majority of the family size of the participants ranged from 4-6 family members.

The monthly income of the family is not enough for affording the familial costs. The children of these families are very young and many of them are still infants. But there are no facilities for the infants to grow up in a safe and hygienic environment because they cannot afford it with the limited income.

The health condition of their children is very vulnerable and they cannot ensure necessary nutrition intake for their family members. They do not have any awareness about health and nutrition needs. BRAC is supporting them to understand the need of nutrition and good food habit. Therefore, they can be inspired for developing their health and nutrition intake. They do not maintain proper sanitary system also and they always suffer from various diseases and few families have lost their children because of child death.

9.2.7 Medical Services

The extreme poor people do not know about health and nutrition need. They are not conscious about medical services. They hardly go to the hospitals and many families do not think that medical institutions can be helpful for their life. This is also an impact of prejudice that can affect on their socio-economic life negatively.

9.2.8 Marital Status

In the study, the researcher found that all of the participants were married. Two participants were distressed as a result of migration of husband. One participant was divorced as a result of dowry problem and the other was widow because of an accident. Above all, the findings revealed that the widow and divorced participants were more vulnerable in their marital situations.

In case studies, one respondent told with tears,

“One day my husband went outside for working but due to an accident, he did not return alive.....”

Another respondent commented,

“My husband always used to demand dowry and I was frequently beaten and dominated but I did not say even a word and finally, he divorced me.”

In FGDs, two respondents told,

“They are in vulnerable poverty and they cannot lead a good livelihood even they feel like dying.”

9.2.9 Income and Expenditure

This country is historically poor and it can be believed by the real scenario of these extreme poor people. The monthly income of the extreme poor family is very low and the seasonal unemployment has created a miserable condition for their life. The income opportunities are also very little in the village areas. The researcher found that most of the participants had no permanent income, because majority of the participants' husband were day laborer and had no fixed income. Their monthly income range was 3000-4000 taka and most of the time, expenditure was same but sometimes it got increased due to illness, their relatives' visit and so on. Their husband and sons are used to working as a day labour in agricultural land in summer season. In rainy season, they are used to catching fishes from channel and *haor* area. In autumn session, they do not have work to do, at this moment, they are to spend hardship of life. Some of the male family members run small business like tea stall, *hawking* and the others pull rickshaw. Most of the beneficiaries are used to rearing cows, goats, hens, sheep, pigeons or birds. Some of them were also involved in horticulture, vegetable cultivation or rice cultivation and crops production etc. All participants would spend their time by household work and care of cows and other domestic animals which were provided by BRAC. They would earn from selling eggs and raise animal they got from this program. They said that their expenditure were more than their income.

In case study, one respondent said,

'I have no fixed income and have to maintain my family expenses by rearing cows, hens and ducks'.

Another respondent commented,

"I am now able to bear my family because I rear cows, goats, hens, sheep, pigeons or birds and I earn money by selling milk, eggs etc."

Another respondent opined,

"I cultivate horticulture, vegetable and rice and I get some profit from them which I spend for my family and family members."

In FGDs, five respondents told the same thing that,

".....at one stage, my contribution in my family was nothing except cooking for family members but now I rear four big cows and I get near about 20 kg milk per day that I sell in the market and contribute to my family. Above all, my family members are very happy now with me."

9.2.10 Sources of Water and Nature of Sanitation System

Water is an essential element to live. In the study, the researcher found that all of the participants had no water supply facilities, they mainly would collect water from tube well to drink and cook and used to bath and wash their cloths in ponds, canals or rivers. Researcher also found that most of the participants had sanitation facilities but it didn't satisfy healthy sanitary means. Majority of the participants replied that they were used to having ring made latrines (3-4 rings only) which were provided by union parishad but was not structured properly as sanitation.

In case studies, one of the respondents said,

"I got this latrine from parishad requesting many times but unfortunately, it is not hygienic because of three rings only."

Another respondent opined,

"I had no latrine facilities one year before but now I have got facilitated it that has helped me not go to others, so thank to the authority of the parishad."

In FGDs, four respondents told,

“...at one stage, we had to go to the jungle or others home for toilet but now our family members are not to go outside because union parishad has facilitated latrine.”

Another three respondents commented,

“Union parishad gave us latrine but it would be more hygienic if they provided 4-5 rings.”

9.2.11 Accommodation Condition of the Participants

The accommodation condition of the participants was almost same. Most of the respondents are living in *katcha* house and they are very much poor. It is true that the extreme poor people are not living a life of human. Many of the families are not having proper household condition for the family members. They do not own any land for cultivation except the support from BRAC.

The extreme poor used to share one room for living of four to six members even cooking and eating in the same place. In this area, they had enough space but it was not hygienic and clean. There was not notable furniture except bed or table for children. Participants mentioned that their housing situation was almost same. It was found that most of the houses of the participants living in the study area were built by straw and mud. They gave four tin for making cow shelter. Most of the participants' housing conditions were very poor because most of the participants used to live in a house of only one or two rooms sharing among about 4-6 members. Even most of the houses were not in healthy environment, because, most of the participants used to live in a small land with having no water supply and healthy sanitation facilities. Some of the participants had sanitation facilities but unhealthy because the sanitation were constructed only by the means of three or four ring which were provided by the Union Parishad.

In case studies, one respondent mentioned,

“I couldn't build a new house and still live in the house I lived before taking the services. I built a small room which was made by four tin given by BRAC for keeping cows. We faced problems during rainy season because of damaged roof. We made a toilet with four rings which were got from Union Parishad.”

Another respondent told,

“...now, I am living with mental relief with my family members that was really unthinkable at one stage because I have built a house with the help of BRAC and Union Parishad.”

In FGDs, six respondents said same thing that,

“...at one stage, my house was broken and the roof was very fragile but I live in a tin-made house with my family members and BRAC and Union Partishad helped me accordingly.”

Another three respondents said,

“BRAC and Union Parishad gave me 7 tins consecutively and I bought three tins whereby I made my house where my family members live together.”

Another respondent said,

“We built our house with tin, mud and bamboo and have one or two bed for sleeping. Most of the time, we sleep in floor due to small space in bed. In our room, there is no furniture for leading a comfortable life.”

9.3 Attitudes of the Extreme Poor towards the Nature and Extent of Vulnerability

Attitudes of the participants towards the nature of poverty and vulnerability were quite same. All of the participants described that extreme-poor had no land, were not able to work at all and had unemployed husband, destitute or widow women, divorced or physically challenged person, etc. were among this group. Definitions of “extreme-poor” includes those who are living at less than half the \$1.25-a-day poverty line, and those who eat below 80 percent of their energy requirements despite spending at least 80 percent of their income on food (Lipton & Michael).

In case studies, one respondent expressed her view in the following way,

“Extreme-poor are the people who have no land, no work to do for earning. Unemployed husband, destitute and widowhood that didn't get support from their neighbor and relatives were considered extreme-poor. She also

added that vulnerability creates the incapable condition of the poor people who live hand to mouth.”

Another respondent opined,

“I hate poverty too much because I cannot sleep a single moment due to its existence in my family even my husband earns very little that cannot fill out the needs in the family.”

Another respondent told,

“...my family condition is vulnerable due to extreme-poverty. We cannot buy medicines and other daily necessities and that is why, we live in a tension and seek the path of the ruination of this condition.”

From the collected data it was seen that most of the beneficiaries faced vulnerabilities in their life when they could not get any work for earning and sending their children to the school and suffer diseases. Most importantly, they did not have sufficient money for proper treatment. The majority tended to be landless was rural women. They are the most vulnerable for lacking skills and confidence. The factors that make up the vulnerability context are important because they have a direct impact upon people’s asset status and the options that are open to them in pursuit of beneficial livelihood outcomes.

In FGDs, one respondent said,

“I think extreme-poor are the people who cannot eat properly due to lack of money and who have no land for cultivation. Extreme-poor and vulnerability is a situation when people cannot able to do something for themselves and their children.”

Another respondent commented,

“.....when my family members or I suffer any diseases, we feel acute vulnerability because we cannot get support from anybody. Vulnerability is acute felt due to poverty. We could not educate our children due to poverty. In the Bengali month of Kartik, our male family members do not get any work, therefore, at that time, we suffer most.”

9.3.1 Early Marriage and Dowry System

Early marriage is one of the major social problems in Bangladesh. It is believed that about 50 percent of the rural marriages are happened at their early age. In the study, the entire participants were female and majority of them described that they dropped out from education as a consequence of poverty and their parents gave off early marriage. In the study area, the female got married off at the age of 12-16 years due to poverty and unawareness about mothers' health and illiteracy.

In case studies, one respondent expressed her view about her early marriage,

"....when I was 12 years old, my father made me get married with a man who had no land and assets. I didn't want to get married at that time but the poverty was acute in our family and we could not eat properly. My parents, therefore, thought that after marriage, I would be happy and take food properly."

Another respondent opined,

"....early marriage and dowry system are both fatal for the girl along with society because many girls are the worst sufferers of it basically poor section even my father had to give dowry in my marriage."

Another respondent told,

"....girls cannot be educated and self-sufficient due to early marriage and when a girl gets uneducated and insufficient; her parents are bound to give dowry at the time of her marriage."

Most of the participants in the study said that dowry was an ill-practice in their society and for the extreme-poor; it is like a curse. The participants said that without dowry, no poor people could arrange marry for their daughter. Dowry is severely practiced in poor families. Most of them descried that they had to take loan from others to pay the burden of dowry. Now-a-days they are aware about dowry system but they cannot take any action against dowry system.

In FGDs, one respondent told that,

"...now we know about the curse of dowry but we cannot avoid this system because of giving marriage our daughter. Dowry system creates acute poverty. When we give marry, my elder daughter, we lend 25000 taka from

one of our relatives. We don't know how we will pay him. It creates extra tension and pressure.”

Another respondent said,

“...dowry is like cancer. If it starts once, it will harm the family life.” Another participant opined, *“...dowry and early marriage make a hell for the girls resulting different forms of mental and physical diseases.”*

9.3.2 Vulnerability of Shocks

The extreme poor people face different kinds of natural disasters every year. If any kind of natural disaster takes place, they go to the nearest sewing mill, which is three-stories high for their safety. They can hardly afford the repairing costs for the damage of the house because of the natural calamities so they have to ask for help to the neighbors and relatives.

One respondent explained,

“If natural disaster invades to the village we go to the rehabilitation center and have to face some difficulties to repair the damages done by the natural disasters”.

After the disaster, the damages of the house are very extreme, so they need to face some problems to repair the house again. They ask for help from others if it is required to repair the house. If the natural disaster affects to the house then they go to the rehabilitation center for the safety. They try to repair the house every year so that it remains sustainable. But if the damages are too much then they get in trouble to repair the house newly. Damaged house is the only place to live, so no matter how acute the damage is caused by natural disasters they need to repair it at any costs.

Another respondent commented,

“Natural disasters affect for our livelihood and I have got some preparation for the safety of my family. I try to go to the rehabilitation center during natural disaster. I ask for help to the neighbors to repair the houses after the disasters”.

The damages of houses for natural disasters are very extreme on the family so they have to ask for help to others. After the relatives show willingness to help, they start to repair the house as katcha house. In Madaripur, if water level gets high little bit in the river their house gets drowned and the family members have to be on the bed because of the water. They try to buy some materials and work to repair disaster resilient house.

During the drought moment, they have to suffer from miserable situation but nobody wants to help the extreme poor people. People think that they will run away with the money because they are poor, so nobody wants to help them.

One respondent stated,

“Because of drought, the crop cultivation is reduced and my house gets drowned in summer season because the land is very low”.

During the drought season, the crop cultivation gets reduced that brings a miserable situation for the extreme poor families. In this kind of situation, they seek for help from others but nobody help them. So, the impact of the drought is terrible in Sunamgonj that affect on the life of extreme poor people negatively.

One respondent described,

“The drought is the main natural calamity in this area that can reduce the crop production vastly. During this kind of moment, I need to face some problems about vegetable cultivation that can affect for my earnings”.

The vulnerability from shock factor indicates the impact of natural disasters on the livelihood of the extreme poor people. Both flood and drought are common natural disaster in this country and they are creating miserable condition for the livelihood of the extreme poor people. They become helpless and roofless during this situation. This is where BRAC comes to help them but nobody else.

9.3.3 Stress of the Extreme Poor

The stress of lack of income opportunities for the family is a problem that urges extreme poor people to take the loans from BRAC. They hardly take money from others. If the husbands of the beneficiaries cannot get daily work, the monthly income can be reduced. But the beneficiaries manage very well with the money that they earn from the livestock

rearing. No matter how hard the situation comes, they never take money from other as debt with interests.

One respondent opined,

“Lack of income generating activities creates stress moment for my family but I look for any work in the village and I also run a small store business that helps me out to recover the situation”.

There are only few earning members in the family and not many of them work outside. They have some vegetable cultivation for the livelihood to support for monthly income. The families never wish to take money from other as debt with interest. They think they will rather die but they will never take money from others as debt with interest.

Another respondent urged,

“It is tough for us to find any other work in this village and the income opportunities are less than urban areas. When my husband is workless we have to suffer from many kinds of problems”.

The stress of financial problem and lack of income opportunities are always hindering the daily life of extreme poor people. They just cannot let their family starve anymore and they hope BRAC will be with them always. Income source are limited in the village. Villagers are not willing to help them so villagers never give money to the poor people even if they ask for financial help to the villagers.

In case studies, one respondent described,

“Because of this hardship, we had to take money from others as debt with interest. And we had to work very hard to repay that debt. But now we are not willing to take that kind of financial help from others except BRAC”.

Only one respondent explains that she took money from other as debt with interest. But most of the respondents do not take money from others as debt because BRAC is helping them to recover from this situation. Though the family members look for work when they suffer from lack of income sources but there is very little scope for working opportunities in the village areas. The income opportunities are very few in the village so they want to cultivate some crops and vegetables but the lack of water is not helping them for this.

9.3.4 Seasonality and Trends of the Extreme Poor

Seasonal impact can affect for lack of crop cultivation. Therefore, extreme poor people depend on the cultivation of crops, so, the lack of crop production can decrease their family income. Thus, seasonal impact can be a harmful factor for the livelihood of the extreme poor. They always have to overcome from troubles of seasonal unemployment but they had to struggle very hard. But now, they do not need to face such obstacles to afford the daily life because of the support from BRAC.

One respondent told,

“My husband was a labor in fishing business but when there was no work for him, I had to face difficulties but never tried to get debt from other with interests”.

Seasonal unemployment can affect on the monthly income of the family but they never give up hope because of seasonal unemployment and look for work everywhere. They never want to take financial help from other people especially where there is an aspect about interest rate. When the husband of the beneficiary cannot find any work it becomes a miserable condition for the family but the beneficiary always assists the husband to get some income by selling the eggs and milks given by Ducks and Cow. They also get some help from neighbors when the earning member cannot find any work and when they get work and earn some money they repay that debt. If they take money from others with interest it may create some problem in the village and it can spoil human relationship with them.

Another respondent explained,

“During seasonal unemployment, my husband needs to look for another work and I ask for help to my relatives. But I never intend to take money from other as debt with interest”.

One respondent's husband owns a *Tomtom*, which is a local vehicle with three wheels looks like a van without roof runs by engine and this is the only income source for the family. They bought this vehicle five months ago but the family had to suffer with the seasonal unemployment. So, in these moments, the husband used to drive van by rent. But

they never took money from others as debt with interest because the beneficiary of BRAC supported her husband by selling eggs and pigeon farming at home.

One respondent stated,

“I think the village is a small place so during the drought and other seasonal unemployment situation, we have to face very tough situation because the lack of water supply can stop cultivation, which affect on the familial income”.

When the water supply is reduced because of drought then it becomes a problem for them to get work on the cultivable field. So, this kind of seasonal unemployment can affect on the familial income so miserably. If someone asks them to help with any kind of work then they can manage foods for the family. But when there is no work in the cultivable lands then it is difficult to live for them.

In FGDs, one respondent urged,

“During seasonal unemployment, we need to look for any kind of work in the village and I ask for help to my relatives. But I never intend to take money from other as debt with interest anymore”.

Seasonal unemployment is a bad factor for their life. When the drought is acute in this village then it becomes a problem for cultivating the crops or to get work in any cultivable land. Thus, the income can be reduced for the family and they may have to starve for many days. It is difficult to think how extreme poor people starve because there is no work on the cultivable land and there is no food to eat. But BRAC is helping them to move on and support them with the livelihood elements.

9.3.5 Migration Trend of the Extreme Poor

The extreme poor family members hardly wanted to migrate into urban areas and still there is no desire to do that. One of the respondent's husband lives in Mirpur, section-1 area, at Dhaka and he has been living there for one year. But he can come to home anytime if there is any sort of urgency or accident. The respondent never wishes to go and live in Dhaka city with her husband because of the children. It may be a problem to stay away from her husband because he may be necessary in any kind of urgent situation for the family but there is nothing else to do.

In case studies, one respondent described,

“I went to Dhaka for work and I lived there for a while but I came back home again. I do not have any plan to migrate anymore”.

But she never had any plan again to migrate because her husband and she is now too old for migration, so, they think it is better for them to live in the village. But some respondents explain that they do have plan for migration to urban areas if they can manage a better work or business there.

Another respondent commented,

“If I or my husband can manage a better work in urban areas then we wish to migrate from the village, because I think urban areas may be helpful to get some income opportunities”.

Going to urban areas for work will be helpful for increasing the family income through it may create some problems too for the family, because family members will get separated. But most of respondents agree that their situation is better than before because of the support from BRAC so they do not plan for migration.

One respondent said, *“I or any of my family members do not have any plan for migration in urban areas”.*

They also do not have plan for migration because they think they have born in the village and they will die in the village. But still the help from the BRAC is assisting them to improve their socio-economic condition and live a better life. This is why, they have less intention for migration to urban areas or in aboard.

9.4 Capabilities and Limitations of the Extreme Poor

In the study, the researcher tried to explore the capabilities and limitations of the extreme poor. In some cases, it was found that though the extreme poor belong to lot of problems in their life, they have some capabilities to survive in the society. The extreme poor face different kinds of shocks, stresses and other problems in their daily life. Under these circumstances, they combat this situation by using their own capabilities and indigenous techniques. In the present study, the researcher identified the following capabilities and limitations of the extreme poor in their life.

9.4.1 Livelihood Assets of the Extreme Poor

A livelihood asset includes human capital like skills, knowledge, the ability to work and good health. Good health is not simply a means to earn a livelihood; it is of course an end in itself. Social capital is the social resources that people draw on to make a living, such as, relationship with either more powerful people (vertical connections) or with others like themselves (horizontal connections), or membership of groups or organizations. Generally, relationship of trust, reciprocity and exchange that the poor can draw at the time of need, and that lower the costs of working productively together. Like human capital, social capital has an intrinsic value; good social relationships are not simply a means, they are an end in themselves. Natural capital is the natural resource stocks that people can draw on for their livelihoods, including land, forests, water, air and so on. Physical capital is the basic infrastructure that people need to make a living, as well as the tools and equipment that they use, for example, transportation and communication systems, shelter, water and sanitation systems and energy. Financial capital is savings, in whichever form, access to financial services, and regular inflows of money (DFID, 1991). In the study, the researcher tried to find out the capabilities, skills and livelihood assets of the extreme poor following the livelihood framework of Ellis (2000). The findings about the livelihood assets of the extreme poor are as follows:

9.4.2 Training and Awareness of the Extreme Poor

Training is provided to the extreme poor people about how to get immunization for the children as well as to ensure hygienic sanitary system for the family. It also helped them to understand how to stay healthy and hygienic. BRAC provides them awareness about health issues and water-borne diseases that can be harmful for the family. The role of staying clean and hygiene is also taught by the BRAC. They also understand now that child marriage is not a positive aspect for the society. For being graduated from BRAC, they gained some advantages about health issues of the children.

They also know the necessity of taking proper food and nutrition for them and children. BRAC also assists them to increase the awareness about health issues and livestock rearing. Medical and health facilities are served to them freely from BRAC. There are also some useful issues taught from BRAC such as child marriage, marriage registry, disaster management dowry, Vitamin A, water borne diseases, family planning, food habit, worm prevention and immunization etc.

One respondent stated,

“I learn from BRAC about health issues and the necessity of safe drinking water and staying hygiene. The role of washing hands with soaps and wearing sandals while using latrines is also important for us”.

BRAC provides some awareness about health and social issues that can help us to learn about many things we never knew before. BRAC also supports me from many other ways by teaching me about some awareness issues including social and health services. Training support, medical and doctor’s support are also provided from BRAC. Some female health service providers are appointed from BRAC so that they can help them with medical facilities. These health support providers go for home visit or the beneficiaries can also go to BRAC office for visiting them.

Another respondent explained,

“BRAC helps me to understand the necessity to stay clean and hygienic. BRAC teaches me about health and social issues including washing hands with soaps and how to manage the disaster preparedness”.

The role of Government hospitals is also taught to them and BRAC urged them to meet BRAC employees for help and instructions. A health card is also provided to them so that they can get free medicals services from any hospitals. They got useful learning about how to use sanitary latrines and how to wash hands five times with soaps daily.

One respondent urged,

“Once my daughter was terribly sick and I could not even reach to the BRAC office, so, I took her to the Government hospital and showed the health card and got effective medical services and medicines for my daughter”.

Health and training support is necessary from BRAC and extreme poor people get medical assistance and free medicines from BRAC. They get some awareness about social issues such as child marriage, marriage registry, disaster management, dowry, women and child trafficking and education for children. Some other health issues are important that they learn from BRAC such as family planning, worm prevention, Vitamin A, water borne diseases, immunization.

There is another training called “confidence building training” is provided for the member who recently graduated. It helps to encourage the beneficiaries to grow some inspiration for their future life. Confidence build up training can be essential to inspire them to take microfinance and use them properly.

As families, the extreme-poor learn to earn and save, they receive hands-on training and weekly visits from staff to help grow their skills. As the women progress through the program, integrated skills are learned through intensive hands-on training provided by BRAC field workers. Training ensures that the women are maximizing the benefits of the asset transfer provided. In the study, most of the participants got three days training on their domestic animal rearing.

In case studies, one respondent said,

‘I have received three-day training on home gardening and rearing of domestic animals held in BRAC office by the officers of BRAC before transferring assets.’ Another participant opined, *“I have got benefitted with the training provided by BRAC whereby now, I rear hybrid cows and get 20-25 liter milk per day. I sell milk in the market and lead my family.”*

In FGDs, one respondent commented,

“I had the ability to cultivate vegetables but had no money. I started cultivating different seasonal vegetables in the land leased from a landlord by taking loan from BRAC and now, I get 800-900 taka in every three days that I utilize for my family cost.”

9.4.3 Physical Assets of the Participants

When extreme poor people do not have anything to live and nothing for cultivation, BRAC comes to help them and provide free livestock assets such cow, goats, hens and ducks. They also help to provide tree plants and start fish farming if the beneficiaries have pond. Thus the inspiration to live a satisfactory life comes for the extreme poor people. The villagers also do not come forward to help the extreme poor people but BRAC is willing to hold their hands and help to lead their life. The increasing number of livestock is very much helpful for the extreme poor people to increase their income. The earning of the beneficiaries is supportive to add some extra money with their husband’s income. Thus,

the women who are extreme poor become an earning member of the family that helps to improve the socio-economic condition of their family.

One respondent told,

“I am very grateful to BRAC because if they did not provide training on rearing livestock, I would not be able to rear cows and bear my family cost. I rear three cows and get 15-20 liter milk everyday that I sell in the market and contribute to the family. Besides, BRAC gave me the loan to buy cows.”

During the class room training of one month, beneficiaries got 4 Tins and after having done the training, 1 Cow and 4 Ducks were provided to them. The total cost of asset BDT 12 thousand. BRAC gave them transportation costs during the training and they also gave them daily meals. All these assets were helpful for them to find a way of living.

In case studies, one respondent opined,

“BRAC provided me 4 Tins, 1 Cow and 4 Ducks as livestock assets. Some trees were provided for tree plantation and 210 Taka was provided weekly as subsistence allowance for my food because I spent time in the training for rearing the livestock”.

BRAC does not only provide the livestock assets to the people but they also provide class room training for the beneficiaries for one month. After the selection of enterprise program, BRAC can provide the training to help them know how to rear the livestock properly. Thus, the participants can be conscious about rearing process of the livestock assets they get.

Another respondent said,

“I had no honor and position in my family even everybody used to treat me like a servant but everything got changed when I started rearing hens and cows accordingly. Now, I contribute to my family and everybody prioritizes my opinions.”

The increasing number of livestock is very much helpful for the extreme poor people to increase their income. The earning of the beneficiaries is supportive to add some extra money with their husband's income. Thus, the women who are extreme poor become an

earning member of the family that helps to improve the socio-economic condition of their family.

In FGDs, one respondent stated,

“The increasing number of livestock assets is helping me to earn more by selling the eggs and I bought two sheep with that money,” Another participant told, *“My livestock assets have got increased into 1 cow, 6 hens and 19 ducks. I rear these and after growing, I will sell these and buy new one.”*

Another respondent said,

“.....basically honor and status in the family depend on contribution and it largely depends on money. Now, I rear cows, hens and some ducks and sell milk, eggs in the market as well as earn 500-700 taka in every third day. I spend this money for meeting demand of my family members. Everybody counts me with honor and it is BRAC that helped me by giving loan.”

Many beneficiaries also bought lands by the microfinance they got from BRAC. Thus, they start crop cultivation and fish farming in the land. This is an effective process of creating some more income opportunities in the village area, which is generated by the assistance of BRAC. Thus, the economic condition is getting better for the extreme poor people and they do not need to starve anymore.

9.4.4 Social and Human Assets of the Participants

Extreme poor are becoming earning persons who can earn for the family. The stress on the sole earning member has been decreased because of the support from the beneficiaries. The social status is never recognized for the extreme poor people but they cannot give up because they have BRAC with them. BRAC made them earning member of their families and they can afford the costs to daily meals. The society used to ignore the extreme poor but now they seem to be kind enough to help them and recover from their situation. This is all happened because of the support of BRAC. They have become earning members of their families and they can support their husbands now. So, it is a positive aspect for their families to establish them in the society by the help of BRAC.

In case studies, one respondent stated,

“There was no earning member in my family after my husband had died. But now, I am being capable of earning some money so that I can lead my life. The society is not also positive toward us and nobody comes forward for help except BRAC”.

Another respondent said,

“I have passed many days with ignorance of both the family members and neighbors because they thought that I am nothing but a useless but now, everybody respects and loves me for my contribution to the family. In this connection, BRAC has a contribution because it gave me loan and suggestions to be self-employed.”

Another respondent opined,

“My husband, at one stage, dominated me but now, everything goes well because of my support in the family. I take loan from BRAC and avail it to generate income for my family.”

Many people did not have any house to live. Therefore, BRAC built disaster resilient houses for them so that they can live under the roof. BRAC employees notice that they suffer a lot because they did not have any roof above the house and they could not even live hand to mouth every day. The establishment of the beneficiaries as earning members for the family is the best thing they got from BRAC. The beneficiaries hardly care about their social status but it is important for them to lead their children for better life.

In FGDs, one respondent stated,

“The social status for the extreme poor people is not recognized but BRAC shows respect to us and they always encourage us to battle with the life and go forward”.

Another respondent said,

“I had not ability but will to do. I wanted myself to be accepted by all in the society. Finally, BRAC gave me loan and motivation to be a part of the family as earning member.”

Another respondent told,

“....as human being, I think I can be capable of doing something better now and BRAC helped us to think like this. Now, I am earning for my families and wishing to do more.”

The extreme poor became earning members of their families and they can support their husbands now. So, it is a positive aspect for their families to establish them in this village by the help of BRAC. As human being, they think they can be capable of doing something better now and BRAC helped them to think like this. They are earning for their families and wishing to do more.

9.4.5 Food Production and Food Security of the Participants

In the rural areas, the expenditure is relatively lower than the urban areas. With the expenditure BRAC has also trained them for the monthly savings which ensures their food security. In the study area, most of the male members work in agriculture land as a contract basis because they have no agriculture land for their own. Female beneficiaries of this program work in house and rear livestock. Findings from interview with the participants and participant of the FGDs showed that the program has significant impact on the food production and food security of the extreme-poor receiving services under this program. When participants were asked about their food security, they said that it is improving day by day as it is related to their income.

In case studies, one respondent said about food security,

“Before taking services from BRAC, we could not eat three times properly a day but now we are affording to buy daily food. I got some vegetable seeds from BRAC which I cultivated in our house yard. From theses vegetables, we can meet our daily needs and some sell in local market.”

Another respondent told,

“....although we have no agricultural land for crops production, my husband and son work other’s land as a contractual basis and get some paddy those meet our few months food problem. In these circumstances, I leased a piece of land and grew seasonal vegetables. I sell the vegetable in

the market with help of my husband and earn 400-500 taka in every two or three days and the money come from vegetable selling are utilized for the rest of the months.”

Another respondent said,

“BRAC gave me vegetable seeds which I cultivated both in my house yard and beside the pond. Now, I get 250-300 taka per day by selling vegetables and contribute to the family.”

Besides these, BRAC also provides the cattle to rear them. Cow, hens, ducks and goats are provided to the beneficiaries to rear them. From them, the beneficiaries can get the eggs and milk which are very demanding in present market.

In FGDs, one respondent mentioned,

“I am involved in the BRAC program for one year and now I have one cow, four goats and eight ducks. I can get milk and eggs and after selling those, I can earn a good amount of money. BRAC has provided three-day training on how to rear the cattle.”

Another respondent opined,

“We had no assets to utilize, that is why, we used to be in tension. Finally, I decided to take help from BRAC. It gave me two cows and, five ducks after one year of my involvement. Now, I can contribute to my family.”

9.5 Nature of Services of ‘Credit-Plus’ Approach

The main objective of ‘credit-plus’ approach is to provide additional services for the extreme poor so that they may become graduate and can get access to the mainstream development program and improve their sustainable livelihood. The general components of ‘credit-plus’ approach are to transfer asset, training and skill development, savings, weekly or monthly stipends, medical and health care services and community support. In the study, the researcher found that these programs really helped the extreme poor women for their socio-economic development.

9.5.1 Knowledge of the Extreme-Poor Regarding ‘Credit-Plus’ Approach

The ‘credit-plus’ approach essentially integrates adequate and timely credit into larger developmental processes such as community organizing, leadership training, entrepreneurship etc. Most of the extreme poor don’t have clear concept about this approach. They only know about the credit and grant related services which they are receiving and know that they don’t have to pay for the grant services.

In case studies, almost all respondents told,

“I do not have the clear idea of credit-plus approach, we only got loan from BRAC.” In FGDs, all of the participants commented, *“We do not know what ‘credit-plus’ approach is but we know about loan.”*

9.5.2 Beneficiaries and Service Providers Relationship

The majority of the participant said that they have a good relationship with the service providers of BRAC. In case studies, one respondent said, *“our sir behaves as if he were our relative.”*

Another respondent told,

“...sir never gets bored even if anyone fails to pay the loan.”

In FGDs, one of the respondents opined,

“...our sir has a great patience. If we fail to pay the weekly-loan, he requests us not getting irritated.”

Another respondent said,

“...sir always encourages us to take loan and pay in time so that our image gets clear to them.”

Among case studies and FGDs, only three of the respondents said,

“...some officers of BRAC are very good in their manner and some are very hard. If we fail to pay loan in the fixed day, they behave roughly with us.”

9.5.3 Government Services for the Extreme Poor

Government services for the poor are very important for their development. In the study, the researcher found that government is providing different kinds of services for the extreme poor such as *Ekti Bari EktiKhamar*, *KajerBinimoyKhaddo(KABIKHA)*, sanitary latrine, tube well for the wellbeing of the extreme poor but government didn’t provide any sustainable livelihood programs for the extreme poor. The extreme poor are provided only

some temporary services which didn't bring any change in life situation. Government didn't target the extreme poor and did not provide any skills development training for them.

In case studies, one respondent said,

“....what we get from the government is very insufficient to meet up the demand. Last year, I got only a latrine from union parishad.”

Another respondent told,

“....we hear and know that the government gives many things to the poor, but I cannot see its existence in reality.....”

In FGDs, one respondent opined,

“.....we are poor, that is why, we cannot ask anything to the chairman and members about the aid given by the government.”

Another respondent said,

“I got three rings only before six months from union parishad. At first, I felt like not taking but I thought if I do not accept this, the member and chairman will never give me anything that is why I took three rings.”

9.5.4 Social Relationship and Community Support of the Participants

It was found in the study that most of the participants living in their area keep a cool relationship with their next door neighbor. When participants were asked about their social relationship, they just mentioned that their neighbors are helpful, even when they are in crisis situation. Their attitude was positive about their neighbors and relatives.

In case studies, one respondent mentioned,

“....when I became pregnant, my neighbor and relatives helped me very much. At that time, I was unable to take care of me and took nutritious food. Then, my neighbors helped me a lot....”

Another respondent said,

“....when I am in problems with money, I borrow it from my neighbors and relatives.”

Another respondent said,

“...when my daughter got married, I was supported by my relatives and I got near about 20,000 taka from them.”

In FGDs, one of the respondents told,

“Without village people, we cannot live a single day. When we need daily necessary things like, salt, chili, or other things, we firstly go to neighbor for meeting the needs. When these things are bought at home, we return then. In crisis time, we borrow money for treatment or other necessity.”

Another respondent opined,

“...when my husband got an accident, the villagers took him to hospital and supported money for his treatment.”

Another respondent said,

“...we the villagers live supporting one another. When anyone falls in a problem, most of the people come forward and help him/her.” Another participant stated, *“...village people have nothing but love and reciprocate one another in well and woe.”*

9.6 Effectiveness and Challenges of ‘Credit-Plus’ Approach

In the study, the researcher explored some effectiveness, challenges and limitations of this approach. Some of the findings of this section are described below:

9.6.1 Improvement of Poverty Status

The findings revealed that the majority of the participating extreme-poor improved their poverty status following the intervention of BRAC. The decrease in the non-intervention area occurred because of the two main assets (skills, education, and health), physical assets (productive, e.g. livestock and poultry). In the study, majority of the participant said that before being the beneficiary of this approach, they could not take three times meals in a day but now they are able to take three times meals in a day and they are now passing the day better than before.

In case studies, one respondent said,

“I feel like telling that it is only BRAC that helped me from the domination of my husband by paving the way to learn.”

Another respondent told,

“W used to starve at least one times a day but thing has got changed now because I rear cows and sell milk in the market whereby we are leading a happy life and it was due to BRAC”

Another respondent opined,

“We are now capable of getting three times meal and fulfilling other basic needs like, buying cloths and medicine by selling vegetables and eggs and BRAC helped for this.”

In FGDs, one respondent said,

“People around us did not count us when we were in poverty but thing is getting changed because we are now able to meet our family demand and thanks go to the BRAC because it gave me vegetable seeds to grow and by seasonal vegetables, we earn 600-800 in every third day.”

Another respondent said,

“I can now take my decision even can poke my nose in my family matters because now, I earn 300-400 taka per day by selling milk in the market and contribute to my family.”

9.6.2 Skill Development

In this study, the researcher found that under this approach, BRAC provides different types of vocational training (such as, tailoring, rearing of domestic animals like livestock and poultry, home gardening etc.)to the extreme poor household family to improve their vulnerable situations.

In case studies, one respondent said,

“I took training on how to rear livestock and now, I rear two hybrid cows and earn 300-400 taka per day by selling milk.” Another participant said, *“I have a farm of poultry and I know how to rear them because I received training on it organized by BRAC.”*

Another respondent said,

“I am now solvent and can buy my essential things because I rear hybrid two cows and get milk. I sell it in the market and earn 300-400 taka per day. Most importantly, it is BRAC that helped me receive training on how to rear livestock.”

In FGDs, one respondent said,

“I reared cows once so I thought rearing cows is not difficult but after having training on how to rear livestock from BRAC, my skills to rear cows have increased more and now, I rear cows better than before.”

Another respondent said,

“I have received training on how to rear domestic animals and now, I know the process of rearing domestic animals better than my family members.”

9.6.3 Improve of Income Generating Activities

In the study, it is found that few beneficiaries have ponds where they are farming fishes. They want to increase the income more and they feel very confident about it. BRAC created the income source for them so it certainly helped to repay the installments of the loan of BRAC. Working to others home has no paying process because they just provide a meal so it cannot affect on their monthly income. So, they try to find working opportunities where they can get paid.

One respondent said,

“I also started fish farming in my ponds. It helps to sell the fishes and eggs of the Hens and Ducks that can increase my monthly income”.

Few beneficiaries explain that they often do not sell all the eggs given by the livestock assets because they keep some of the eggs for the children to eat as they now know that eggs are very useful food for the children. They often work at others house as maid but they only get some foods instead of getting paid for this work. But the support from BRAC is letting them work less than before.

Another respondent stated,

“My livestock assets increased into 25 Ducks, 10 Hens and 2 Cows. These increasing assets help to increase my monthly income to support my family”.

The income source has increased for the extreme poor families by the use of livestock assets. The monthly income of them is now quite satisfactory to continue their life. The livestock assets help them to repay the loans. The milk from the cow is helping them a lot financially and they often sell it for money but sometimes they keep it for the children to drink. Few beneficiaries were benefitted by BRAC through the assets transfer and tree plantation programs. They bought land that can be used to increase the family income through crop cultivation. Few have also started fish farming in the pond. So, the increased resources of their livelihood are helping them to support the family effectively.

One respondent explained,

“The livestock assets we got from BRAC are now increased into 3 Cows, 3 Goats and we sold some Goats for the money. We have many Hens too but I feel sad that there is no pond for fish farming. This increasing number of livestock assets is contributing to increase the income for my family that can help to ensure a satisfactory life for my family”.

This increasing number of livestock assets is now helping them to increase the monthly income that helps to continue the education of their children. Their economic condition is now improved because of the increasing number of livestock assets. Many of them could barely afford daily meals for the family but now they can maintain good food habit for the family members.

Another respondent said,

“I bought 2 Cows and bought some land to build a house for the family. I still have 2 Cows, 10 Hens and few Goats and also have some land for crop cultivation now. All these livestock assets and land are helping us to increase the monthly income”.

Few beneficiaries also started crop cultivation in the land to increase the earnings for their family, so, all these increasing amounts of livestock and cultivable land are helping to

increase the income. They also increased the monthly income by selling the milk that they get from the Cows. And the increasing number of Hens and Sheep are also contributing to increase the earnings. So, income generating activities are starting to create within the extreme poor families because of the support of BRAC.

9.6.4 Awareness about Health and Social Issues

Training is provided to the extreme poor about how to get immunization for the children as well as to ensure hygienic sanitary system for the family. It also helped them to understand how to stay healthy and hygienic. BRAC gave them awareness about health issues and water-borne diseases that can be harmful for the family. The role of staying clean and hygiene was also taught by the BRAC. They also understand now that child marriage is not a positive aspect for the society. For being graduated from BRAC, they gained some advantages about health issues of the children.

They also know the necessity of taking proper food and nutrition for them and children. BRAC also assists them to increase the awareness about health issues and livestock rearing. Medical and health facilities are served to them free from BRAC. There are some useful issues also being taught from BRAC such as child marriage, marriage registry, disaster management dowry, Vitamin A, water borne diseases, family planning, food habit, worm prevention and immunization etc.

In case studies, one respondent said,

“I learnt about health issues and the necessity of safe drinking water and staying hygiene from BRAC. The role of washing hands with soap and wearing sandals while using latrines is also important for us”.

Another respondent opined,

“I got training from BRAC on how to get hygiene and be safe from germ and I think it is very important for the people basically like us.”

Another respondent told,

“I knew the bad impact of early marriage from BRAC and I availed that knowledge in respect of my daughter and relatives even sometimes, I make understand my neighbors who do not know about this.”

In FGDs, one of the respondents said,

“...at one stage, I usually washed my hands with ashes even my family members did so but after knowing the impact of it from BRAC, my family members including me have changed the habit and now we wash our hands with soap.”

Another respondent said,

“I know very well about the negative side of early marriage and dowry from BRAC and after that, I am always aware of it and try to make realize the people basically marginal people about the bad effect of them.”

9.6.5 Micro-Credit with High Interest Rate

In the study, the researcher found that BRAC was operating micro-credit programs with high rate of interest from the beneficiaries. Though it is believed in this approach that the installment repayment schedule, loan duration, savings etc. are much more flexible here than conventional microfinance program, the participants in the study who are taking credit revealed that they are to pay the credit within 12 months with high rate of interest where most of the participants do not know how much interest they have to pay.

In case studies, one respondent said,

“I know BRAC takes high interest. As I do not have any way to have loan without interest, I have to receive loan.” Another participant said, *“...who will give me loan with no conditions? I think what BRAC is doing is better for people like ours.”*

Another respondent said,

“...despite giving interest to BRAC, I am leading my life better than before because I tried to have loan from my relatives but nobody gave me the loan.”

In FGD, one respondent said,

“...everybody demands interest from whom I get loan. As I am to pay interest, I go to BRAC and I think BRAC is better than others.” Another

respondent said, “.....every NGOs demand interest so I think what BRAC is doing in not bad.”

9.6.6 Self Confidence and Self Satisfaction of the Participants

It was found in the study that the program also emphasized to increase the self- confidence of the beneficiaries by providing skill development training and other services, but the study found that maximum participants were not sincere about their future and had very low self-esteem. The programs and the asset transferred to them restored their psychological situation but failed to make them fully confident. The participants were asked about their present attitude about their confidence level in their lives, most of them showed depression having poor self-esteem.

In case studies, one respondent said,

“I don’t know when my miserable situation ends. Although BRAC gave me some assets, it could not bring prosperity in family.” Another participant said, *“I thought I would do well by taking loan, but I am very depressed now because I cannot earn sufficient taka that will meet up my family’s demand.”*

Some participants also showed their confidence in this way. In fact, they had skills and know how to utilize asset that improved their confidence. Now, at least they have someone to rely on, as reported by some participants.

In FGDs, one respondent expressed her view in the following way,

“I am now self-employed and have no crisis in daily food. I am able to re-send my two children to the school again. I know I can change my situation and living standard one day. I want to open a small shop in our village market.”

Another respondent said,

“I feel that everybody disrespects the interest taking person but it is also true that without money, nobody cares a person so I think that BRAC is helping people to be self employed by giving loan along with training.”

The researcher also tried to reveal the self-satisfaction of the participants before and after receiving services under this program. The study found that the participants were not fully satisfied to their lives. Many participants, though not fully satisfied yet, opined that they are now more satisfied than before. Participants were also asked about their satisfaction, most of them reported that they are satisfied after taking the services of BRAC.

In case studies, one respondent told,

“I do not need anything but the way to lead a good life without grief of food, cloth etc. and BRAC has given me that way”

Another respondent said,

“...at one stage, my family members were to struggle with food and cloths and others but now, we are happy because we can now manage our livelihood with the money we earn by selling vegetables and eggs.”

In FGDs, one respondent expressed her opinion in the following way,

“I am now very happy because BRAC has given me everything. I had nothing to survive in my life before receiving grant from this program. They gave me a cow, four ducks which I rear and weekly I get two hundred ten taka grant from BRAC to manage livelihood for myself and my family.

Another respondent said,

“I am happy with my husband and son because I add my income with my husband’s income and BRAC has a contribution in this connection because it gave me loan. Utilizing that loan, I have made a farm where I rear hens. I sell the chicken and eggs in the market and earn money.”

9.7 Problems Faced by the Extreme Poor during Receiving Services

The researcher collected information from the participants whether they face any problem in receiving the services under the program or not. They were also asked about the limitations of the program in lifting them out of extreme poverty. In addition, the researcher observed the limitations of the program in reviewing relevant literature and during interview. The researcher sorted out the following limitations of the program as findings:

9.7.1 Damages of Assets

When the researcher interviewed many participants told that they were unable to change their condition because of the damage of their assets. Though BRAC provides them assets, they could not make profit from these. Some participants mentioned that it was their misfortune that they could not save their assets.

In case studies, one respondent in the study area mentioned,

“BRAC gave me one cow and four hens. I was happy and always thought about my better future but suddenly I noticed the hens were ill in winter and died all due to bird flu.”

Another respondent said,

“I would rear two cows and at one stage, one cattle was born but a few days later, it died.”

Another respondent opined,

“I made a farm of hens where I would rear near about 40-50 hens together but one day morning I saw 12 hens were shattered due to the attack of foxes or cats.”

In FGDs, one respondent opined,

“I started to cultivate vegetables in the backside of our house but flood washed away all and damaged land in this area. It was a huge loss for my family”

Another respondent said,

“I lost all of my belongings during flood. I lost a cow and 18 hens during that time.” Another participant stated, *“...very often, I notice that one or two hens are dead. I make them take medicine and vaccine in time but it happens. I still do not know the cause of their death.”*

9.7.2 Degradation of Social Status

Some participants said that taking services from BRAC or any other NGOs is viewed negatively by the society. It lessens their social status and sometimes it breaks the social relationship.

In case studies, one respondent viewed,

“After the marriage of my daughter and sons, they forbade me to take services from BRAC as their in-law’s family did not like this anymore.”

Another respondent said,

“.....when I took loan from BRAC, my husband and relatives did not say a word but after taking loan, when I used to go to pay the loan in every week, everybody started chiding me.” Another participant stated, *“....my neighbors always use slang words when I go to pay the loan even sometimes, they doubt me.”*

In FGDs, one of the respondents said,

“...nobody helped me when I was in a problem but after taking loan, when people basically my neighbors noticed that I am leading a happy life, they started backbiting me.”

Another respondent told,

“....sometimes I get agitated and depressed when some people of my surroundings back bite me directly or roundabout.” One participant said, *“I am the team leader of my group. Most of the people take otherwise when I meet my sir to pay loan and motivate others to take loan.”*

9.7.3 Increased Dependency on others

The study found that sometimes the program increased dependency on others. Some participants thought that their whole life would pass smoothly by receiving services. When we asked that if BRAC stops providing services, what they will do. Some of them answered making us confound that if BRAC does so, they will receive services from another NGO or any other organization or others.

In case studies, one respondent opined,

“...if BRAC does not give me loan, I have to take loan from others, but I never think that BRAC will stop giving loan.”

Another respondent said,

“I believe that BRAC will never stop giving loan because they also get benefitted. Despite all these, if they do not give me loan, I will go to other organization.” Another participant opined, *“...I love BRAC very much, but if they stop giving loan, I have nothing to do but I need to take support of other NGOs.”*

In FGDs, one of the respondents said,

“...people are always changeable and I am also so. I will take loan from others if BRAC stops giving loan, because there are many loan-giving NGOs around us.” One participant said, *“BRAC gave me loan in my rainy day so I cannot think that BRAC will stop giving loan.”*

9.7.4 No desire to Change Livelihood Pattern

Some extreme poor reported that they were born to be poor. Though they tried to change their livelihood, they became helpless. As a result, they perceived it as their misfortune. The depression and lack of desire to change their lives reflected on what one participant opined in case studies, *“.....Almighty has made us; he will feed and look after us”*.

Another respondent said, *“I believe in fate, that is why, I have left all the consequences to God.”* Another participant opined, *“.....what has been pre-determined should be accepted and I always believe in so.”*

In FGDs, one of the respondents told,

“...my ancestors would believe in fate even all the family members of mine believe in their destiny and I am not reverse to them.”

Another respondent stated,

“...what Allah does is good for all and I believe in this fare-fact.” One participant said, *“.....if destiny does not favour, no one can get succeeded. Though I work hard, I always believe in my destiny.”*

9.7.5 Domination of Male Family Members

As our society is male headed, most of the female members in the family are dominated by the male persons. The study found that BRAC gave support to the female members to improve their livelihood and provide training on related issues. But after that, when she came in the family with new hope and ideas, her husband ruined all her dream by dominating or threatening her about divorce. She takes all the services and doesn't tell the other members about what she did with that.

In case studies, one respondent said,

“I have got one cow and two goats from BRAC and also attended the training about how to care these and how to make profit from it. My all dreams were ruined by my husband as he sold these for money.”

Another respondent opined,

“I was frequently dominated by my husband and in-laws because of not bringing dowry from my parents. I never get priority in my family though I contribute to my family.”

Another respondent said,

“I think Allah has created me only for domination by my husband otherwise, why did he ruin my hope to go to school after marriage?”

In FGDs, one respondent opined,

“....the members of my in-laws house including my husband used to dominate for small reasons even my education got stopped after my marriage.”

Another respondent said,

“I took loan from BRAC but my husband requested me to take that loan to him provided that he would return it, but he did not return it. One day, I asked him to return the money but he kicked on my belly and slapped.”

9.7.6 Exclusion of the Male Members from the Services

Male headed families who are extreme poor are being excluded from credit-plus approach of BRAC. Though BRAC tries to ensure women empowerment, still there are many extreme poor families who are dependent on male members. Therefore, sometimes the program fails to graduate the extreme poor.

In case studies, one respondent said,

“BRAC gave me some assets to rear livestock and grow up vegetables but I cannot buy food for these animals from market due to lack of money and male person.”

Another respondent opined,

“...if my husband worked with me getting loan from BRAC, it would be easier to earn more money and get back in the solvent family within short time.”

In FGDs, one of the respondents said,

“...I want my husband to get loan from BRAC but why they exclude male members, I do not know....” Another participant said, *“...when men and women work side by side, everything is easy to achieve but most of the NGOs exclude male members from taking loan that is really frustrating.”*

9.7.7 Communication Gap with the Extreme Poor

While conducting the study, the researcher found communication gap between the service provider and the beneficiaries. The role of the employees could have been increased in order to ensure more effective communication. If the employees provided better effort for the beneficiaries, it could help to increase the outcome of the program.

In case studies, one respondent mentioned,

“The BRAC office is far away from my location so after taking asset, I didn’t go there and they didn’t contact me.” Another participant said, *“...they only want us to pay the loan on time but never contact with us whether we are capable to pay or not.”*

In FGDs, one respondent told,

“...sir only knows us on that day we gather to pay loan. After paying loan, I do not notice him amiable.” Another participant said, *“I cannot talk to sir except the day I am supposed to pay the loan.”*

9.7.8 No Provision of Individual Counseling

The study found that when participants could not make profit and find all things useless, they became depressed. We felt motivational support from the service providers so that they could be inspired to change their life, livelihood and lifestyle. Individual counseling could have been helpful for them to think differently and useful for new hope which helps them to increase the ability to do better for their life like others.

In case studies, one respondent said,

“I have taken services from BRAC but still I am unable to make profit. In one word, I am worthless. I will not do anything in future.”

Another respondent said,

“BRAC only gave me loan but did not pave the way how to be used that loan in real sense. I was confused on how to grow vegetable but BRAC did not suggest me that is why, I did it myself.”

In FGDs, one of the respondents said,

“Alongside loan, it would be better if BRAC helped us sort out the best way to rear livestock and vegetables.” Another participant told, *“...we do not know the best way of growing vegetables and rearing cows and other animals. If BRAC gives us hands-on learning, we would do better in growing vegetables and rearing livestock.”*

9.7.9 Inadequate Household Material Support

BRAC usually provides financial, natural or physical assets but they rarely give household support which is very important for the extreme poor whose livelihood is affected by the vulnerability from shocks. More household support and materials are needed so that the extreme poor can build disaster resilient houses for them.

In case studies, one respondent said,

“Though BRAC gave me poultry and livestock, it did not provide me household material support. So, it was difficult for me to rare those assets.”

Another respondent said,

“I really faced problems rearing the cows I got with the help of BRAC because at that moment I did not have house to keep them.” Another participant said, *“...it would be better if BRAC helped me building a house for livestock along with loan.”*

In FGDs, one respondent said,

“I got ducks and hens but as I had no house to rear them, I had to work hard to make a house for them. BRAC could have helped in this respect.”

Another respondent said, *“...first make a house then sleep but BRAC inspired us to sleep but not to make a house.”*

9.7.10 More Focus on Income and Savings

In the study it is also found that the program focuses more on savings and income. It has less focus on food, nutrition, sanitation, health issues etc. There was another observation that sometimes social capital did not improve simultaneously with the growth of income and assets.

In case studies, one respondent said,

“BRAC only gave me livestock and nothing else.” Another participant said, *“I got seeds to cultivate vegetables but did not get any other facilities with it like, insecticides fertilizer etc.”*

In FGDs, one of the respondents said,

“I did not get any other facilities except cows.” Another participant said,
“BRAC did not help me building a house but give me livestock.”

9.8 Recommendations of the Participants

In this study, the researcher wanted to know about the opinions and recommendations of the extreme-poor in some specific fields about the causes of poverty, their expectation from Government and NGOs and about their future plan to change their present situation. The recommendations provided by the participants are discussed below:

9.8.1 Opinion of the Extreme Poor regarding the Causes of Poverty

Most of the participants said that the lack of education, lack of opportunities of work in rural areas, lack of training and skills of the poor people, land, money, bad husband, negligence of the relatives, natural disaster are the main causes of poverty.

In case studies, one respondent said,

“...my poverty was caused by lack of cultivable land because if I had cultivable land, I would not cultivate vegetables in my house yard.”

Another respondent said,

“...the bad habit of my husband and lack of money is the main cause of my poverty.” Another participant said, *“...my poverty is caused by lack of money and not having cultivable land.”*

In FGDs, one of the respondents said,

“The insufficient amount of land to cultivate, illiteracy rate high, lack of training and awareness, lack of income source and money and natural disaster are the main causes of poverty’.

Another respondent opined,

“...we have two pieces of land but is not cultivable because it remains under water that is why we are to depend on our income to survive.”

9.8.2 Expectations of the Participants from Government and NGOs

Most of the participants in the study expect free education, allowance, relief, job opportunity for their children from the government to change their situation.

In case studies, one respondent said that,

“Government and NGOs should work together to reduce unemployment and poverty from our country”.

Another respondent said,

“...government was amiable and easy-going in respect of providing relief and other aid without corruption, our poverty would flee away.”

In FGDs, one respondent said,

“...If they were given opportunity to pay loan on the next month in case of sudden failure to pay loan due time, it would be better for them”.

Another respondent said,

“If they got loan without interest, it would be better for them.” Another participant told, *“I think that it will be better if BRAC ensures higher education for their children and pays loan without interest”.*

9.8.3 Future Planning of the Participants

In the study, the researcher wanted to know about the future plan of the extreme poor people to change their situation. The researcher found that most of the participants have some future planning. Some of the participants want to educate their children in future, work hard, run a small business, buy a piece of land and change her present situation.

In case studies, one respondent said,

“...my future plan is to buy another two cows and make a farm so that I can lead a suffering-free life.”

Another respondent said,

“I want to buy a piece of land so that I can have rice for all the years because after buying rice, there is little amount of money left to buy other necessary things.” One participant said, *“...my future plan is to make a brick-made house and a farm with available chicken.”*

In FGDs, one of the respondents said,

“...my future plan is to educate my son so that we are not supposed to live hand to mouth.” Another participant said, *“After selling my cow, I want to*

buy some agricultural lands and one goat for rearing. I will sell eggs and save some money for future needs.”

9.8.4 More Income Generating Activities and Supports are Needed

Few beneficiaries want to promote small business, so they expect some more assistance from BRAC to continue with the small business enterprises. Many respondents urge that they do not have any kind of problems in their family and they are happy with the overall condition, so, there is nothing else they are hoping from BRAC.

One respondent explained,

“I think BRAC can help with my small business with consultancy but I do not want to take loans because I think I may not be able to repay the loans”.

The small business enterprise can be effective for the beneficiaries to have a sustainable income source. It can also help to reduce the dependency on farming and crop cultivation because of the business. They think if they get in any kinds of trouble then BRAC can help them with their assistance and support.

Another respondent described,

“My daughter is in class 5 so her educational expenses are high. But I never get any help from the Government for her education but the school teachers urge to create a group of 20 students to consider about allowance. I cannot build disaster resilient houses for my family, so, I hope to get more support from BRAC about this issue and for the education of my daughter”.

It is very much pleasing to observe that extreme poor people are also trying to educate their children. This beneficiary is willing to continue the education of her daughter so she is hoping that BRAC can help her about this issue. The lack of education is the common factor of the socio-economic problem of their life.

Many people used to live in their relative's house but now they have their own houses because of the assistance of BRAC but they are hoping they could get more help about it from BRAC. The beneficiaries are grateful to BRAC if they can help them about creating some more income opportunities. They want that BRAC can help more people like them to develop their condition. They also expect that BRAC can help more about their health

and medical facilities and they have trust and belief on BRAC that they will never be in trouble when BRAC is holding their hands. If BRAC can help them more then they will never have to go to others for help. They did not have cloths to wear and foods to eat but now their familial condition is far better because of the support from BRAC. The support from BRAC is more than enough and the development of their family was not predictable. The beneficiaries think they cannot get more support from BRAC because they already got much more than they expected.

9.9 Conclusion

The above findings reveal that BRAC's 'credit-plus' approach affect different parts of sustainable livelihoods framework of Ellis (2000). In the sustainable livelihood framework Ellis emphasizes on asset based livelihoods and mentions some mediating factors that generate the livelihood strategies and these strategies bring outcomes for individuals and households. In the case of BRAC, 'credit-plus' approach provides free food aid, cash stipend, grant, physical assets with skill development training that helped the extreme poor to generate asset base livelihoods. BRAC's health care services combination with food aid assisted the extreme poor to reduce their vulnerability. The skill development training and education programme facilitated the participants to build their capacity that makes them confident. In addition, BRAC's awareness building programme, social development activities, human and legal services and linkages to BRAC's health volunteers helped the extreme poor to have access to information and improve their voice. All these provisions, therefore, improved their livelihood strategies and increased their income and food security. Apart from this, BRAC programmes also increased social capital of the participants. For instance, the programme encouraged the participants to be a member of Village Organisations in order to get access to the BRAC services. Therefore, the programme increased social capital because it provided a mechanism where the extreme poor of same economic background are able to interact. In addition, BRAC Village Poverty Alleviation Committee also provides opportunity for the extreme poor to increase their networks with community leaders, the local elites and representatives of other development organisations which in the process also increased their social capital. In this sense, this approach increased avenues for increasing social capital which is a necessary mediating factor for improving livelihood as postulated by Ellis.

Chapter Ten: Conclusion and Recommendations

10.1 Conclusion

The study was about to know the effectiveness of ‘Credit-Plus’ approach of BRAC to address the problems of the extreme poor. It assessed the capabilities and vulnerabilities of the extreme poor and how much this approach is effective for changing the situation of the extreme poor. It also found out the limitations of the program in lifting the poor out of extreme poverty. Findings showed that the extreme poor are the most marginalized poor section of the society having no or few assets and poor earnings to survive. The program changed the situation of some aspects of their lives including income, expenditure, assets, health, food intake, occupation and food security. Because of an increase in their income, their expenditure, savings, lifestyle, food habit and occupation has also changed significantly. This does not mean that the extreme poor are well off rather the program gave them subsistence and a way of leading life peacefully. Some respondents also reported that due to some of external factors such as damage of assets, disasters, shocks and stresses could not improve their situation.

The study found out some problems of the program like as there were some instances of damage of assets, the program increased dependency on others, the women loss control of assets as male dominated the assets, some thought that the program lowered their status and some others were found not to have any desire to change their lives and to attend in training. The study also revealed BRAC, in some cases failed to select the extreme poor and had problems as they exclude male from the services and their training. The study gave some suggestions to overcome the problems. If the program is implemented with proper coordination among the staffs and is bought some modification to the program it would hopefully be more effective in addressing the problems of the extreme poor in rural Bangladesh.

10.2 Recommendations

The study findings show that though ‘credit-plus’ approach plays a significant role in improving socio-economic conditions of the extreme poor, the programs have some limitations to graduate the extreme poor from their miseries. Respondents were asked if they have any recommendations to overcome the limitations of the programs and to make

the program more effective. On the basis of the study findings and observation of the researchers following suggestions can be recommended.

- The betterment of health and medical services of extreme poor people is an outcome of the ‘credit-plus’ approach implemented by BRAC. So, this can be a further study issue to understand the role of BRAC to increase health and medical awareness for their family members.
- The necessity of motivational techniques is also identified from the findings of the study that can inspire the beneficiaries to take microfinance from BRAC and utilize it forming income generating activities. This is an important future study suggestion that can be important to focus on the issue for motivating the beneficiaries.
- Building disaster resilient house for the extreme poor people to reduce the vulnerability of shocks from their life is a benefit of ‘credit-plus’ approach, which can be mentioned as a future study suggestion.
- Good food habit and sufficient nutrition intake for the family members are two important issues taught to the members of ‘credit-plus’ approach. So, the role of BRAC to ensure good food habit as well as proper nutrition intake can be a further study issue.
- The program should give more emphasis on the development of social aspects of the extreme poor like, increasing their self-confidence, perceived happiness, health and sanitation, community support, social relationship and psychological health development.
- Male headed families who are extreme poor are being excluded from ‘credit-plus’ approach. It is a positive aspect of BRAC to try to ensure women empowerment but still there are many extreme poor families who are dependent on male members. Therefore, this can be an important issue for further study.
- The selection of extreme poor is one of the major challenges for BRAC as there are elites’ controls in rural areas. The selection and identification process to find out the extreme poor from the rural areas should be more organised so that none of the extreme poor people can be excluded from credit-plus approach and this may be further study issue for the future researchers.

Extreme poor are the most vulnerable section during any natural disasters like flood, river erosion, drought, heavy rainfall etc. Government and NGO's can take precautions to reduce the vulnerabilities and damages of these disasters.

- As observed, the assets of some respondents have been damaged because of several reasons that obstructed them to graduate from extreme poverty. Measures need to be taken to ensure the security of the assets transferred and to provide the assets again if they are damaged for logical reasons.
- Superstition hampers the development of extreme poor because women of extreme-poor family who believe in it are mostly illiterate and aren't active in income generating activities. NGO's can play important role to remove superstitions from poor people by spreading awareness program against it.
- Provisions should also be made for individual counselling when any of them falls in any crisis during the service period or any of them needs any help to change their lives and address their poverty. In addition, there is a need for a compassionate work force, continuous monitoring and supervision, good coordination and information sharing among the involved officers and staffs for better implementation of the programme.
- The vulnerability from shocks can affect on the livelihoods of the extreme poor people negatively. In this case, more household support and materials are needed for the extreme poor so that they can build disaster resilient houses for them. So, this is a future study suggestion that can be significant for reducing vulnerability of the extreme poor in rural areas of Bangladesh.

Appendixes

Appendix A: References

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Appendix B: Semi-Structured Interview (SSI) Guideline for Case Study

Institute of Social Welfare and Research
University of Dhaka
Dhaka-1205

Credit-Plus Approach for the Extreme-Poor: A Study on Two Selected Areas of Bangladesh

(Collected information will only be used for Ph. D studies and secrecy will be maintained)

1. Demographic Information of the Extreme Poor

- Name
- Age
- Sex
- Marital status
- Religion
- Address
- Educational qualification
- Family members
- Earning members of the family
- Occupation
- Monthly family income
- Monthly Expenditure

2. Information Related to Poverty and Vulnerability of the Extreme Poor

- What do you know about the ultra-poor and vulnerability?
- In which sectors of social life do you feel more vulnerable?
- Which types of help do you need from others due to poverty?
- What types of social, natural and economic disaster did you face in recent past?
- What types of problems are you facing in your family as consequence of dowry?
- What types of services provided by the government and NGOs for the ultra-poor in your village?

3. Information Related to Capabilities, Skills and Resources of the Extreme Poor

- What types of training or skills do you have on your profession?
- What types of problems do you face in workplace and how do you cope with the problems?
- How much land do you have your own?
- Do you have savings? If answer yes, please tell us in details.
- What types of domestic resources do you have?
- What about the ownership of your house?
- What is your daily food habit? Please tell us in details.
- What about electricity and foul services in your village?
- What are the main sources of water in your village?
- What about your sanitation system? Please describe details.

4. Information Related to Credit-Plus Approach

- What do you know about the Grant-plus-credit Approach?
- How did you select as a beneficiary of this approach?
- What types of services are you getting from BRAC under this approach?
- How do you have to return the Grant after a specific period of time?
- What types of Micro-credit programming is it?
- What types of socio-economic conditions have changed after becoming the part as beneficiary of this approach?
- What is your thinking about the limitations of this approach?
- What types of harassment or problem do you have to face as a beneficiary of this approach?

5. Information Related to Opinion and Recommendations

- What is your thinking about the main causes of poverty?
- What is your suggestion to make this approach effective to eradicate the poverty and vulnerability of Ultra-poor in Bangladesh?
- How can you address communication gap with service providers?

- What is your expectation from the government to eradicate poverty and vulnerability of the ultra- poor in Bangladesh?
- How to increase efficiency of the program?
- What is your expectation from the NGOs to eradicate poverty and vulnerability of the ultra- poor in Bangladesh?
- What is your plan to overcome this situation?
- Do you have any other recommendations to improve the situation?

Thanks for your cordial cooperation.

Signature of the Respondent

Date:

Signature of the Interviewer

Date:

Appendix C: Semi-Structured Interview (SSI) Guideline for FGD

1. Demographic Information of the Extreme Poor

- Information about the group
- Name of all members
- Age
- Sex
- Marital status
- Religion
- Address
- Educational qualification
- Family members
- Earning members of the family
- Occupation
- Monthly family income
- Monthly expenditure

2. Information Related to Poverty and Vulnerability of the Extreme Poor

- What do you know about the ultra-poor and vulnerability?
- In which sectors of social life do you feel more vulnerable?
- Which types of help do you need from others due to poverty?
- What types of social, natural and economic disaster did you face in recent past?
- What types of problems are you facing in your family as consequence of dowry?
- What types of services provided by the government and NGOs for the ultra-poor in your village?

3. Information Related to Capabilities, Skills and Resources of the Extreme Poor

- What types of training or skills do you have on your profession?
- What types of problems do you face in workplace and how do you cope with the problems?
- How much land do you have your own?
- Do you have savings? If answer yes, please tell us in details.
- What types of domestic resources do you have?
- What about the ownership of your house?

- What is your daily food habit? Please tell us in details.
- What about electricity and foul services in your village?
- What are the main sources of water in your village?
- What about your sanitation system? Please describe details.

4. Information Related to Credit-Plus Approach

- What do you know about the Grant-plus-credit Approach?
- How did you select as a beneficiary of this approach?
- What types of services are you getting from BRAC under this approach?
- How do you have to return the Grant after a specific period of time?
- What types of Micro-credit programming is it?
- What types of socio-economic conditions have changed after becoming the part as beneficiary of this approach?
- What is your thinking about the limitations of this approach?
- What types of harassment or problem do you have to face as a beneficiary of this approach?

5. Information Related to Opinion and Recommendations

- What is your thinking about the main causes of poverty?
- What is your suggestion to make this approach effective to eradicate the poverty and vulnerability of Ultra-poor in Bangladesh?
- How can you address communication gap with service providers?
- What is your expectation from the government to eradicate poverty and vulnerability of the ultra- poor in Bangladesh?
- How to increase efficiency of the program?

- What is your expectation from the NGOs to eradicate poverty and vulnerability of the ultra- poor in Bangladesh?
- What is your plan to overcome this situation?
- Do you have any other recommendations to improve the situation?

Thanks for your cordial cooperation.

Signature of the Respondent

Date:

Signature of the Interviewer

Date:

Appendix D: **Consent Form**

Please give tick to the (✓) relevant boxes

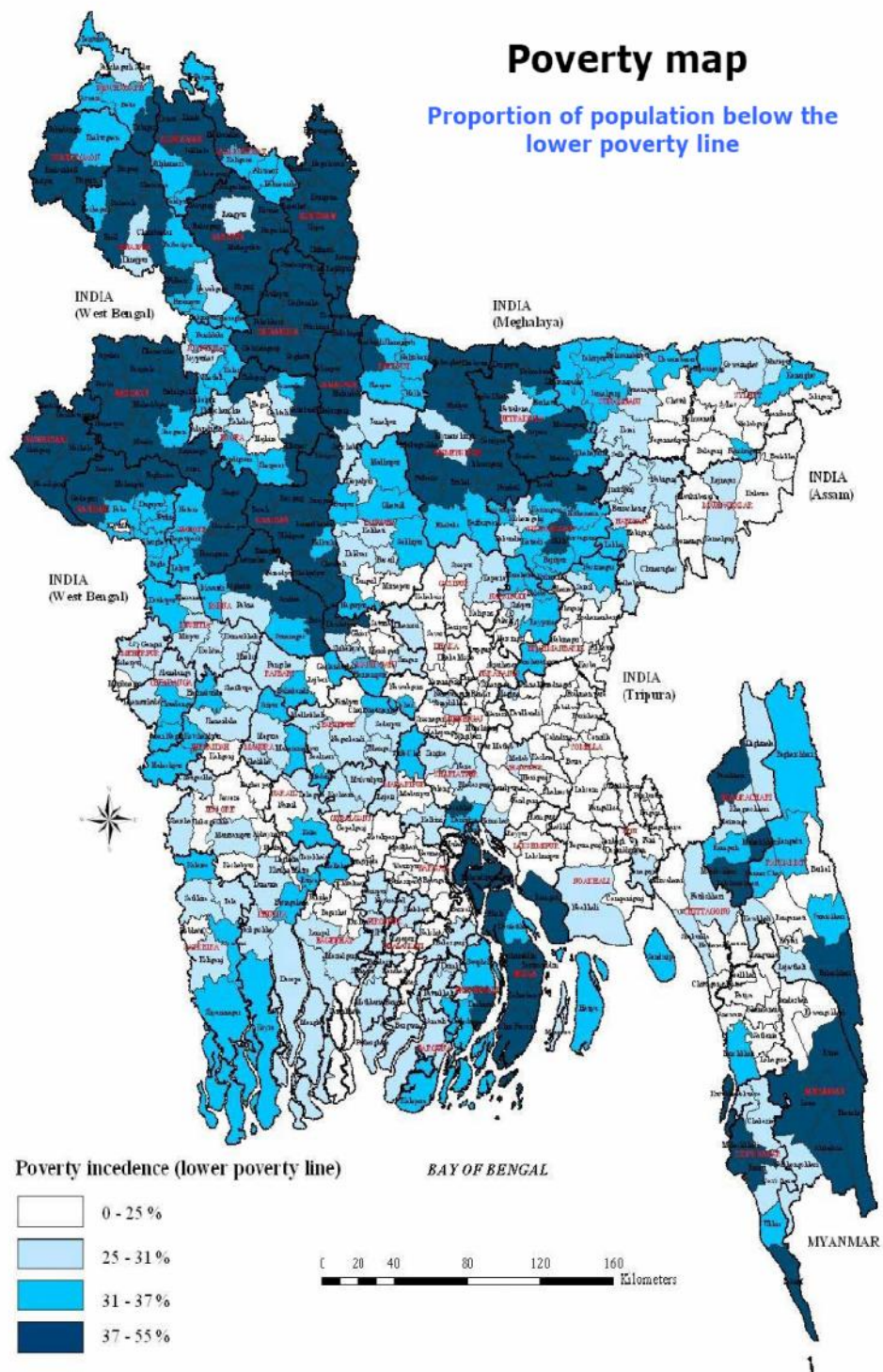
1. I confirm that the interview guideline is to me
2. The purpose of the interview guideline is clear to me
3. I am aware of my participation
4. I provide permission to take my interview
5. I give my consent to be a confidential members at the focus group
6. I am glad to be approached

Signature

Date:

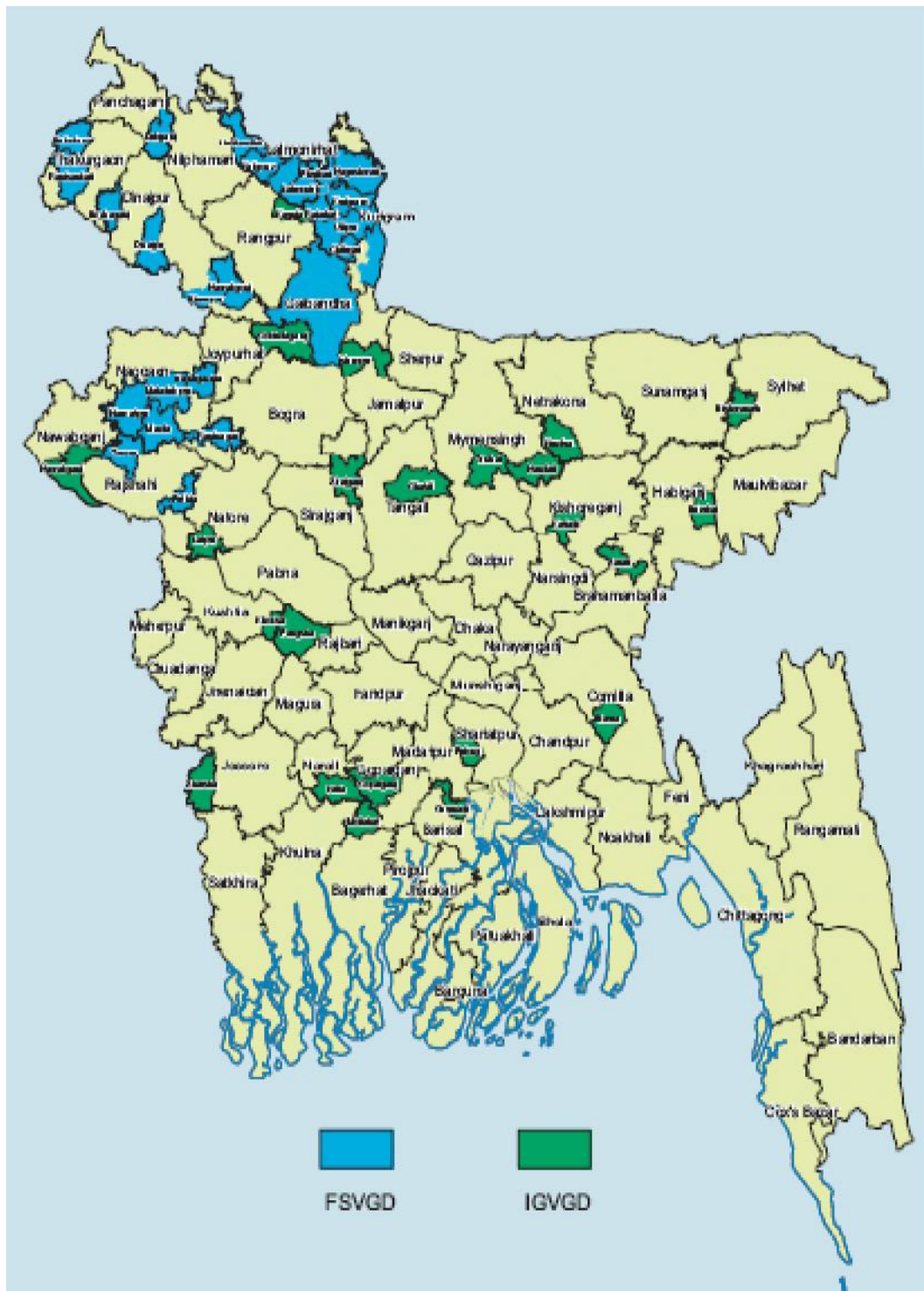
Appendix E

Map 1: Extreme poverty incidence in Bangladesh



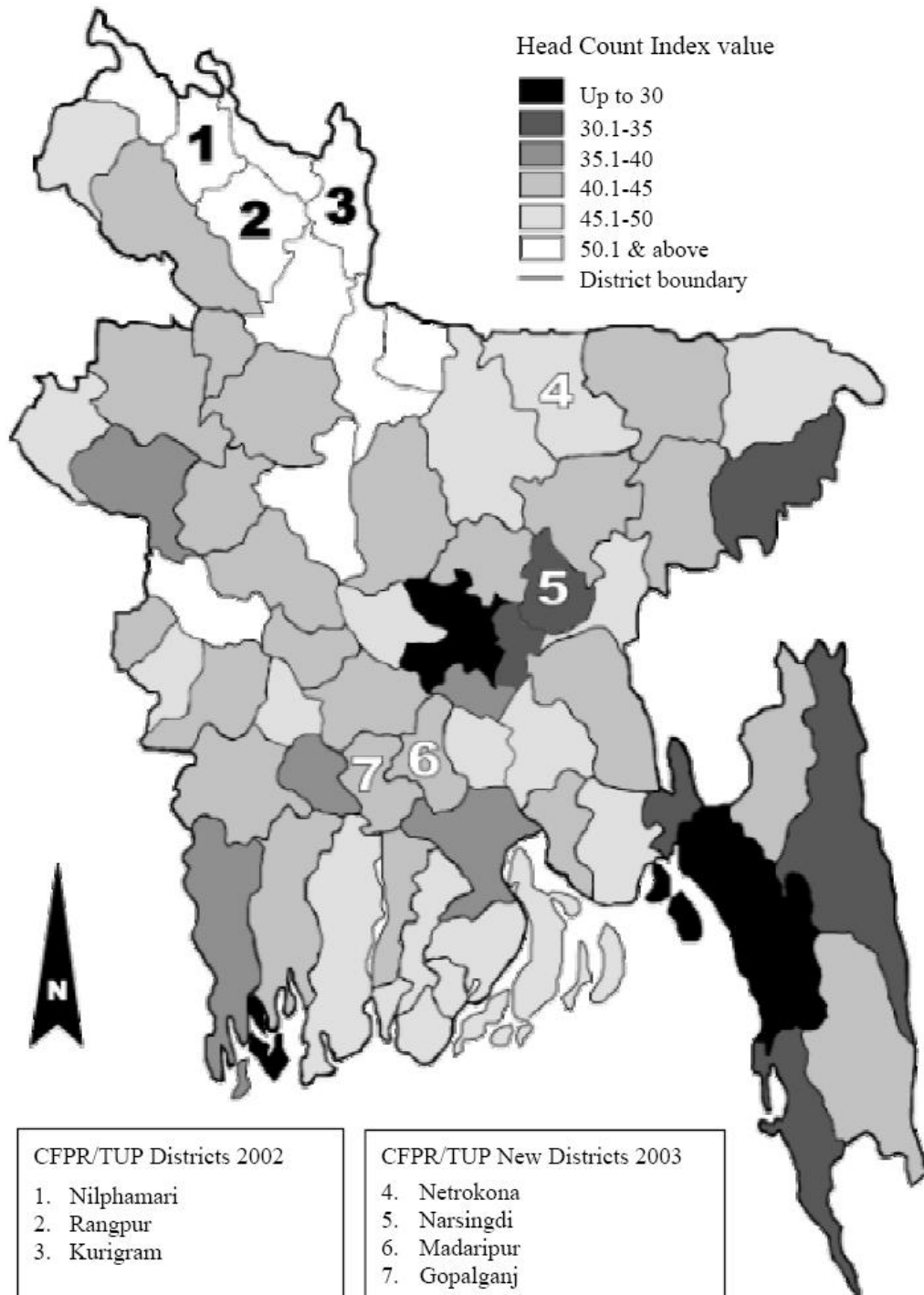
Source: WFP (2004:12)

Map 2: Map of Bangladesh showing the districts covered by IGVGD programme



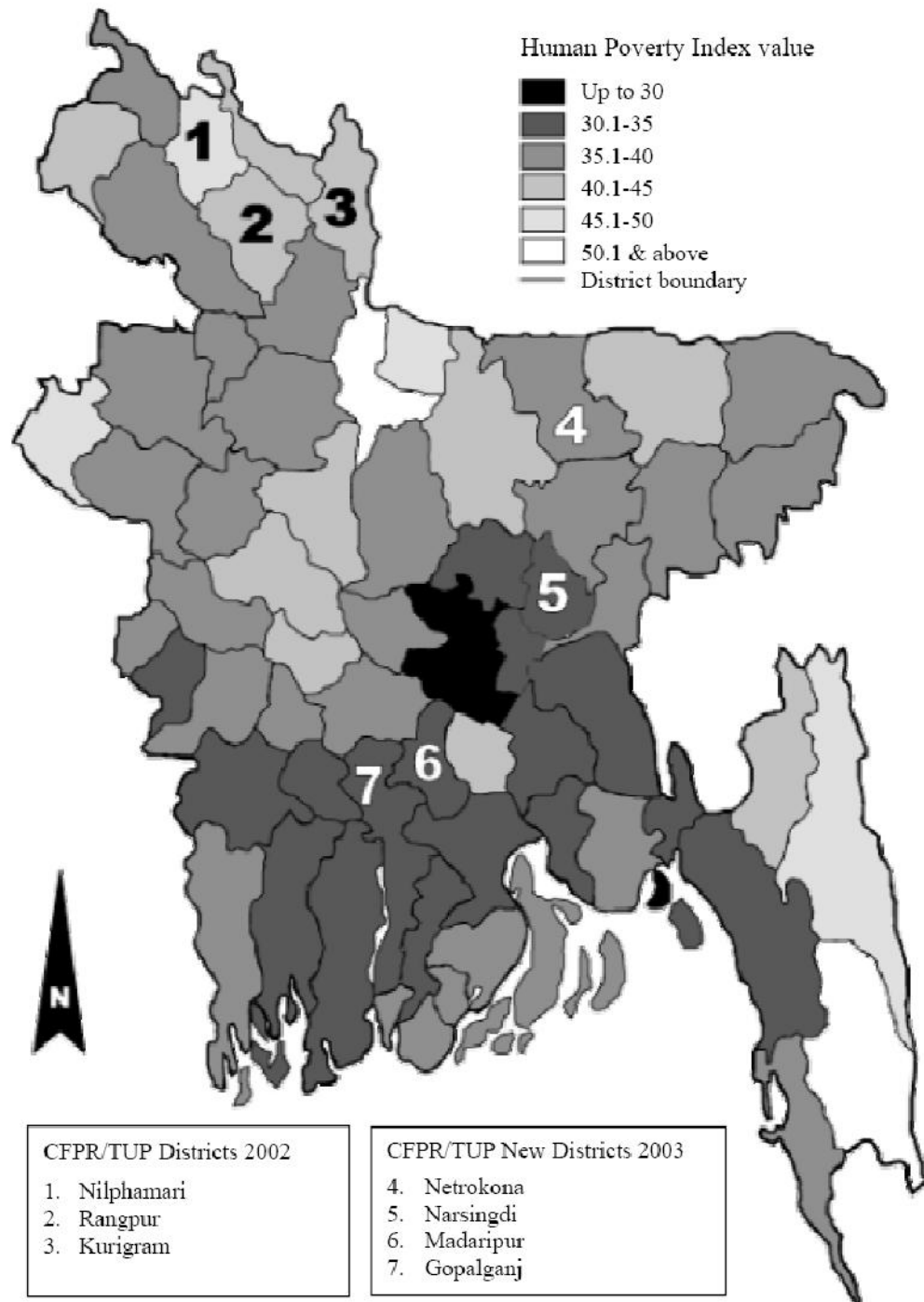
Source: WFP-Bangladesh (2007: 3)

Map 3: Map of Bangladesh showing the districts covered by CFPR/TUP programme in the first phase along with Head Count Index (HCI) value



Source: Fighting human poverty: Bangladesh Human Development report (2000:40 cited in CFPR/TUP Research Team, (2004:8) "Towards a profile of the ultra poor in Bangladesh: Findings from CFPR/TUP baseline survey", RED-BRAC and Aga Khan Foundation Canada)

Map 4: Map of Bangladesh showing the districts covered by CFPR/TUP programme in the first phase along with Human Poverty Index (HPI) value



Source: Fighting Human Poverty: Bangladesh Human Development report (2000:40 cited in CFPR/TUP Research Team, (2004:9) "Towards a profile of the ultra poor in Bangladesh: Findings from CFPR/TUP baseline survey", RED-BRAC and Aga Khan Foundation Canada)