



Anual

Bank

Conference on

Development

Economics

Amsterdam, The Netherlands
May 23-24, 2005

**Addressing vulnerability of the poorest:
A micro perspective based on Brac's experiences**

Imran Matin

Bangladesh Rural Advancement Committee (BRAC)



The World Bank



Buitenlandse Zaken
**Ontwikkelings
samenwerking**



ministerie van Financiën

Addressing vulnerability of the poorest: A micro perspective based on Brac's experiences¹

Imran Matin

Abstract

The poorest have been left out not only by mainstream development approaches, but also by mainstream development knowledge. Existing development approaches, exemplified by microfinance are not adequately risk responsive, especially for the poorest who do not have any complementary resource base, including bridging social networks. On the other hand, most approaches targeting the poorest are crisis management oriented, rather than growth oriented with appropriate mechanisms that create opportunity ladders for them.

Brac has been experimenting with a linkage model for the poorest since the mid 80s where transfers are used as a strategic entry point. The experiences and success of this linkage model has led to a nation wide programme with the Government and later a new programme since 2002. This paper will discuss the experiences gleaned from these programmes for the poorest. It will also discuss the challenges ahead.

I. The vulnerability of the poorest: A complex knot

For us, life is like desperately trying to mend an old, tattered quilt.... You stitch one hole only to discover another one...sometimes the act of mending one also creates another... you just feel like giving up... a stitch in time saves nine doesn't work when you are like us

We are caught up in a complex knot (jotil git) --- other poor people also are caught up from time to time in a knot, but their knots are simpler to unknot (shohoj git)... you can easily detect the source of the knot and do something about it... our knots have many sources (mukh)...often pulling on one carelessly only makes the knot more complex

Two important themes emerge from the statements above. First, is the complexity and interdependency of the various constraints faced by the extreme poor. This has received some attention in the literature through ideas of a 'trap' and 'vicious cycle'. Second, is the idea of 'adverse incorporation' used by Geof Wood (2000)--- the possibility that solutions that does not take into account the first point may actually make things worse. This has profound implications for programmes and policies that aim to deliver on addressing extreme poverty.

The poorest are not just poorer than the poor. Extreme poverty is not a continuum of deprivation but a structural break. This is why chronicity and severity tend to go hand in hand for a large section of the extreme poor. A panel study by Mahbub Hossain et al.

¹ Brac is the largest development NGO in Bangladesh serving the poor in over 80% of the villages of the country through a wide array of development programmes in health, education and livelihoods. For more information on Brac, visit www.brac.net

Director, Research and Evaluation Division, Brac.

(2000) found that over 53% of the households who were 'extreme poor' in 1990 remained to be so in 1995. The net decline in the percentage of households in extreme poverty over these five years (1990-1995) was modest - from 23% in 1990 to 19% in 1995, whereas the decline in the percentage of those in moderate poverty was more dramatic - from 50% in 1990 to 31% in 1995. A large section of those who fall into extreme poverty remain to be in extreme poverty for long spells of time and for some this process is continued over generations.

While we have some understanding of the individual factors of downward mobility, we know little about the inter relationships between the various factors especially those that pertain more to the socio-political space. We also know little as to why these downward mobility factors are interrelated in 'trap creating ways' and more binding for some types of households and not for others.

Carter and Barrett (2005) in their recent work on poverty traps take an asset based approach to conceptualize future poverty dynamics. They distinguish between stationary and non-stationary shocks to welfare. Thus, the effects of a shock or a downward mobility factor may be different for different types of households. For some, it could represent a return to an expected standard of living, after a brief non-poor hiatus afforded by a spell of good luck. For others, it could be a likely temporary transition caused by bad luck. Finally, for yet others, it could be a structural move caused by the loss of assets – e.g., due to illness, natural disaster or theft – or by a deterioration in returns to their assets brought on by changes in the broader economy.

It appears thus that the downward mobility factors that create and reproduce extreme poverty are structurally different in terms of their nature, severity, and the ways in which they interrelate and interact with the socio-political setting within which people are situated. This last point has received relatively less focus in poverty studies, especially by economists. Take, for example, the case of certain widow-headed households, particularly in South Asia, a category of households who feature prominently among the ranks of the poorest and draw considerable attention as being a very vulnerable group. Poverty as experienced by members of such households, notably the widow herself, is not a straightforward matter of an absence of an input in the form of male labor, or reduced dependency ratios. Rather, it is due to the ways in which adult female personhood is socially and relationally constituted as depending on a male spouse for access to resources which is mediated by the diverse notions about the social constitutions of different categories of persons. It is these that make widowhood a vulnerable social category for certain women in South Asia, but not in matrilineal rural communities in Tanzania (Green, 1999), rather than the death of a spouse per se. Our understanding of poverty has yet to prioritize the analysis of the constitution of the social relations that permit poverty as an effect.

The poorest have been left out not only by mainstream development approaches, but also by mainstream development knowledge. Existing development approaches, exemplified by microfinance are not adequately risk responsive, especially for the poorest who do not have any complementary resource base, including bridging social networks. On the other

hand, most approaches targeting the poorest are crisis management oriented, rather than growth oriented with appropriate mechanisms that create opportunity ladders for them.

Brac has been experimenting with a linkage model for the poorest since the mid 80s where transfers are used as a strategic entry point. The experiences and success of this linkage model has led to a nation wide programme with the Government and later a new programme since 2002. This paper will discuss the experiences gleaned from these programmes for the poorest. It will also discuss the challenges ahead.

II. Building opportunity ladders for the extreme poor: designing grants to build livelihoods

Brac long realised the difficulties of reaching and addressing the needs of the extreme poor using conventional microfinance. But for Brac, the challenge was in developing mechanisms through which the extreme poor too could be included within its microfinance programmes using the window of opportunity provided by grants to build sustainable livelihoods in a way that is cost effective and yet goes beyond grants.

2.1. IGVGD Program: Including Those Left Out

In 1985, Brac approached the World Food Programme (WFP), which was already providing time-bound food assistance to the extreme poor under its Vulnerable Group Feeding (VGF) program, to implement a new linkage and sustainable model for the vulnerable group. The IGVGD programme was thus designed to link extremely vulnerable women to mainstream development activities. Under this initiative, extreme poor women were organised into groups and provided with skill development training in sectors, such as poultry, where large-scale self-employment can be created. During the programme period, these extremely poor women received food transfers, a savings scheme was developed, and later, small amounts of programme credit were also provided so that the training they received could be more meaningfully used for a more secure livelihood.

The whole programme was focused on developing a systematic approach to take advantage of the window of opportunity in the lives of these extreme poor women while they received the food transfers and the short-term security. It provided support so that the women could stand on more solid ground once the transfer period was over. An independent study by WFP found that through this strategic linkage, more than three quarters of those who receive the VGD card in every cycle end up becoming regular clients of Brac's microfinance program.

A study by Hashemi (2001) found that the subsidy per VGD women is about \$135, which according to the paper, '[...] represents a small subsidy, given the overwhelming majority of IGVGD women who graduate out of a need for continuous handouts'. Needless to say the greater the proportion of the VGD women who graduate to Brac's microfinance programme and the better the quality of graduation, the more the possibility that over a period of time this cost of subsidy is recouped.

2.2 CFPRP/TUP: building more solid opportunity ladders

Brac's IGVGD experiences demonstrated the possibility of creating opportunity ladders from safety nets for those who are left behind by conventional microfinance. However, Brac noticed that though for a great majority the IGVGD approach led to an increased ability to benefit from regular microfinance programs, for a significant minority, this was not happening. More worryingly, those that failed to 'make it' were among the poorest and most vulnerable (Sattar *et al*, 1999).

There were several reasons for this. Due to the politics of targeting, the VGD women often failed to get the full benefits of the window of opportunity provided by the food transfer. This is because one VGD card was often unofficially shared between two or more. Sometimes, VGD cards had to be 'bought' and more often than not, this would mean advance selling of VGD cards to wheat dealers to raise the money for the 'payment'. Brac felt the need for a programme where we would have more control over the processes and one where the window of opportunity would be specifically designed to build the foundations from which the extreme poor could move forward.

An opportunity came when Brac was approached by the European Commission to design an asset grant based support scheme for the poorest flood victims in Jamalpur, a very poor district of the country as a part of its 1998 flood rehabilitation support. This project was known as the Jamalpur Flood Rehabilitation project (JFRP) and had a two year duration from 1999-2001. A set of targeting indicators based on a review of poverty profile literature of rural Bangladesh was developed for targeting the poorest. A range of assets, in which Brac had prior technical support experiences, such as cage rearing of HYV poultry, livestock (cows and goats), and nursery, were provided as one-off grant to the poorest flood victims. In addition, all associated inputs needed, such as poultry feed until the birds start laying eggs, cattle fodder, seed and fertilizer for the nursery plants, etc. were provided for free during the first cycle of these enterprises. A monthly food ration was also provided to ensure food security before the enterprises started generating income. Intensive income generation training and follow up of the enterprises were carried out.

In 2001, an assessment of the JFRP found that over 60% of those supported by the project had already started taking micro loans from Brac and joined its village organisations. Those that did not take a loan had socio-demographic structures (female headed without any adult male support, households where the husband was disabled etc.) that made it difficult for them to take loans and use them well. The study also found that though the targeting methodology used was quite effective, as it relied just on an indicator-based methodology, it sometimes failed to include the poorest who lived in interior parts of the village and/or lived in households that could be missed out. More importantly, the community did not have a sense of ownership over the targeting and programme, as they were not involved. This led to hostility between those selected and those who were not, which adversely affected the overall aim of the project. Poor health,

which was not adequately addressed, was also found to be an important reason for those who failed to do as well as expected (Matin and Begum, 2002).

These lessons were incorporated in a new experimental programme with these challenges in mind. This is called, ‘Challenging the Frontiers of Poverty Reduction: Targeting the Ultra Poor (CFPR/TUP)’, or TUP for short that Brac started in January 2002 with support from the Brac Donor Consortium². There are two broad strategies in TUP: one, ‘pushing down’ and the other ‘pushing out’. First, the Programme seeks to ‘push down’ the reach of development programs through specific targeting of the ultra poor, by using a careful targeting methodology that combines participatory approaches with simple survey based tools. The combination of methodologies used in targeting the ultra poor is shown Table 1 and the targeting indicators are shown in Table 2. A summary of the findings that compares those ranked as the poorest in the participatory wealth ranking exercise and those just above on the key targeting indicators is shown in Table 3.

Table 1: Combining methodologies for targeting the poorest

Poverty profile knowledge/Experiences		
Targeting approach	Formal	Informal/programme
Geographical	Selecting districts	Selecting villages/clusters within <i>upazilas</i>
Community	Learning to use PWR techniques	Local area knowledge Rapport building for good PWR
Indicator	Developing indicators	Interpretation, revision of indicators developed

Table 2: Targeting indicators used in the CFPR/TUP programme

Exclusion conditions (All selected households will have to satisfy these conditions)	The household should not be borrowing from a microcredit providing NGO
	The household should not be receiving benefits from government programmes
	There should be at least one adult woman in the household who is physically able to put in labour towards the asset transferred
Inclusion conditions (At least two of these conditions will have to be satisfied)	Total land owned less than 10 decimals
	Adult women in the household selling labour
	Households where main male income earner is disabled or not able to work
	Households where school – going aged children have to sell labour
	Households having no productive assets

The selected ultra poor are then brought under a special investment programme that involves asset transfer, intensive social awareness and enterprise training, and health care services for a period of two years. Secondly, it seeks to ‘push out’ the domain within which existing poverty alleviation programs operate, by addressing dimensions of poverty that many conventional approaches fail to address. Specifically, this involves a shift away from the conventional service delivery mode of development programming to focusing on social-political relations that disempower the poor, especially women, and constrain their livelihood. A summary of the programme components are shown in Table

² Brac’s major development programmes are funded by Brac donor consortium consisting of DFID, CIDA, EC, Novib, and the WFP. Currently, there are two programmes being funded by this consortium: CFPR/TUP

4. The five-year programme aims to cover 100,000 ultra poor women from some of the poorest districts of the country.

Table 3: How well do the targeting indicators fare?

Variables	PWR defined ultra poor (A+B)	PWR defined group just above the ultra poor (C)
Marital status		
% widow	20%	6% [***]
% divorced/abandoned	8%	1% [***]
Demographic resources		
% of HHs where husband present but FHH	7%	<1% [***]
% of HHs with physically able husband	64%	88% [***]
% of HHs with no adult male	21%	3% [***]
% of HHs having school aged children labouring	12%	7% [***]
Assets – Land		
% of HHs who do not own cultivable land	90%	76% [***]
Av. land size for those who own	25.7	42.9 [***]
% of HHs who do not own the land of their house	44%	24% [***]
Assets – Non land		
% of HHs having no other asset beside the house	46%	29% [***]
NGO participation		
% of HHs borrowing from MFIs	19%	34% [***]

Note: FHH = Female-headed households; HH = Household; MFI = Microfinance Institution
 *** indicates difference between groups significant at 1% level.

Table 4: Summary of CFPR/TUP programme components

Component	Purpose
Integrated targeting methodologies	Effective targeting of the extreme poor
Income generating asset transfer	Build economic asset base
Income generation training and regular refreshers	Ensure good return from asset transferred
Technical follow-up of enterprise operations	Ensure good return from asset transferred
Provision of all support inputs for the enterprise	Ensure good return from asset transferred
Monthly stipends	Reduce opportunity cost of asset operations
Health support	Reduce costly morbidity
Social development	Knowledge and awareness of rights and justice
Mobilization of local elite for support	Create an enabling environment

In sum, the whole idea behind the CFPR/TUP approach is to enable the ultra poor to develop new and better options for sustainable livelihoods. And this requires:

- A combination of approaches -promotional, such as asset grants and skills training, and protective, such as stipends and health care services, etc.
- Addressing constraints at various levels -households and the wider environment of institutions, and relationships

The first entrants into this programme have now gone through the special investment phase (first two years) and have been organised into separate village organisations. They are being offered the full range of Brac's development services, including microfinance. One lesson from our previous experiences of working with the poorest population is that the link with microfinance needs to be approached with caution---- this is the reason why

we are being flexible in our approach where taking on microcredit is seen as a choice by the members rather than an institutional goal setting exercise to ‘prove’ graduation. Already, about 70% of the first entrants into the programme have taken their first loan averaging taka 2,000 and are repaying regularly. We are also planning pilots to develop the most appropriate microfinance products for this group of the poor, as our experiences suggest that for many of the poorest, the regular microfinance product and regime may not be the most appropriate.

Table 5: Early assessments of change

	Selected Ultra Poor		Not Selected Ultra Poor	
	2002	2004	2002	2004
% of HHs who reported to be in...				
Always deficit	62	2	41	25
Occasional deficit	35	21	51	50
No deficit	3	77	8	25
% of adult women who reported that their overall health status was...				
Good	43	55	45	47
Fair	36	27	35	31
Not good/bad	20	18	20	22
% of adult women who reported that their overall health condition over the last year has...				
Improved	25	51	24	24
Remained the same	26	25	27	36
Deteriorated	50	24	49	40
Total food intake in gm (mean)	759	998	795	807
Total energy intake in kcal (mean)	1911	2093	2017	1820
Cereal as % of total energy	88	78	87	83

Source: Ahmed and Rana, 2004.

Early assessments of change suggest that on average, the food intake levels of the CFPR/TUP programme participants have increased and become more diversified, with less reliance on cereal. Perceived levels of food security and health status have registered significant positive changes which are also reflected in more direct measures of health seeking behaviour, and anthropometric measures (Table 5).

III. Targeting the social: Engaging the village elites in support of the ultra poor³

I am a widow. I live with my daughter whose husband has left her. I live by the bamboo grove in a mud hut where people come to defecate in the morning... you people make lists walking through the main roads of the village...my house was not listed in the maps and list the villagers made...we are invisible and we do not count in anything (gunar bhitore porina)

I don't even try getting anything from the member-chairman... what is the point... just a waste of time. I don't have anything to offer... money or influencing others for votes... I don't even have

³ This section of the paper draws heavily on Hossain and Matin (2005)

anyone who I can rely on to get some benefits (dhorar lok nai)... the only people I know are as hungry (habhata) as me

In events where all suffer, like flood, the government acts fast and at least we manage to get something...when we suffer, we do so alone without any consequence for anyone else

The point for a pro-poor agenda ... is not to displace elite, for they will always be there and will always (except on occasion in the short term) get the greater share of benefits. Rather, the objective is to obtain significant benefits for non-elite on a continuing basis and to steer as much as possible of that benefit stream to the poor (Blair 2003).

Given that an important dimension of extreme poverty in rural Bangladesh is weak social networks or social capital, the original programme design envisaged a process of building the social support networks of TUP participants through a strategy of 'pushing out', or building links and support networks with other groups and organisations. These were to include existing BRAC village organisations of microcredit borrowers, who tended to include poor, but rarely ultra poor women members. Local government officials were also to be encouraged to take an interest in the programme through a targeted advocacy and communications strategy designed to highlight its achievements in addressing the most severe and chronic forms of poverty. That is, social capital was to be built both through stronger horizontal networks, among the poor, but also through vertical links to official structures.

Early on in the process of distributing assets to TUP participants, however, BRAC staff recognised that the programme was likely to face a number of problems (BRAC, 2002). One was that some participants began to appeal directly to BRAC staff for assistance and advice, sometimes travelling long distances to do so. In effect, participants began to treat BRAC staff as patrons. A second was that assets given to these extremely poor women appeared to be at risk from theft or damage, including from some community members who were jealous of the programme beneficiaries. In the initial stages of asset distribution in some villages, there were instances when BRAC microfinance group members displayed their resentment against TUP participants whom they felt were receiving gifts from BRAC, while they, as conscientious BRAC loan group members, had received nothing free. In the early stages at least, it was not clear that TUP participants were likely to gain strong support from BRAC microfinance group members, many of whom had tended to exclude the ultra poor from membership of their groups. Lacking any strong social support from the poor within the community, then, ultra poor women were unlikely to be in a position to protect their newly gained assets. The need for an intervention which could provide TUP participants with enduring, day-to-day, on-site support was clear.

With their experience and knowledge gained over two decades working with poor rural women in microcredit programmes, BRAC Programmes staff recognised that, despite the limited scope of customary sources of social support, the programme should avoid undermining or replacing these altogether. Undermining older, village-based practices of assistance to the poor would be an undesirable side-effect of the programme because it

would reduce the range of potential sources of support available to these groups. But a more practical concern was the need to ensure that such assistance was available at close reach, within the local community. Not being community members or residents, BRAC staff would not have been in a position to provide all the support and protection needed by ultra poor households, even if this had been an objective of the programme.

Against this background of an innovative pilot programme evolving to tackle problems as they emerged, programme management proved responsive to the concerns and views of field staff. The decision was taken to engage village elites in the programme. The aims of this intervention with village elites were to maintain or even strengthen customary systems of social support for the poorest, while also providing some more systematic, community-level protection against the social and environmental risks characteristically faced by the rural ultra poor.

Verbal directives from head office guided the establishment of what came to be known as Gram Shahayak Committees (Village Assistance Committees—GSCs hereafter). These volunteer committees were to include seven members, including the BRAC staff member responsible for social development activities in the area, a representative from among the TUP participants, and where possible, two representatives from another organisation from the BRAC family, that of the Palli Samaj, which is a ward level federation of village level BRAC VOs. The remaining members (between three and six) were to be drawn from among respected members of the local community, through a process of guided selection. Gram Shahayak Committees (GSCs) are mandated to protect TUP participants in crisis; help resolve their problems, including ensuring health services, food, advice and protection; provide them with sanitary latrines, clean water and house repairs; and ensure school-aged children of TUP participants are enrolled in school.

There is considerable variation in the degree of activity among GSCs, but an aggregate picture of their contribution towards improving the livelihoods of the ultra poor can be gained from figures reported in Table 6. A survey on the older GSCs carried out two years after these were set up indicates that on average, they had mobilised resources in cash and kind amounting to over Tk. 6000, repaired or built five houses in each village, installed four sanitary latrines and two tubewells for the use of TUP members, and had spent more than Tk. 200 on each TUP member for medical treatment (Matin 2004).

Some of the more important impacts of the GSCs are the most difficult to observe. These include the protection – whether latent or active – afforded by public knowledge within the community that members of the local elite were overseeing and protecting the participants and their assets. Even less tangible consequences of the presence of GSCs are that they appear to bestow a degree of local legitimacy and ownership on the programme. Interviews and discussions with GSC members reveal some pride in the achievements of these ultra poor women, whose living conditions and prospects were so poor previously that they were routinely written off as beyond help, as can be inferred from their words quoted at the beginning of this section. It is perhaps because GSCs mobilise community resources that there is a sense of the programme as a local success, rather than merely as the intervention of an external organisation.

Table 6: GSC activities (January 2002-July 2004)

Number of GSCs formed	1,013
Fund mobilized (in USD)	36,160
Number of tubewells installed	457
Number of latrines installed	1,001
Number of houses repaired	1,424
Number of ultra poor supported for medical treatment	1,926
Number of children from ultra poor household enrolled in schools	2,102
Number of ultra poor child births registered	3,697

While there is the risk that GSCs may merely harden pre-existing structures of dependency, GSCs represent a departure from old-style patronage in key respects. Their activities extend beyond those of traditional patrons in both style and substance. We see, for example, that ultra poor women who previously had no chance of gaining access to local government resources (warm clothes in the cold weather, relief goods) are now better placed to secure such statutory ‘rights’. Ultra poor women are also able to conduct their livelihood activities with a greater sense of security, knowing that their assets are at least nominally protected by powerful village elite. In these respects, GSC activities move beyond the acts of a patron to act as a kind of corrective against the features of bad governance at the village which most afflict the poorest.

In addition, more among the ultra poor benefit from the protection of GSCs than was previously the case, including those previously excluded from patron-client relationships. As was noted above, a defining feature of extreme poverty in Bangladesh is exclusion from the net of patronage: the destitute are by definition too poor or too marginal to be valuable clients. To some degree, engaging village elites in support of the TUP programme is a means of garnering some of the basic benefits of elite protection for the TUP participants. These may be the extra benefits of charity or patronage and may involve new or renewed dependence on patrons, but they are as often nothing more than the chance to build livelihoods in an environment which would otherwise be – and has previously been -hostile to such attempts (Wood, XX).

The value-added of establishing a committee to undertake what are widely seen as customary social welfare activities is that the GSC format institutionalises and gives a structure to what already goes on, or is supposed to go on. The GSC enables a more systematic and more transparent means of pressurizing others among the village elite to pay their share of support to the village poor. It also makes it possible for GSC members to claim resources from local government, local committees, and from other NGOs. Simply institutionalising and formalising actions required under local moral economy norms appears to have had some impact on the willingness of village elites to act.

IV. Beyond targeting the poorest

The dark side of targeted approaches for the poorest is that it is administrative in nature and fails to trigger at times when needed. The approach targets the outcome, i.e. those in extreme poverty rather than the causal forces that trigger the structural descent into extreme poverty. Thus the process is possibly reversed for some without any leverage that has wider benefits for those not targeted and those who face the risk of descent. Traditional prescriptions for a more leveraged approach to address extreme poverty and vulnerability focuses on correcting different types of market failures and safety nets.

What is missing from these perspective is however the social and relational aspects of extreme poverty that the CFPR/TUP programme is attempting to address through the GSCs. This is a good example of what Deveraux (2005) terms ‘transformative social protection’ as a way of thinking about social protection policies.

The space of maneuvering for local government in Bangladesh is limited and will probably be so in the near future and the political processes through which local governments get formed also does not hold a lot of promise for the advancement of a pro poor, pro social justice local agenda. If village level elite actions such as the GSCs can be institutionalized, made more broad based, responsive, transparent and accountable, through targeted approaches such as the CFPR/TUP, we may be able to address an important but missing pillar of the social in social protection for the most vulnerable.

References

Wood, G. 2000. Prisoners and escapees: improving the institutional responsibility square in Bangladesh. *Public Administration Dev* 20(3):221-37.

Hossain, M, B Sen,, and HZ Rahman. December 2000, Growth and Distribution of Rural Income in Bangladesh: Analysis Based on Panel Survey Data. *Economic and Political Weekly*: 4630-37.

Carter, MR, and C Barrett. 2005. The economics of poverty traps and persistent poverty: An asset based approach. Unpublished.