



Chronic Poverty
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Crafting a Graduation Pathway for the Ultra Poor: Lessons and Evidence from a BRAC programme.

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What is Chronic Poverty?

The distinguishing feature of chronic poverty is extended duration in absolute poverty.

Therefore, chronically poor people always, or usually, live below a poverty line, which is normally defined in terms of a money indicator (e.g. consumption, income, etc.), but could also be defined in terms of wider or subjective aspects of deprivation.

This is different from the transitorily poor, who move in and out of poverty, or only occasionally fall below the poverty line.



Abstract

The ultra poor are caught in a below-subsistence trap from which it is difficult for them to break free using available resources and mechanisms. Time is not an ally for the ultra poor, as things generally do not get better for them over time. More often than not, ultra poverty tends to be chronic and intergenerational. Existing development approaches largely do not work for the ultra poor and consequently, they tend to be left out. The ultra poor rely largely on informal charities, having its own rules of inclusion and exclusion based on complex systems of patronage. More importantly, such informal support tends to at best reproduce mere subsistence and does not provide a graduation pathway for the ultra poor. Social assistance programmes typically provide a period of relief through food and/or cash, but these too tend to focus less on graduation and more on immediate needs. In this paper, an innovative approach that BRAC has been experimenting with since 2002 to craft a graduation pathway for the ultra poor is described. Based on experiences of implementing this approach and evaluation research, a number of key lessons for the broader thinking on tackling ultra poverty are drawn.

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1 The ultra poor: Why existing approaches fail them?

The ultra poor spend most of their income on food, yet failing to afford their basic calorific need. Their livelihoods, consisting of a fragile patchwork of extremely low paying activities, do not generate enough income to manage adequate food intake, tending to be highly seasonal and unreliable¹. Having to manage on a regular basis with half-empty stomachs and at times skipping meals – especially during the hungry seasons – are everyday realities for the ultra poor. The consequent malnutrition leads to frequent morbidity, and general ill health makes a fragile livelihood even more vulnerable.

These vicious dynamics extend beyond the current generations. Maternal ill health and malnutrition leads to the birth of malnourished babies, who begin their lives with physio-psychological disadvantages, which tend to be irreversible, especially given the context of the severity of deprivation in which they are born. Even children who go to school tend to be malnourished, hungry and fall behind in studies, eventually dropping out. These children join the ranks of the unskilled workforce, and having no asset base or basic education, they are much more likely to continue in the persistence of the trap of ultra poverty when they mature and form families.

Ultra poverty, especially in South Asia, has a distinctly gendered face; many of the ultra poor households tend to be headed by women, having been widowed or abandoned². Sometimes, these households consist of widowed or abandoned women from different generations; abandoned daughters join their widowed mother, often along with their young children needing care. This creates a uniquely disadvantaged and extremely vulnerable demographic structure.

The ultra poor tend to have limited social assets; a reason why they may not to be included as members of self-selected microfinance groups³. Many times, the ultra poor do not even own the homestead land on which they set up their shacks – a patchwork of extremely fragile, mostly thrown away items collected and obtained for free. They live on the land of their patrons, often relatively well-off distant kin, making their everyday existence tied-up deeply in the local structures of patronage and dependency⁴. This is one of the reasons why these households typically tend to be excluded in household listing exercises, as they are considered to be the sub-households of their patrons.

Table 1 below shows the difference in some key variables between the ultra poor (those below the lower poverty line) and the moderate poor (those below the upper poverty line but above the lower poverty line) according to the 2005 Bangladesh Household Income Expenditure Survey.

¹ The term ultra poor was first used by Michael Lipton (1983), where he defined the ultra poor as those who spend 80% of their total expenditure on food and cannot attain 80% of their standard calorie needs.

² The process through which a women losing her husband unleashes a process of decent into ultra poverty is structural and has to do women's weak and vulnerable legal status and inability to protect her legal entitlements to property and alimony. Pro-women legal reform and legal empowerment of women thus is an important structural agenda that is part and parcel of tackling ultra poverty. See Green and Hulme (2005) for an elaboration of this argument.

³ There is a substantial literature on the issue of peer effects of microfinance in terms of selection, monitoring and repayment incentives. See for instance, Stiglitz (1990); Ghatak (1999); Besley (1995); Morduch and Aghion (2005).

⁴ See Wood (1999).



Table 1: Key differences between poverty groups

	Extreme poor	Moderate	Non-poor	Significance
No land (% of HH)	9.8	8.2	5.4	<1%
10 decimal land (% of HH)	50.3	45.0	33.3	<1%
Average agricultural day labour in each HH	0.5	0.3	0.1	<1%
Average non-agricultural day labour in each HH	0.4	0.4	0.2	<1%
Female headed HH (%)	10.8	8.1	10.7	<1%
% with primary education per HH (above 14 years)	21.7	31.6	56.6	<1%
Literate (% per HH, above 6 years)	29.7	39.4	60.4	<1%

Source: HIES 2005

The net outcome of such an overlapping set of constraints and deprivations make the ultra poor structurally different from other categories of the poor; they are not only poorer than others, but differently so⁵. This structural difference has been aptly described in the following narrative by an ultra poor women selected by BRAC's programme for the ultra poor:

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

Yet, there is a lack of urgency in tackling ultra poverty. Ultra poverty is silent deprivation – a silent process unlike the acute deprivation of famine – chronic malnourishment, not starvation. Perhaps, it is the chronic nature of this poverty, as well as the silence of the process of descent and persistence of ultra poverty that fails to grab the political and popular attention for urgency⁶. Being dependent on patrons and unable to participate fully in mainstream economic and development activities, the ultra poor tend to be weaker than others in terms of associational capital. This lack of voice and representation also means that the ultra poor are politically invisible; they tend to matter for local politics only as demonstrations of charity and public largesse.

The ultra poor tend to live in 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/or infrastructural bottlenecks, creating the conditions for persistence of poverty, including ultra poverty. Politically, such areas also tend to be marginalised, failing to mobilise the political support needed for the correct, large-scale type of investment targeted at these areas.

⁵ See Appleton (2001).

⁶ See Hossain (2005) for detailed research on elite perceptions of poverty in Bangladesh. A summarised and popular version of her arguments are also available in Hossain (2007).



The popular focus on reducing the proportion of the population living in poverty makes targeting those just below poverty line a far more cost-effective investment, compared to targeting those far below⁷. The complexity of the structure of constraints that create ultra poverty also requires far more coordinated efforts by a diverse group of actors on a range of fronts. This can not only be costly, but also suffers from uncertainties of outcomes due to failures in coordination⁸. Investments in tackling ultra poverty thus tend to fall behind from what is needed.

Given the multiplicity and severity of deprivations that the ultra poor have to suffer in their everyday lives, the cost of organising them – the first principle of NGO development activities – also becomes a big challenge. Microfinance, which has been a popular and effective entry point to organise the poor, is not something that the ultra poor can immediately use. The ultra poor fail to benefit from the increase in purchasing power, along with the enhancement of knowledge and confidence that accrues to the poor women who get organised in these microfinance groups. The exclusion is thus not only from financial access, but also from other services provided or facilitated by the NGOs.

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. The beauty (and limitation) of microfinance lies in the fact that it can be run and scaled-up quite independently, requiring little coordinated effort across the range of actors. For the ultra poor, this is what is critical, given the complexity of the knots they are trapped in.

⁷ See Lipton and der Gaag (1993).

⁸ The obsession with traditional measurements of impact that can be attributed to institution specific inputs, itself becomes a barrier to coordination and striving for synergies.



2 BRAC and the ultra poor: Analytics of evolution of approaches

The dominant approach to poverty-reduction targeted at the ultra poor has been food transfer, which although vital, only provides short-term food security. These programmes are usually time-bound and once over, the overall livelihood situation and prospects of those receiving them change little. Is it possible to package and sequence interventions so that those receiving food transfers can achieve a more solid footing to take on the challenge of improving their lot? Can a process be initiated that will enable these people to gradually take on the challenge of using more market-based instruments, such as microfinance? These are some of the questions that motivated BRAC's approach to developing programmes for the ultra poor.

2.1 The IGVGD Programme: Evolution and description⁹

In the wake of the 1974 famine in Bangladesh, the United Nations World Food Program (WFP) initiated the Vulnerable Group Feeding (VGF) Program. This sought to reduce the chronic food insecurity of millions of extremely poor households by providing them with a monthly allocation of wheat for a two-year period. It was a classic livelihood-protection scheme. The WFP maps food insecurity at the upazilla level (an administrative unit that on average encompasses about 275,000 people) and allocates VGF cards to those upazillas where insecurity is highest. The VGF cards are then allocated to specific households by local government. They are intended to go to the most vulnerable – the poorest and women-headed households.

In 1985 BRAC approached WFP to become a partner with the VGF Program. There was an appreciation, at least in some parts of BRAC, that its microfinance programmes were unlikely to meet the needs of the ultra poor and it was seeking an 'entry point' to involve the poorest. BRAC understood that the wheat donations provided a 'breathing space' for the poorest, and created a strong incentive for them to interact with development agencies, but it doubted the capacity of such handouts to remove chronic poverty. BRAC sought to combine food relief with its skills training program, to create a basis for enhanced household income in the future. In addition, participating households were to make regular compulsory savings of a few cents during the period of their food relief to build up a lump sum for investment.

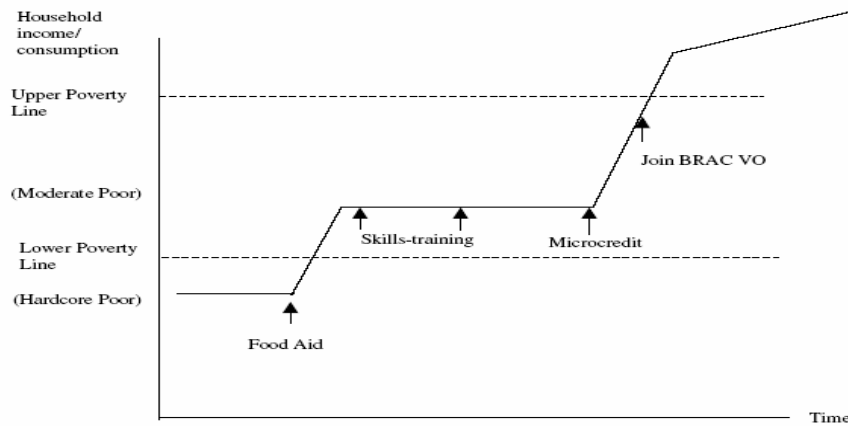
WFP and BRAC agreed to pilot this experimental programme and to focus training on poultry and vegetable production for 750 female VGF cardholders. At the end of the 24-month programme the women were encouraged to 'graduate' by joining BRAC's regular Village Organisations and becoming eligible for access to microcredit, health care, legal awareness and other BRAC services¹⁰. In effect, it was developing a 'two-step' model of poverty-reduction for the ultra poor.

⁹ This section draws heavily from Matin and Hulme, 2003.

¹⁰ Village Organisations (VOs) are the nucleus of BRAC's development activities at the community level. Typically a BRAC VO consist of 30-40 poor women who meet once a week to repay their loans. These VOs also meet for Human Rights and



Figure 1: The IGVD Model - Poverty reduction as a 'two-step' process of livelihood protection and promotion.



The results of this pilot programme were encouraging. A BRAC study found that the women's income increased significantly and that this additional income exceeded the value of the wheat donations. Around 80% of the women had joined BRAC's Rural Development Program and were accessing microcredit and social development services. This compared more than favourably with assessments of the VGF which had found that most participants failed to graduate out of ultra poverty.

The experiment had shown that inputs aimed at livelihood protection could be used to initiate livelihood promotion. As a consequence, in 1987 the government and WFP transformed the VGF Program, into the Vulnerable Group Development, VGD Program. They also reached an agreement with BRAC to expand the pilot scheme into the IGVDG (Income Generation for Vulnerable Group Development) Program and numbers have grown significantly since then. More than 2.2 million households had passed through the programme by 2006 and around 200,000 VGD cardholders are active participants at any time.

This expansion had not led to complacency and the IGVDG has constantly evolved (see Matin, 2002). For example, in 1989, field staff pointed out that during their IGVDG membership period many women could only buy and raise a single chicken at a time because of a lack of capital. Why not provide loans to programme recipients as soon as they had completed training? This led to the addition of a third element to the IGVDG – microcredit – with the aim of accelerating the processes of livelihood promotion and graduation of the ultra poor to BRAC's programmes for the moderate poor. Subsequently, in their first year IGVDG participants were provided with small amounts of credit, averaging less than \$50. This three-pronged approach (food grant, skills training and microcredit) has been the basis of IGVDG programme since then.

Legal Education classes, health forum and participate in federated platforms for social development. BRAC currently operates its development programmes through over 170,000 such VOs spread all over Bangladesh.



2.1.1 *Limitations and Challenges*¹¹

Though about 80% of the IGVDG beneficiaries joined BRAC's regular microfinance programme, a longitudinal study found that only 70% of them manage to continue their VO membership beyond three years¹² (Hashemi, 2006). This means that over 40% of the IGVDG beneficiaries fail to start the process of graduation. The same study finds that those who drop out are much more likely to have fragile socio-demographic structures – the female headed households who do not having a working adult male in the household and/or suffer from chronic illness, etc. Why does this happen?

The IGVDG programme implementation and governance is itself part of the problem. IGVDG is a partnership between WFP, several ministries of the Government and BRAC. Fresh contracts for every cycle (consisting of two years) have to be negotiated between the parties. This takes almost six months, meaning all the development components of the programme provided by BRAC, such as different types of training, saving and offering credit to such a large number of beneficiaries all over the country have to be completed within 18 months – a task that is extremely challenging in the best of circumstances. This gets even more daunting as the very objective of the approach is not adequately shared and understood by the various partners, leading to lack of effective coordination and joint strategy – the biggest victim of which are the beneficiaries themselves. Day-to-day logistical and coordination-related trouble-shooting leaves little room for paying the kind of attention needed on issues that make graduation more likely, such as quality of training, building confidence and cohesion among IGVDG beneficiaries, follow-up, and supervision and mentoring. Programme quality matters much more for the most vulnerable.

The local political economy of IGVDG has also been a major issue. For most locally-elected representatives who play a key role in the IGVDG process (from selection, overseeing distribution of wheat, arranging venues for training, to community level interactions with the beneficiaries) view the programme as distributing patronage, not as a programme of enabling graduation for the ultra poor. For their part, it is not surprising that they view BRAC's involvement in these activities (with an internal objective of ensuring fair selection, distribution, and building capacities for graduation) as at best interference, and at times with some degree of hostility. The beneficiaries who are dependent on the locally-elected bodies in many ways, tend to pay greater heed to them than BRAC. The local political economy of IGVDG, which is very much based on relief and charity, thus creates tensions with an approach predicated on development and graduation of the ultra poor. Again, the most vulnerable of the beneficiaries are much more likely to be drawn into this conflict of agenda, thereby being adversely affected.

Aside from implementation constraints, the IGVDG programme design itself did not have adequate focus on the key challenge of tackling the social and attitudinal constraints which reproduces a non-enabling environment for the ultra poor. Without tackling these issues, both at the level of the personal and community, it is unlikely that the required change in mindset from perceiving IGVDG as a short-term relief to an opportunity for longer-term

¹¹ Some of the arguments in this section draws from an earlier paper (Matin and Yasmin, 2004)

¹² We use three years of regular microfinance membership as a simple proxy of attaining a measure of sustainable livelihoods, i.e. basic level of graduation. This is based on analysis of microfinance impact assessment data (Husain, 1998).



graduation, will take place. And without this critical change in perception and expectation, the very idea of using any short-term transfer as a springboard for sustainable change in livelihoods of the ultra poor, will most likely fail.

The IGVGD approach relied too heavily on inputs and activities to strengthen the economic dimensions of livelihood, and did not have a process-oriented model of graduation. Such a model has at its core, the development of new realisations and confidence among the ultra poor themselves, facilitated by an enabling environment involving the community, that overcoming ultra poverty is possible within a foreseeable future. Getting the ultra poor and their community to be the key drivers of the business plan of graduation is thus central to the success of such an approach.



3 Challenging the Frontiers of Poverty Reduction

3.1 Description of the approach

The emerging lessons from IGVGD created an impetus within BRAC to develop a more effective approach to tackle ultra poverty. The dawn of the new millennium, and the declaration of the Millennium Development Goals, with its first goal being to cut extreme poverty by half, also played its role in the urgency of the agenda for BRAC. It started working on a more comprehensive approach for the ultra poor in rural Bangladesh in 2001.

The first task was a review of existing knowledge on ultra poverty and BRAC's own experiences. Surprisingly, aside from profile data available from general household surveys, not much research that shed light on the phenomenon of ultra poverty could be found. Far thinner was the search for concrete approaches for tackling ultra poverty that could be used. BRAC's Research and Evaluation Division was asked to carry out a national level research on the ultra poor¹³. This study (Halder, 2004) found that over 25% of the rural households were ultra poor, being concentrated in certain pockets of the country, especially the northeast and remote *char* and *haor* areas¹⁴.

The study found that existing development interventions were not targeting the ultra poor and they were largely dependent on local support and patronage for various types of social protection, which were non-inclusive, divisive and unreliable. Government social safety-net programmes were inadequate in terms of coverage and suffered from a range of governance and implementation bottlenecks. The most insightful finding of the study was that the ultra poor themselves wanted help but not charity. Charity, they argued, did little to provide long-term solutions for them to overcome ultra poverty.

Based on this research and in-depth field level consultation with many groups, including the ultra poor, community members, local government, NGOs and BRAC staff, a detailed proposal was developed and submitted to several donors. The proposal was finally approved for funding by a consortium of donors towards the end of 2001¹⁵. The programme titled, 'Challenging the Frontiers of Poverty Reduction: Targeting Ultra Poor, Targeting Social Constraints' (CFPR) started the first phase of its operation for five years in 2002 with the aim of assisting 100,000 ultra poor women and their households living in 15 of the most food insecure districts of the country to improve their livelihoods by achieving positive economic, social and aspirational changes, enabling them to gain effective access to mainstream development services.

The CFPR approach consists of two broad types of interventions – those that are targeted specifically at the ultra poor (termed as 'pushing down') and those that are targeted at the broader structures and processes that reproduce poverty (termed as 'pushing out'). This is how the rationale for the two-pronged strategy is described in the CFPR proposal (BRAC, 2001):

¹³ BRAC established its in-house Research and Evaluation Division (BRAC-RED) in 1975 as a separate entity within the framework of BRAC. To find out more about BRAC-RED and its work, visit www.brac.net/research.

¹⁴ A *char* is a strip of land which has emerged through from the river-bed following deposition and accretion of silt and alluvium. *Haors* are large perennial water bodies.

¹⁵ The first phase of the CFPR Donor Consortium included the European Commission, DFID, CIDA, NOVIB and the WFP.

For BRAC, the agenda is about ‘pushing down’ its interventions by developing new instruments relevant to the livelihoods strategies of the ultra poor households. But it also about addressing the broader range of socio-political constraints that makes the poor, including the ultra poor voiceless, unrepresented, unheard. It is these structural disadvantages that lie behind their exclusion from a range of basic services. The agenda for BRAC is therefore also to strengthen the socio-political assets of the poor, particularly women which requires, providing a supporting organisational base that gives voice to the poor, and effective advocacy on behalf of the poor to help ensure that that voice is heard. This is what we term ‘pushing out’ the agenda, to challenge these socio-political frontiers and is the second major area where new instruments for intervention are needed. The core rationale for this programme is that it proposes the use of new instruments of intervention to address these two areas - pushing out and pushing down the frontiers in the poverty reduction agenda.

In this paper, we focus on the ‘pushing down’ components of the CFPR programme which includes:

- Selection of the ultra poor,
- Enterprise selection, training, and asset transfer,
- Stipend as short-term income support,
- Health support, and
- Social mobilisation.

The programme design is premised on a staged model of sequenced steps of activities aimed at sustainable improvement of the livelihood of the ultra poor. A pictorial representation of the programme stages is provided below, followed by Table 2 summarising the key arguments behind the different programme components.

Figure 2: Staged model of CFPR/TUP

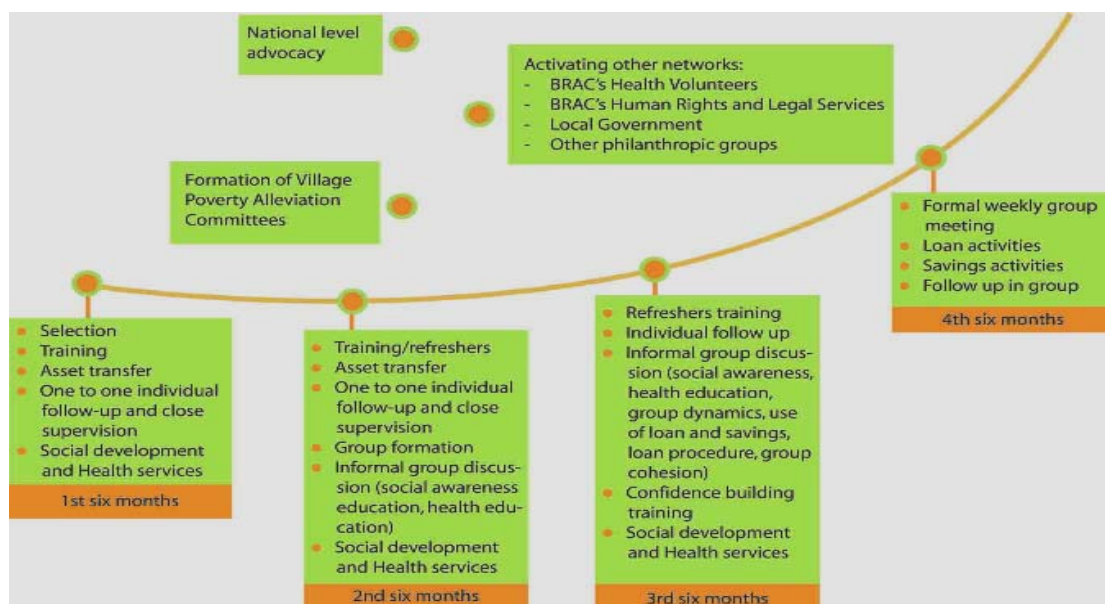




Table 2: Programme components of CFPR

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
Mobilisation of local elite support	Create an enabling environment

We now provide a brief description of the different key activities of the programme and lessons learnt.

3.2 Targeting the ultra poor

This is the critical first step, not only because good selection is important for a grant programme, but also because the process and rationale of articulating who the programme is targeting, is central to creating a common understanding of the overall programme approach and rationale to a wide range of stakeholders (the programme implementers and the community). CFPR developed an innovative targeting methodology combining different methods and processes, which is worth describing in some detail.

Selection of districts and sub-districts where CFPR was to operate were based on spatial poverty maps for Bangladesh developed by the World Food Programme. CFPR was targeted at the most food-insecure areas of the country. Once an area was selected, it was decided that BRAC would consult with staff of the local BRAC office to identify the smaller units for CFPR operations¹⁶.

Based on the available poverty profile data and BRAC's own research, a set of simple and verifiable indicators, that have high correlation with ultra poverty, were first developed. Internal discussions and research on this revealed that there were many other NGOs working in the areas where CFPR was to operate and it was not unlikely that a segment of the ultra poor who would satisfy the indicators of eligibility would already be members of such NGOs, or availing support from some government social safety net programmes. In order to ensure that there was no overlap, it was decided that eligibility conditions of CFPR should include not only incorporate inclusion conditions, but also exclusion conditions. These are summarised in Table 3 below.

¹⁶ BRAC operates throughout Bangladesh with a network of almost 3,000 branch offices.



Table 3: Selection criteria

Exclusion criteria	Inclusion criteria
At least one adult aged woman in HH who is physically capable	HH with less than 10 decimals of land
The HH should not be participating in microfinance programmes	Adult aged woman earning a livelihood as beggar, day labourer or domestic aid
	HH with no productive assets
	Children of school going age not enrolled
	No adult active male member in the household

Recent research on poverty highlights its multi-dimensionality and contextual specificities, and it was not operationally feasible to incorporate these features into the formal eligibility conditions without making it unmanageable. It is important that a degree of standardisation is maintained when a programme is to reach a large number of people in varied locations. Yet, without sensitivity towards such dimensions of poverty, targeting itself is adversely affected. CFPR came up with an innovative response to this dilemma.

It was decided that the first operational step in the process of targeting the ultra poor in CFPR was to carry out a social mapping and participatory wealth ranking exercise of the households living in the cluster identified for the programme¹⁷. The bottom-most wealth category of households identified through this exercise was then surveyed using a simple form to collect information on the eligibility conditions developed by the programme. The local field staff of the programme then reviewed the information from the survey and identified a set of 'preliminarily selected' households. Senior level local staff were to then visit all of the 'preliminary selected' households and generate a list of 'finally selected' households for the programme.

This elaborate process of targeting achieved much more than effective targeting of the ultra poor, as shown in the next section. Perhaps more importantly, it involved the community in the process. It provided the programme's field level workers with strong arguments to defend themselves against any undue pressure of influence from the community elites. It provided a systematic and evidence-rich basis for communicating with the wider audience. It built a common framework of understanding across the different layers of the programme management, with clear division of roles and responsibilities. This facilitated strong monitoring of the quality of the process. It also gave a strong signal to field-level management involved with the programme that CFPR stood for business and quality.

¹⁷ A cluster was defined as a *para* (a village consists of several *paras* in Bangladesh) consisting of roughly 80-120 households. People living in the same *para* know each other quite well, which is important for any participatory exercise.



Box 1: Purpose of Participatory Wealth Ranking

“Participatory wealth ranking serves many important functions beyond identifying the ultra poor... We have to do a lot of rapport building and walk through the village, off the main pathways to get all types of people to come to the meetings. The discussion during the wealth ranking exercise gives us a good understanding of local notions of poverty. Most importantly, it makes our identification process transparent to the community. This helps us a lot in later stages of the programme.” (See insert below).

Wajedul Islam Palwan, Senior Regional Manager, CFPR.



A number of issues also emerged for reflection from the experience of targeting. The most important of these has to do with the ‘exclusion’ conditions, especially the condition that the programme would exclude any household that has current microfinance membership. This was premised on the assumption that not many ultra poor households would be excluded by this condition, as they do not generally participate in existing microfinance

programmes. Indeed the existing consensus was that microfinance largely bypasses the ultra poor and thus demonstrates the need for new approaches.

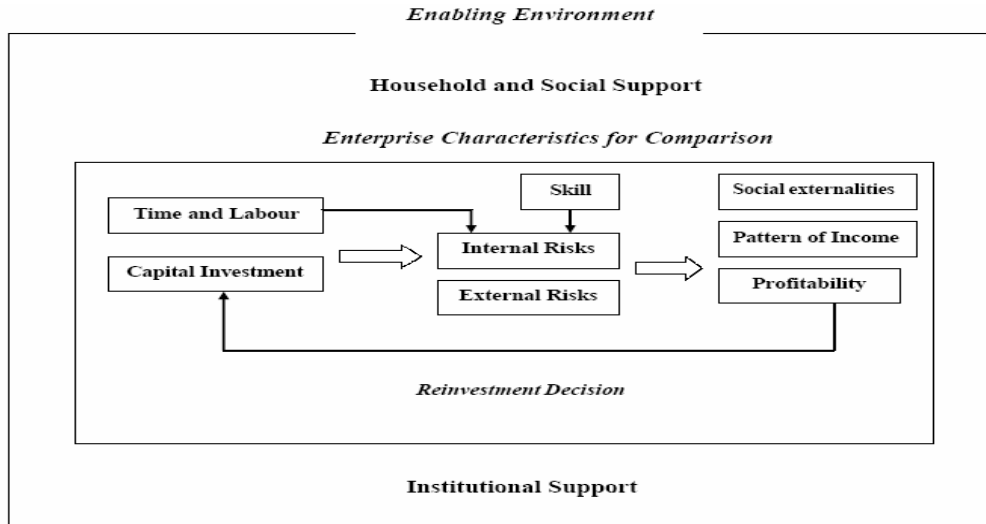
What was found is of interest. A study on targeting the effectiveness of CFPR shows that almost 10% of the ultra poor households were excluded due to their microfinance participation. Based on this, it is estimated that of the total households participating in microfinance in the country, almost 15% are most likely to be ultra poor. Though this is less than proportionate representation of the ultra poor (given that they constitute around 20-25% of the population) among microfinance clientele, it is not insignificant either. Thus, the established view that existing microfinance largely bypasses the ultra poor needs serious rethinking, and this has implications for CFPR targeting.

The data from the CFPR baseline survey was used in order to dig deeper into the issue of microfinance and the ultra poor (Matin, 2005). What was found was that while the ultra poor had higher levels of microfinance participation than previously assumed, the quality of their participation was extremely fragile. Compared to general microfinance client groups, they borrowed less often, faced more frequent repayment problems, and were more likely to drop out from the microfinance system altogether.

In the next phase of CFPR, which began from 2007, BRAC has taken a case-by-case approach to deciding on including ultra poor who have microfinance participation into the programme. This will be based on near-finalised criteria, but will include issues like amount and length of outstanding overdue, opinion of NGO from which loan has been taken, etc. The idea would be to pay off outstanding debt to the NGO up to a maximum limit and recover the amount paid off from the ultra poor over the period the CFPR programme – currently two

years. It is important to emphasise the possible adverse incentive effects on microfinance repayment that such a strategy may cause and a cautious approach is needed.

Figure 3: Enterprise selection and training



Getting the correct match between the enterprise which the ultra poor will undertake within the CFPR programme, and their circumstances, is extremely important. CFPR supports a range of enterprises, such as high-yielding variety poultry rearing, livestock rearing, vegetable cultivation, nursery, and different types of non-farm micro businesses. Each of these enterprises has different types of cash flow, and risk factors. The intensity of time, effort and skills required can also be different. There are also external risks to enterprises arising from market access, price fluctuation, lack of reliable extension support, etc. Figure 3 above provides a framework to examine and compare a range of factors affecting different enterprises, and is based on a study to examine the different dimensions that affect the overall viability of the CFPR supported enterprises (Alarakhia and Barua, 2005). A summary of the main findings of this study is provided in Table 4.

Table 4: Summary of factors affecting enterprise viability

	Poultry	Cow rearing	Goat rearing
Pattern of income	<ul style="list-style-type: none"> High to moderate daily income from egg sales, depending on stage in laying cycle 	<ul style="list-style-type: none"> Small daily income from milk sales (Milk production lasts on ave. 6 months per cow, followed by gestation of 10 months unproductive) Large lump sum at time of sale of offspring Use of dung reduces TUP members' fuel costs 	<ul style="list-style-type: none"> Lump sums of cash income at time of sale of kids



Investment needs	<ul style="list-style-type: none"> • Very high investment/operating costs • Successful TUP can manage from savings from enterprise profits 	<ul style="list-style-type: none"> • Very low investment costs • Main investment of TUP is time and labour rather than cash 	<ul style="list-style-type: none"> • Very low investment costs • Main investment of TUP is time and labour rather than cash
Level of technical difficulty	<ul style="list-style-type: none"> • High skill • Management of poultry is complex • Lack of proper daily management can greatly affect profitability 	<ul style="list-style-type: none"> • Low skill • Cows are easy to manage; lack of proper daily management is not likely to greatly affect profitability 	<ul style="list-style-type: none"> • Low-medium skill • Management is not complex but lack of adequate care attention to goats can affect profitability
Time and labour intensity	<ul style="list-style-type: none"> • Part-time work • Strict scheduling of tasks limits time available for other part-time work • Can be managed by single TUP • Male headed members are useful for selling eggs in market and collecting feed, but not essential • Largely home based- 	<ul style="list-style-type: none"> • 2-3 hours work per day, allowing much time for other work • Can be managed by single TUP but helping hands are useful for collecting grass/straw • Largely home based 	<ul style="list-style-type: none"> • 2-3 hours direct work per day, but goats need supervision • Allows time for other part-time work • Helping hands are useful for managing multiple goats • Largely home based
Social externalities and other problems	<ul style="list-style-type: none"> • Smell of poultry may disturb proximate neighbours and/or discourage neighbours from visiting TUP households 	<ul style="list-style-type: none"> • As cows multiply, TUP lack space to accommodate them, particularly if living in others' houses 	<ul style="list-style-type: none"> • Left unsupervised, goats are prone to destroy others' property, causing tension and quarrels with neighbours • As goats multiply, space can become a problem

	Vegetable cultivation	Horticulture Nursery	Non Farm
Pattern of income	<ul style="list-style-type: none"> • Moderate to high daily/weekly seasonal income at time of harvest of crops • Daily consumption of vegetables at harvest season 	<ul style="list-style-type: none"> • Moderate to high weekly seasonal income when plants are harvested • TUP members can cultivate vegetables for consumption 	<ul style="list-style-type: none"> • Moderate daily/weekly income from sales • Sales income varies according to main agricultural season, but income can be earned throughout the year



Investment needs	<ul style="list-style-type: none"> Moderate investment costs Successful TUP can manage with savings from enterprise 	<ul style="list-style-type: none"> Moderate investment costs Successful TUP can manage with savings from enterprise 	<ul style="list-style-type: none"> Low investment costs TUP re-invest revenue from enterprise
Level of technical difficulty	<ul style="list-style-type: none"> Medium-high skill Some tasks are complex to manage properly, which can affect profitability 	<ul style="list-style-type: none"> Medium skills Some tasks are complex to manage properly, but do not greatly affect profitability 	<ul style="list-style-type: none"> Medium skills Skill level varies between enterprises, but most non-farm enterprises require some management skills
Time and labour intensity	<ul style="list-style-type: none"> Part-time work most of the year (full time for one month during land prep) Allows time for other part-time work Difficult for single TUP to manage as some tasks require hard physical work Outdoor work in field and travel for marketing 	<ul style="list-style-type: none"> Part-time work most of the year (full time for one month during land prep) Time for seasonal and other work Difficult for single TUP to manage as some tasks require hard physical work Outdoor work in field is required 	<ul style="list-style-type: none"> Usually full time occupation Allows little time for other work Can be managed by single TUP, helping hands are useful to allow TUP to spend time on other activities, but not essential Usually requires working outside the home, to sell products
Social externalities and other problems	<ul style="list-style-type: none"> Renewal of land lease was found to be a widespread problem for TUP members; many have to change land at the end of a one-year lease 	<ul style="list-style-type: none"> Renewal of land lease was found to be a widespread problem for TUP members; many have to change land at the end of a one-year lease 	

What the study highlights is the importance of taking a holistic perspective on any enterprise if they are to be useful for the ultra poor. Unless the overall context within which the ultra poor live and operate is brought into full view, the match wrong could be wrong. CFPR is an evolving programme and it adapts to new learning quickly. For instance, given the varied sources of risks faced by poultry keepers, CFPR was quick to significantly scale down poultry rearing as an enterprise for the ultra poor. Also, realising the importance of maintaining a portfolio of assets to manage an optimum mix of cash flow and risk profile, CFPR instead of granting only one enterprise – as it did in the first year, started providing asset clusters which

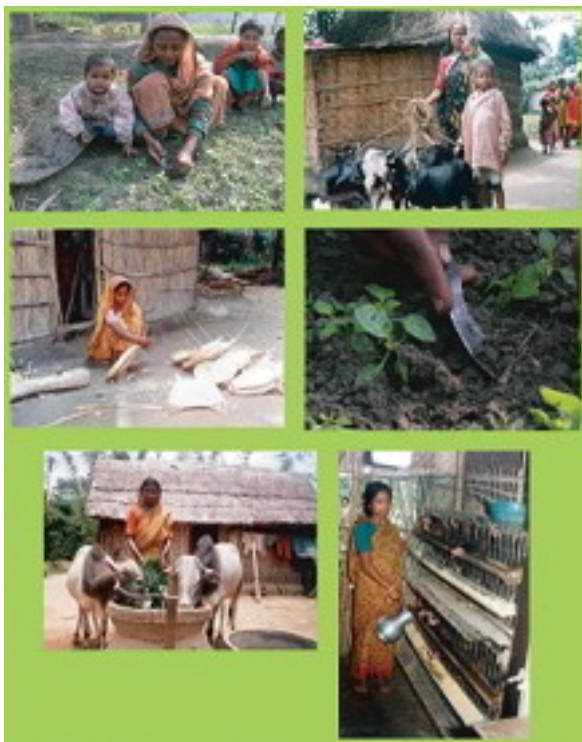


keep the total grant value similar – cows and goats, rather than just cows, and a few goats along with those involved in agricultural activities and non farm micro businesses.

Box 2: Enterprise selection

“Getting the right match between the TUP member and the enterprises is critical. This is not straightforward and requires good consultation and discussion, often over more than one sitting. This can be time consuming but the key to the success of the programme. Very often, the ultra poor are more used to receiving relief... which is clearly not what we are giving. For relief you don’t need to engage and discuss. We are investing in the ultra poor with an asset which they will use as a weapon to improve their lives.” (See insert below).

Zakir Hossain, Programme Supervisor, CFPR.



In addition to formal research, a key to getting the right mix of enterprises for the ultra poor is intensive and repeated consultation between CFPR field staff and the ultra poor women. The moderate poor, who have greater exposure to markets and access to social networks to access information, can make choices without the need for such intensive consultation. This is not the case for the ultra poor women. More often than not, they do not have the full knowledge and realisation of the different issues that need to be taken into account to make an informed choice. For instance, initial consultations almost always result in the ultra poor choosing cattle as the preferred enterprise, as this is a relatively big asset and provides a degree of social prestige in a rural Bangladeshi setting. It is through repeated consultation and involved

engagement with the particular circumstances of ultra poor women, that a suitable enterprise mix can be found. This is a delicate process requiring the field staff to have a mix of capacities – technical understanding of enterprises, time, skill of observation and involved engagement with the ultra poor. This is why staff capacity is so critical in a programme like CFPR. This has been emphasised in the CFPR proposal and has been taken up as being of central importance by CFPR programme management (CFPR Proposal, Vol. 1: 15):

It is clear that specific skills are required to work effectively with the ultra poor. Programme Organisers need, above all, to “listen” to the priorities the selected beneficiaries themselves describe. These will often be very idiosyncratic requiring empathetic support and constructive advice. A key element of that experience will be an appreciation of the skills needed to build up the livelihood strategies of the ultra poor. A lot of the staff time will also be used counselling individuals on their livelihood strategies given their family circumstances – i.e. they will often be operating as social welfare workers dealing with their clients rather than as group facilitators. Particular



care will be needed in counselling individual women on the most appropriate income generating activity to take on.

Each CFPR member goes through a 3-5 days of classroom-based training, which is actually just an orientation exercise. During the next year, two field-level staff, one with enterprise specialisation and the other with social development skills will visit each CFPR member every other week. During their visits, they will spend time to update themselves on progress made by the ultra poor women, as well as discuss and advise on challenges faced. They will also organise weekly cluster meetings involving the CFPR members as a discussion and problem sharing and solving forum.

Such intensive staff engagement in CFPR has been extremely critical to ensure regular follow-up, mentoring and empowering ultra poor women with a sense of confidence that BRAC is with them in their fight to overcome ultra poverty. Given the history of isolation, marginalisation and the attendant lack of confidence among these ultra poor women, the key aim of such involved engagement is to bring about a gradual attitudinal change for investing and thinking in longer terms – a change that is a key ingredient to sustainable graduation for the ultra poor.

Indeed, any asset transfer without this focus is likely to be used in terms of satisfying immediate needs of hunger by selling it off, and this is perhaps why low asset retention has been so prevalent in earlier large-scale asset transfer programmes, such as India's IRDP. BRAC's CFPR programme witnessed no cases of selling off of assets transferred. As a matter of fact, the decision to sell off offspring from livestock transferred was also based on group consultation involving BRAC staff and other group members who helped in discussing the pros and cons of the decision and ensuring a fair price. Close monitoring and mentoring, combined with community support, played an important part towards this success. There are other important elements of the support package design which has also been critical to which we turn next.

Box 3: Process of Enterprise selection

TUP members are allocated assets based on a combination of their own choice, previous experience and an assessment by POs of the suitability of the enterprise for a given TUP member. After TUP members are selected into the programme, Pos visit each TUP member door-to-door and offer them a choice of enterprises, briefly explaining how each operates and the nature of work involved. Emphasis is on the pattern of income (long term vs. short term returns) and level of profits that can be earned by each enterprise. During the briefing, POs answer questions and try to find out about TUP members' previous experience with any of the enterprises offered. Each visit takes about 30 minutes, and POs seek out only TUP members, though at times other household members who happen to be around are also invited to participate. TUP members are usually given between 2 to 3 days to consider and discuss the choices with other household members, though in some cases, TUP members may give their choice on the spot. Before finally deciding on the asset allocation, POs consider individual and environmental factors that may favour one enterprise over another, and discuss these with TUP members. The final asset allocation decision is therefore the result of a consultative process between TUP members and POs.

Extract from Alarakhia and Barua (2005).



3.3 Stipend support: A case of smart subsidies

The original proposal did not include any cash transfer. However, early experiences of the programme and research found that for many of the ultra poor women, it made more sense to continue working in other peoples' houses as maids, often paid only in kind, rather than give the time and effort needed to work on the assets transferred by the programme. As the assets transferred did not provide immediate returns, such a strategy made sense. However, such a strategy also meant that the long term return from the asset transferred would be low and fail to generate enough surplus for the them to accumulate enough during the 'grant phase' of the programme to sustain their household economy in the later period. Thus, the trap of chronic poverty would not be broken: defeating the whole idea behind the programme.

The idea of providing some cash stipend until returns from the asset transferred started flowing in was introduced. This was set at taka 10 (about 15 cents) per day, which was disbursed weekly at the weekly cluster meetings. The introduction of the stipend had several benefits. It incentivised investing more time and effort towards the asset transferred. Disbursing the stipend at the weekly cluster meetings also incentivised regular participation in these meetings which was a forum for members to discuss problems related to enterprise, health and social care, and seek solutions from each other and BRAC staff who convened these meetings. Weekly voluntary savings were also collected during this meeting and recorded by BRAC staff in individual passbooks. It is likely that the decision to save on the day on which the members would get some assured cash as stipend would have had a positive effect on both the volume and inculcating a savings behaviour.



4 Getting local elite support: A bold experiment¹⁸

Social capital in Bangladesh is typically a mixed blessing, because social relations are ordered substantially along hierarchical patronage lines. Thus for the poor, incorporation into valued social networks tends to come at the high price of exploitative, yet reasonably secure, forms of dependency (Wood, 2000). A defining characteristic of the ultra-poor is their inability to achieve even this perverse incorporation into relations of dependency; an incorporation, which may at least provide some security, albeit at a high cost. As with the moderately poor, ultra poor women who depend on patrons for their security may be expected to reciprocate with political and factional support. But ultra-poor women tend to have even less to offer potential patrons, often lacking the able-bodied male household members that might be valued for their labour or political support. To the extent that the ultra-poor attract support at all, it is usually as objects of charity. The costs of such support to the ultra poor include the expectation that their household members should provide free or highly subsidised services to patron households. Such obligations may endure over generations and tend to be unusually demeaning or arduous.

Weak social networks are thus an important dimension of extreme poverty in rural Bangladesh. Therefore, the original programme design envisaged a process of building up the social networks of CFPR participants through a strategy of creating links with other groups and organisations. These were to include existing BRAC VOs 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 through stronger horizontal networks among the poor, but also through links to official structures.

However, early on in the process of distributing assets to CFPR participants, BRAC staff recognised that the programme faced a number of problems. One was that participants began to appeal directly to BRAC staff for assistance, sometimes travelling long distances in order to do so, and in effect treating BRAC staff as patrons. A second was that assets given to these extremely poor women appeared to be at risk from theft or damage, sometimes at the hands of other community members, who were jealous of the CFPR programme beneficiaries. In the initial stages of asset distribution, there were instances when BRAC microfinance-group members displayed resentment against CFPR participants. They felt that the new beneficiaries were receiving gifts from BRAC, while they as conscientious BRAC microfinance-group members had received no such gifts. In the early stages it was not clear that CFPR participants were likely to gain strong support from BRAC microfinance-group members – after all, many of them had previously excluded the ultra-poor from their credit groups. These divisions among the poor suggested that the scope for horizontal networks between them was less likely to apply where ultra-poor groups were involved. Therefore, with little support from the poor within the community, ultra-poor women were unlikely to be able to protect their newly gained assets.

¹⁸ This section draws heavily from Hossain and Matin (2007).



It was clear that CFPR participants needed an intervention that could provide enduring, day-to-day, on-site support. Drawing on their considerable expertise, BRAC staff recognised that despite the limited scope of customary sources of social support, the programme should avoid weakening or duplicating what did already exist. Undermining older, village-based practices of assistance to the poor would be an undesirable side effect of the programme, because it would reduce the existing sources of support. A more practical concern was the need to ensure that such assistance was readily available within the local community. Not being community members or residents, BRAC staff were not in a position to provide all the support and protection needed by ultra-poor households, and indeed it would not have been appropriate for them to do so.

Against the background of an innovative pilot programme evolving to tackle problems as they emerged, BRAC programme managers proved responsive to the concerns and views of its field staff. The decision was taken to engage village elites in the programme, with the aim of maintaining or even strengthening customary systems of social support for the poorest. At the same time, this intervention was designed to provide more systematic, community-level protection against the social and environmental risks characteristically faced by the rural ultra-poor.

The decision was significant because it challenged long-held theories of how to design and implement rural anti-poverty programmes in Bangladesh. These theories derive from the 1970s, when BRAC and other organisations learned hard lessons from their efforts to reduce poverty through community-wide programmes. These resulted in the capture of benefits by elites, in some cases leading to tighter control by the village rich over the poor. Studies such as those by BRAC (1980) and Hartmann and Boyce (1983) used class struggle and Marxist-inspired analyses to show how entrenched structures and practices, including the vicious cycle of impoverishment that resulted from money-lending practices, enabled the landed rich to oppress the increasingly landless poor. The chief lesson of this thinking in terms of development programmes is that efforts to tackle rural poverty should seek to organise and target the poor separately from the rest of the community, and that this should be done in ways that seek to break the control of village elites over the poor.

Over the years, BRAC staff have recognised that in practice poor people depend to some degree on the patronage, protection, and charity of village elites. With their considerable knowledge and experience of working within rural communities, BRAC staff understand the important role played by village elites in the lives of the rural poor. A calculation of the risks and benefits of engaging village elites in a guided intervention resulted from the belief that the CFPR programme would on balance benefit from this. Local or village elites are elected representatives at the lower levels of government, as well as landed and wealthy locals who enjoy some traditional authority and respect as local social and community leaders, or VO federation (Palli Samaj) leaders. In this context, the term 'elite' does not refer to district and sub-district level government officials, although community-based school teachers may count as village elites.

Verbal directives from BRAC's head office guided the establishment of *Gram Daridro Bimochon Committees* (GDBC, or Village Poverty Alleviation Committees). These volunteer committees had seven members, including the BRAC staff member responsible for social-



development activities in the area, a representative of CFPR participants, and, where possible, two representatives from another organisation within the BRAC family, that of the Palli Samaj. The remaining members were to be drawn from among respected individuals in the local community through a process of guided selection. Process-documentation research indicates that GDBC formation involved the transmission of messages about the traditional responsibilities of village elites with respect to the poor, through village-level discussions organised by BRAC staff. GDBCs are mandated to protect CFPR participants in crisis; help them to resolve their problems; to ensure provision of health services, food, advice, and protection; provide them with sanitary latrines, clean water, and housing repairs; and ensure that school-age children of CFPR participants are enrolled in school. The following table provides some key achievement figures of the GDBCs until January 2008.

Table 5: Achievements of the Village Poverty Alleviation Committees

Particulars	Achievement
Number of GDBCs	3,049
Cumulative Cash mobilised	\$157,291
Cumulative cash mobilised/GDBC	\$52
Monetary value of in kind mobilised	\$310,704
Monetary value of in kind mobilised/GDBC	\$102
Expenditure/GDBC	\$143
Expenditure on tubewell/GDBC	\$8
Total no. of tubewell provided	1,218
Expenditure/tubewell	\$20
Expenditure on latrine/GDBC	\$11
Total no. of latrines installed	8,660
Expenditure/latrine installed	\$4
Expenditure on housing/GDBC	\$36
Total no. of housing support provided	29,201
Expenditure/housing support	\$4
Expenditure on medical support/GDBC	\$17
Total no. of medical support provided	28,335
Expenditure/medical support	\$2
No. of children admitted to school	12,400
No. of birth registration ensured	33,250



5 Does it work? Evidence from Research

CFPR being a new and experimental programme, with an urgency to learn and adapt quickly, has made full use of the Research and Evaluation team at BRAC. Researchers have worked closely with the CFPR programme with the objective of establishing a solid knowledge base on ultra poverty, evidence of the impact of the programme, as well as to cater to the programme's needs through responsive research. As the programme grew in terms of scale and the smaller process complexities, the research agenda and rigour was also intensified.

Research during the first year focused on collecting baseline data and doing exploratory research to understand the process and early response of the ultra poor and their communities. In the baseline (2002) report of CFPR, which compared selected ultra poor households with the non-selected ultra poor (households ranked as the poorest by the community, but not meeting programme selection criteria), it became evident that the selected ultra poor households were worse off in terms of ownership of physical assets, health status and demographic vulnerability. With different initial conditions, the patterns of change also differed between the two groups.

As per the design of the programme, changes were expected in several aspects in the lives of the ultra poor. Starting from enterprise development and financial market participation to food security, social/legal awareness, health and nutrition changes of the CFPR beneficiaries were tracked. Both quantitative and qualitative research methods were used to assess each component of the programme and provide meaningful recommendations.

The first task was to understand and evaluate the targeting mechanism. Detailed documentation supported by empirical evidence, showed that the complex yet unique targeting method used by the programme was effective in reaching the poorest. Three quarters of the beneficiaries were found to belong to the poorest quintile (Sulaiman and Matin, 2006). The value of participatory community based wealth ranking followed by rigorous targeting by BRAC was reinforced, even when the scale of the programme expanded.

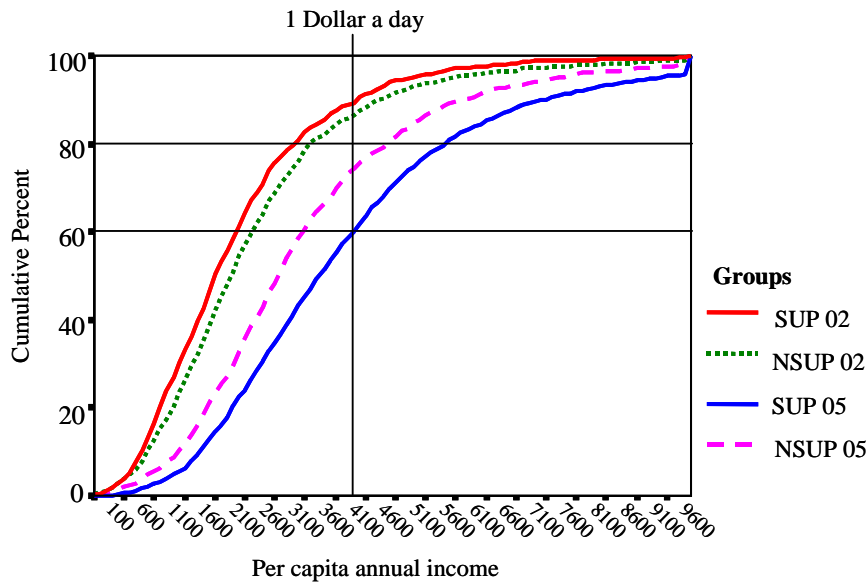
The impact assessment for CFPR was done using multiple approaches to verify and validate results. Apart from objective indicators, self-perception and community perceptions of change were studied to understand the multidimensional outcomes of the programme.

The research outputs revealed stories that were interesting for researchers and encouraging for the programme. An overall assessment of impact (Rabbani *et al.*, 2006) showed commendable improvement in social, physical, natural and financial assets (Figure 6). Objective measures tracked in a panel data set from 2002 to 2005 showed that the selected households had reaped significant benefits from participation in the programme over the first three years. They managed to diversify and accumulate assets beyond those transferred by BRAC. Compared to their position in 2002, they had higher access to land, reduced morbidity, improved participation in the financial market, improved social and legal awareness and reduced vulnerability to crises such as chronic illness.



Interestingly enough, the selected households, despite being worse off than their non-selected neighbours in 2002, were found to be better off than them in 2005. The percentage of households living under the one dollar a day threshold reduced from 89 percent to 59 percent among the beneficiaries (Figure 4). The net decline in extreme poverty was 30 percent for the beneficiaries, while it was only 13 percent in case of the non-selected ultra poor.

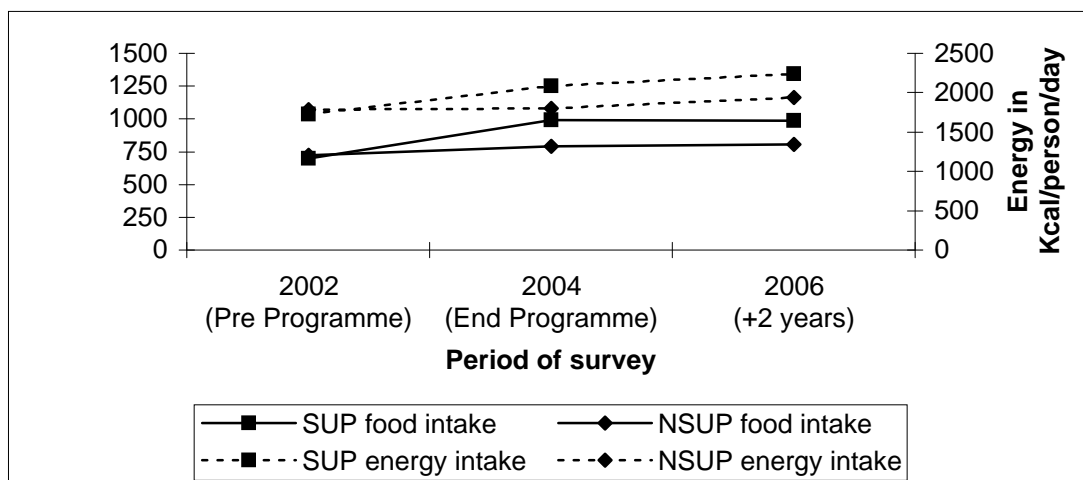
Figure 4: Change in per capita income



Sup – Selected Ultra Poor, NSUP – Non-Selected Ultra Poor

Food insecurity is one of the most prominent features of the reality in which the ultra poor live. In 2002 60 percent of the beneficiaries reported chronic food deficit (going without food for entire days). By 2005 this figure had fallen below 15 percent. Calorie intake, which was 1750 kcal/day/capita in 2002, increased well above the poverty line to 2145 kcal/day/capita in 2004 (Haseen, 2006) for selected households, while it remained unchanged for the non-selected ultra poor (Figure 5).

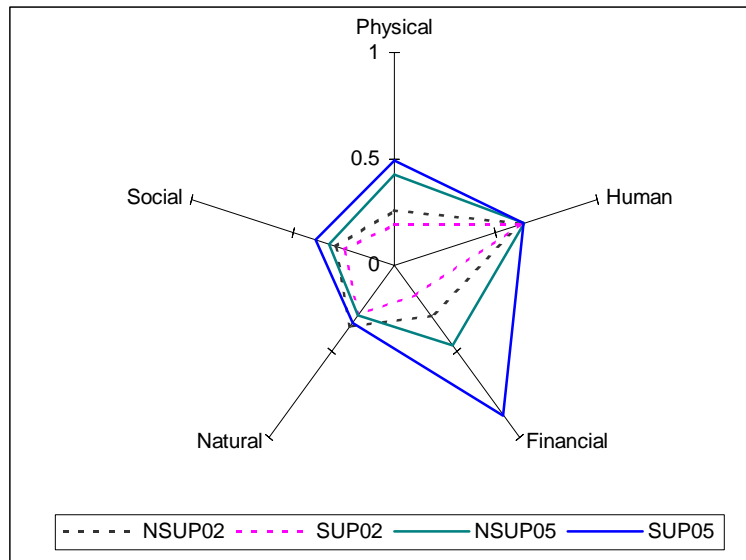
Figure 5: Trend of energy and total food consumption from 2002 to 2006



Sup – Selected Ultra Poor, NSUP – Non-Selected Ultra Poor

The quality of food also improved, with a reduction in cereal consumption compensated by an increase in consumption of vegetables, eggs, meat and fish. The beneficiaries of the programme were able to diversify food items and increase their per capita energy intake, which was sustained well after the graduation period (Haseen and Sulaiman, 2007).

Figure 6: Change in assets from 2002-2005



Sup – Selected Ultra Poor, NSUP – Non-Selected Ultra Poor

Self-perception of poverty and vulnerability validated the objective findings. Selected households reported to be in better health, with better economic and social standing. Over 69 percent of the beneficiaries believed that their economic status had improved significantly. 83 percent felt more confident about coping with crisis and accessing resources from their communities – more community members were willing to help them out (Rabbani *et al.*, 2006). Women’s self perceived health status had significantly improved (Prakash and Rana, 2006).

A participatory change ranking exercise was used to assess the change of all households as seen by the communities. It was found that the communities in general perceived the rich to have gotten richer and the poor to have gotten poorer. However, when it came to the selected households, community members believed these households were on an upward trend, showing positive changes in contrast to the general trend (Sulaiman and Matin, 2006).

Several key findings from research have refined BRAC’s understanding of extreme poverty to effectively retune its intervention. The most important finding was that the ultra poor are not a homogeneous group. Differences in financial market participation as well as the comparatively slow progress of the non-selected ultra poor households have led to designing different packages for different groups of ultra poor, with varying levels of transfer and intensity of supervision in the second phase of the programme.



Human capital (nutrition and education), especially in the case of children was found to have been unaffected by CFPR over the first few years of intervention. Table 6 below presents some key indicators relating to children.

Table 6: Change in status of children in Ultra Poor households

	SUP		NSUP		Difference in difference
	2002	2005	2002	2005	
HH with all children attending school (if applicable)	46	52	49	59	-4%*
HH with children working outside home	14	13	13	10	-2%*
HH not sending children to work (if applicable)	76	78	77	83	-4%*
% of children (12-23 months) fully immunised	61	64	66	65	4%
Severe malnourishment by MUAC (12-59 months) (%)	15.8	11.2	13.9	12.8	-3.5*
Severe underweight (12-59 months)	25.6	20.5	24.7	18.1	1.5

The programme design had no stated focus on children of the ultra poor. Also, changes in education are not expected to happen in the short term. However, investment in children is critical in having any impact on intergenerational poverty. The second phase of CFPR has taken this issue seriously and will attempt to influence investment on education and health of children in selected ultra poor households.



6 Conclusion: What makes it work?

Making the case for a specialised programme for the ultra poor and maintaining it within the organisation has been challenging. However, the process of doing so has been central to its success. The process involved collecting evidence and debating several layers of issues – on the limitations of mainstream approaches such as microfinance for the ultra poor, on the importance of a grants-based approach that is non-food-based (as in IGVD), on the limitations of earlier approaches such as IGVD, and on finding a workable and effective targeting methodology. Such evidence based debates and discussions within the organisation created an environment where the research and programme worked closely in a synergistic way, which created an environment for such an interactivity to persist throughout the programme process.

The CFPR approach demands a more compassionate work force compared to microfinance. The real challenge is creating such a compassionate work force and managing it with a focus on achieving results. This involves significant change and innovation in management.

CFPR management chose to recruit fresh graduates arguing that the programme approach required fresh perspective and a new work culture. Meticulous planning, attention to detail, close supervision from senior management to build the capacity of the fresh cadre, structured and problem solving focussed regular meetings with staff at various levels including frequent meetings with the senior management were some of the critical management factors that led to the success of CFPR.

All this is combined with infusing a strong sense of purpose and pride in the CFPR workforce, a sense of accomplishment in working on a challenging and innovative programme, understanding grants not as give-aways, but as a tool to achieve sustainable improvements in the lives and livelihoods of the ultra poor, and a strong feeling of everyone, irrespective of hierarchy of being able to contribute through new ideas. In addition to extremely structured and well-maintained field level documentation of every programme activity, field staff had regular assignments on different types of localised and general problems and puzzles faced by the programme. This allowed them to exercise their analytical capacities and feel that they had a role in the bigger picture and strategies of the programme.

CFPR is a bold approach on a number of fronts. It crafted an asset-based approach that builds self-reliance. It organised private charity and patronage from local elites and channelled it through concrete support for the ultra poor, in ways that was more open and accountable. It crafted a management system and culture that created a workforce that took pride in their work and had a sense of ownership over the approach.

Grant based approach in livelihood programmes took a beating from the powerful microfinance discourse, pigeonholing the grants-based approach within a narrow safety net, a residual idea de-coupled from mainstream discussions on poverty alleviation through livelihoods development. This has weakened the position of approaches for the ultra poor within the broader poverty alleviation discourse. The evidence and experiences of CFPR has



challenged that demonstrating that grants-based approach can be crafted to create sustainable pathways out of ultra poverty.



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