New Pathways for the Poorest:
The Graduation Model from BRAC

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Introduction

Most academics and development practitioners recognize that within the ranks of the poor are those at the very bottom who are significantly more resource constrained and who are faced with far severe problems in meeting basic consumption levels. Variously labeled as the “poorest”\(^1\), “the extreme poor”\(^2\), and the “ultra poor”\(^3\), they have far limited resource endowments and more restricted livelihood options. They are often chronically food insecure and more vulnerable to health shocks and natural calamities. They have generally failed to benefit from economic policies that have created growth and prosperity for the middle class. They remain socially marginalized and geographically situated in hard to reach areas. Many live in female headed households or are physically unable to work for a living. The great majority are excluded from most development interventions. And even when specific programs target them, they fail to ensure sustainable livelihoods that can provide for food security beyond the duration of the program.

In this paper we explore one specific model, BRAC’s “Challenging the Frontiers of Poverty Reduction – Targeting the Ultra Poor (CFPR-TUP)”, that recognized the limits of BRAC’s own poverty focused programs and developed a new strategy designed specifically for the poorest.\(^4\) We present the model as a major innovation in our understanding of extreme poverty and demonstrate its success in combating many of the conventional “poverty traps” and “graduating” many of the poorest out of extreme poverty. But we also show how the process of “graduation” is fraught with challenges, how it is ultimately limited by meso level constraints and how many will always require state level support.

Microfinance and Safety Nets

Microfinance, or financial services for the poor, has proven to be a powerful tool to counter the exclusion of poor people from formal financial services. Microfinance allows poor people to benefit from reduced vulnerability, greater economic opportunities and increased income. Evidence shows that financial services also indirectly lead to improved schooling, better health conditions and greater empowerment of women.\(^5\) This has led

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\(^1\) The bottom half of those living below the poverty line, Microcredit Summit.

\(^2\) Living on less than a dollar a day PPP adjusted, Jeff Sachs.

\(^3\) Consuming less than 1800 calories where the minimum is 2100, Michael Lipton.

\(^4\) We use the terms “poorest”, “extreme poor” and “ultra poor” interchangeably to refer to those at the bottom of the economic ladder.

\(^5\) CGAP Focus Note 24. Is Microfinance an Effective Strategy to Reach the Millennium Development Goals?
many, especially in Bangladesh, to see microfinance as underpinning the ability of even those at the bottom of the economic ladder to improve their economic conditions and graduate out of extreme poverty.

But with some notable exceptions, microfinance has had limited success in reaching the poorest. Even in Bangladesh, where almost all microfinance institutions (MFIs) are poverty focused, less than one-third of entering clients live on less than a dollar a day.\(^6\) For the most part, microfinance providers select clients that are already micro entrepreneurs - those who are economically active and able to take advantage of market opportunities. The main product offered in microfinance has been micro-credit, designed for high-turnover microenterprises. The poorest, those without sustainable livelihoods, who are chronically food insecure, and who are so vulnerable that they require food aid or employment, have been largely excluded from most microfinance programs. In fact BRAC and other MFIs have realized that many of the poorest may not even be able to effectively use credit. Lending to poor people who cannot rapidly set up activities to generate immediate earnings for repayment will only result in over-indebtedness and lead to increased vulnerability and further impoverishment.

The poorest clients, those that microfinance has difficulty reaching, are precisely the focus of another fundamentally important development strategy – social protection. Social protection policies aim to protect and promote the economic and social security of the poor.\(^7\) Social protection encompasses a range of interventions, from safety net programs to social insurance programs. Safety net programs such as food aid, free service provision, and guaranteed employment serve those with immediate, desperate needs while social insurance programs such as pensions, health insurance, unemployment benefits buttress those at risk of slipping down to the ranks of the destitute.

The 1990 *World Development Report* called for state support for poor people, positing “safety nets” as one of three components of a global poverty reduction strategy.\(^8\) Throughout much of the 1990s, however, such safety nets were seen as a residual state responsibility to support those who fell below a minimum standard of living, rather than an integrated element of a broad based development strategy. Beneficiaries of safety nets were seen as passive recipients of aid rather than actors in a dynamic development program.

The 1997 financial crisis in Asia and the ensuing crises in Latin America and the former Soviet Union sparked a renewed interest in social protection. During these crises, national governments and the donor community witnessed the extreme vulnerability of large segments of the population to macroeconomic shocks and realized their responsibility to provide a cushion to protect poor people in times of crisis. This

\(^{6}\) Manfred Zeller and Julia Johannsen, “Is There a Difference in Poverty Outreach by Type of Microfinance Institution? The Case of Peru and Bangladesh”. May 2006.


\(^{8}\) The other two components were human development and labor-intensive growth.
realization broadened people’s ideas about what social protection policies are meant to achieve. In the World Bank, this shift translated into an analytical framework that “sought to move the discussion from the analogy of the safety net (which catches people at a certain level) or safety rope (which catches them after they have fallen a certain distance) to that of the trampoline (which helps them bounce back).”

Social protection now includes two types of policy interventions. The first relates to coping policy actions aimed at people already living in absolute deprivation. These actions involve resource transfers and include famine relief, feeding programs, public works programs, and other traditional safety nets for the destitute. The second are preventive mechanisms intended to help plan for or counteract anticipated and unanticipated life events that can lead to sudden loss of livelihoods and reduction of income. Examples of these mechanisms include social insurance and pensions.

Strategies and thinking around coping policies, aimed at people living in absolute deprivation, has further progressed in recent years. These policies now go well beyond welfare and protection, to creating opportunities to enable the poorest to “bounce back”, by improving their economic conditions and participating in mainstream economic life. Safety net programs are constructed to focus on both livelihood protection and livelihood promotion. While protection strategies seek to maintain and protect the assets already present in a household or community, promotion strategies seek to increase those assets. Livelihood promotion programs have the goal of increasing income, building assets and otherwise strengthening the earning potential of participants.

Critical constraints to the success of social protection policies nonetheless persist. Foremost amongst these is the assumption that all households can be readied for the market and that, with adequate support, all households can independently pursue market driven economic activities. A more important problem is the absence of well-designed exit strategies. Most safety net programs do not adequately prepare beneficiaries to enter the market. The economic activities of beneficiaries fail to provide them with an adequate stream of income to be sustainable once the program ends. While they may be able to increase income in the short-term, few programs take into account the market-viability of these income streams. Hence, in most situations, once the safety net support ends, beneficiary incomes decrease and they fall back into the ranks of the very poor and food insecure.

Steven Devereaux and Rachel Sabates-Wheeler at IDS have criticized current definitions of social protection and the tools used to address extreme poverty. They point out the critical absence of a transformative element within such conventional conceptualization. They argue instead for “transformative social protection” -- strategies that eliminate policies that “encourage, create and sustain” vulnerabilities; strategies that pursue redistributive policies to confront social inequity. They define social protection as “…the set of all initiatives, both formal and informal that provide social assistance to extremely poor individuals and households, social services to groups who need special

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9 Robert Holzman and Steen Jorgensen. op cit.
10 ibid
care or would otherwise be denied access to basic services, social insurance to protect people against the risks and consequences of livelihood shocks, and social equity to protect people against social risks such as discrimination or abuse.”¹¹ And they point to a range of activities that promote such transformation -- support to organized groups of the disadvantaged, changes in regulatory and legal frameworks to protect the marginalized and vulnerable, and promotion of sensitization and awareness raising campaigns to defend the rights of the excluded.

But while such insights provide a cautionary reality check on policy optimists intent on success through unidimensional development interventions, they fail to provide a conceptual framework that allows practitioners to develop concrete results based activities. It is difficult from the definitional starting points that Deveraux and Sabates-Wheeler proposes, to actually implement strategies that can effectively improve the conditions of the poorest, make them less vulnerable and provide them with sustainable livelihoods.

The Concept of Graduation

In contrast to conventional safety net programs that only provide short term relief, or “transformative social protection” that provide very limited operational tools, we offer the “graduation model”. Based on BRAC’s CFPR-TUP program,¹² the graduation model provides both real achievable objectives of “graduation” for those in extreme poverty, and a road map on how this can be achieved. Of course both the criteria for assessing graduation and the specific pathway is context specific. In rural South Asia, for example, graduation refers primarily to food security. In Yemen on the other hand there is a far greater emphasis on schooling, access to health care and diversified livelihoods. In Bangladesh the route to sustainable livelihoods is often through raising livestock. In non-agrarian communities it could be petty trade or other activities. But there is a tried and tested architecture of the model that can be generalized over different countries.

The generalized graduation model is based on first defining the target population of the ultra poor (those in extreme poverty, food insecure and without regular employment), and then setting specific achievable targets for graduation. In the case of BRAC, for example, the graduation criteria includes eating two meals a day, owning productive assets such as livestock, having multiple income sources, safe drinking water, sanitary latrines and children going to school. Market assessments, skills assessments and community assessments are then used to determine specific pathways on how this is to be achieved. The model includes carefully sequenced interventions. A consumption stipend is provided for several months to ensure a breathing space for those who otherwise would be too preoccupied to just survive day to day. This is followed by skills training and the transfer of an income-generating asset to kick-start an economic activity. The target

¹² Challenging the Frontiers of Poverty Reduction – Targeting the Ultra Poor. We use TUP, for short, as the name of the program which works with the poorest who are excluded from BRAC’s conventional microfinance program.
population for the graduation model (the poorest) is too poor and too vulnerable to effectively use credit to purchase a productive asset. Hence the need for an asset grant. Compulsory savings is introduced to build a culture of financial discipline. Regular group meetings and links to village elders build confidence and social networks. Access to health care ensures minimum protection against health emergencies. Finally a 24 month period of “management coaching” through weekly household visits by staff, assist households to create a business plan and develop the confidence to stick to it.

By the end of the program period as grants and subsidies are phased out, participants gain confidence, develop sustainable livelihoods and graduate out of the ranks of the ultra poor. The concept of graduation however does not mean either that it is automatic or that it is easy. It also does not refer to a necessary linear progression into economic improvements and food security. Many households have a difficult time improving their conditions. Many face periodic emergency situations that push them down. And many do not graduate. And many who do graduate, risk losing it all yet again. But significant numbers do graduate and do get beyond the “inflection point” where the probability of falling back into extreme poverty is significantly lowered. This singular focus on reducing vulnerability and readying people for food security and sustainable livelihoods through a well-articulated, closely sequenced, multi dimensional strategy that lays out clear entry points, is what constitutes the unique contribution of the graduation model. And it works. CGAP and the Ford Foundation have been testing the graduation model in nine sites in seven countries and have been finding extremely positive results.\(^{13}\)

**The BRAC CFPR-TUP Graduation Model**

We describe the different components of the BRAC TUP program to explain how the graduation model works.

*Targeting:* Effective targeting is key to the program. Poverty maps are used to select areas with high incidence of poverty. Women from households owning less than 10 decimals of land with no productive assets and with no working male members are included. Households with access to microfinance are excluded since the target population is specifically those that microfinance does not reach.

*Enterprise selection and training:* CFPR supports a range of enterprises which differ in terms of cash flow, risk factors and intensity of time, effort and skills required to meet the varying needs of clients. Participants and staff collectively decide which economic activities to pursue. Program staff provides participants with a 3-5 day orientation training. This is followed by frequent visits and cluster meetings to monitor progress and provide technical advice.

Asset transfer: Once the training is provided, program staff will purchase livelihood assets for the women. This could be a small cow, a couple of goats or a small investment to start petty trade.

The different stages of the CFPR/TUP model

Consumption support: The program provides a cash stipend (taka 10 per day) until returns from the asset transferred start flowing in. The stipend encourages the investment of more time and effort towards the assets, regular participation in meetings, a higher tendency for saving, and ensuring basic consumption levels are met till the new stream of income kicks in.

Local elite support: BRAC has recognized the important role that village elites often play in the lives of the rural poor. They have formalized this relationship through “Village Poverty Alleviation Committees” which include carefully selected members of the elite, a representative of CFPR participants and a BRAC staff. The Committee monitors progress of program participants, provides advice and support and mediates conflicts with others in the village.

The CFPR-TUP program has successfully covered over 800,000 households since it started in 2002.

Quantitative Evidence of Success

BRAC conducts rigorous quantitative assessments of its CFPR-TUP program. A baseline survey of selected program participants was conducted at the start of the program in 2002. A baseline survey was also conducted on a comparison group of ultra poor households with similar economic and social characteristics. Re-surveys of the same cohorts of program participants and comparison group were conducted in 2005 and in 2008. The results indicate significant improvements in the conditions of those in the program. More specifically:

- In 2002, about 60% of program households reported chronic food deficit. By 2008, this figure fell to 20%.
- In 2002, incomes of program households were Taka 293 less than those of the comparison households. By 2005 however program households were earning Taka 678 more. In 2008 program households earned Taka 7480 compared to Taka 5970 for the comparison group.
- In 2002, 35% of program households had no land but in 2005, 54% had become landowners. In 2002 about 6% of program households owned goat/sheep. This increased to 25% in 2005 and 34% in 2008. By the end of 2005, program households held Taka 8000 more in assets compared to the comparison group.
- Eight percent of program households had cash savings in 2002. This increased to 94% in 2005 and 98% in 2008.
- The TUP program was also successful in increasing social awareness of its beneficiaries. While only 8% knew the legal age of marriage for women in 2002, by 2005, 70% did. Program households were also more confident. Ninety percent approached local elected representatives for VGD cards compared to a previous percentage of 59%.

Far more significantly CFPR-TUP was successful in graduating significant numbers above the PPP adjusted extreme poverty line of 50 cents a day per person. At the beginning of the program 85% of households selected to participate in the TUP program earned less than 50 cents a day. This implied a 15% error in targeting. In 2005, three years after the program had started, 53% of program households who were previously living below the extreme poverty line were able to earn 50 cents a day. In other words 47% remained ultra-poor. However by 2008, 3 years after the completion of the program, an additional 41% of selected households had crossed the extreme poverty line of 50 cents. CFPR-TUP had therefore successfully graduated 92% (51%+41%) of its members above the extreme poverty line over a six year period.

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The Ethnographic Research

While the empirical surveys provide quantitative data on the improvements in economic conditions of TUP members, BDI conducted a year-long ethnographic research to better understand their lives, the process through which these changes took place and the factors that held them back. The study analyzed how ultra-poor households build resilience, improve their conditions and graduate out of extreme poverty, as well as understand the dynamics that prevent many of them from moving up.

Methodology

The BDI research involved intensive field studies on 60 households from 9 villages in Dhamoirhat and Agradigoon in Naogoan district and included program beneficiaries and non-beneficiaries in similar economic conditions. Four research assistants spent 18 days each month in the field for 12 months, collecting data using qualitative tools. These included:

- Observations
- Community wealth ranking
- In-depth interviews
- Conversations with beneficiaries and key informants (BRAC TUP staff, GDBC member, non GDBC elites)
- Life-histories of beneficiaries

Conditions of the Ultra Poor

The study team conducted participatory wealth rankings and held discussions with the community to identify the ultra poor. Villagers characterized them as people who have nothing, who own no land, live in straw houses with thatched roofs on other people’s property, engage in day labor but fail to find adequate work, work in other people’s houses, in debt, can’t keep their children in school, and usually old, widowed or abandoned.

In fact the ethnographic study found that these descriptions of the community mirrored the ground reality. Thirty of the 59 households in the sample were female headed; 22 had no male members. Poverty and gender insecurity explain much of this demographic emergence of female headed households. The two cases below demonstrate this clearly.

Rehana married a divorced man after seeing his divorce documents. However, once Rehana moved into her husband’s house, his former wife returned with her children to live with Rehana and her husband. After seven years of torture and abuse Rehana and her two children moved back with her parents. With her father too old to work, and her mother reduced to begging to keep her family afloat,
Rehana realized that it was impossible for her parents to support her family. Rehana left and started her smaller household with her two children, sustaining them with the little money she earned sewing quilts.

Fatema’s son moved in with his in-laws following his marriage in order to escape from the responsibility of taking care of his unemployed mother. He said to his mother, “You’re going to have to make arrangements for your own meals.”

The study also documented the conditions that ultra poor households live in. Seventeen households in the sample did not own any land. They were squatters on government land and other people’s property. The one’s that did own land, didn’t have more than 5 decimals. All the houses had mud walls; most had thatched roofs. Twenty nine households lived in one room houses. Those that owned livestock kept them inside their houses at night for security reasons. They therefore ended up sleeping 4 to 5 feet away from their animals. Only 3 households had proper beds to sleep on.

Most of the ultra poor engage in wage labor, with agricultural labor being the most common. Others are in off farm labor with some of the women working in homes of wealthier households. However, demand for daily labor in agricultural activities fluctuates during the different seasons of the year. February and March are slow months as are September and October. There’s very little work during these times. Ultra poor households have to cut back severely on their food consumption, give up on lentils and vegetables, sometimes skip meals and sometimes ask for food from wealthier households or extended kin. Many borrow and get into debt.

Only 7 out of the 59 households that were studied, owned cultivatable land. None owned cows before the TUP program. Most women owned two saris and men just two lungis.

*The TUP Program and the Graduation Process*

While a majority of households do “graduate” out of extreme poverty with assistance from the TUP program, this process is not always linear. In fact many do not graduate and many go through different cycles of improvements and worsening problems. But the fundamentals remain: ultra poor households need food security, they need savings to protect against unexpected crisis, they require assets to start new economic activities or expand on old ones to ensure steady streams of income, and they need to be trained on new skills to maintain these livelihoods. The dynamic interaction between these components significantly increases the probability that someone will graduate into sustainable income earning activities.

*Consumption Stipend*

The TUP program provides a weekly consumption stipend of 175 takas to households for a duration of 6 to 12 months. This allows for a breathing space for households to meet their consumption needs and plan for their future economic activities. The ethnographic study found that the consumption stipend has been utilized by beneficiaries in a variety of ways. A significant majority use it to smoothen consumption levels. There are those who
utilize the stipend for daily meals which they previously found difficult to do, especially during the lean season. There are others who use the stipend to add variety to their meals. Some use a portion of the stipend on other household expenses such as the purchase of school supplies for their children. Most households also save a portion of their allowance.

A few have even saved the stipend money to start income earning activities. They have lent it to others in their neighborhoods at an interest. Some have bought goats and chickens. Some have set up small businesses for their sons. One of the TUP beneficiaries used her allowance to buy papaya, banana and litchi trees. This small but regular cash flow helped TUP households to manage their finances, accumulate savings, and plan for future investments.

**Asset Transfer**

Every TUP household is trained in an economic activity and then provided an “asset” to start that activity. The asset, usually livestock or seed capital to start a small business, helps create new livelihoods, diversify sources of earnings and expand economic opportunities. These economic transfer give the ultra poor women real ownership of productive resources. Out of the 59 households that were studied, 56 had taken on raising livestock as their primary livelihood activity.

The asset transfer has helped some women earn incomes for the first time. Sixty five year old Khadija could not work for a living. She was a burden on everyone. But then she received a cow and now takes good care of it. Her daughter says, “You will never find my mother at home, except in the evenings. She is always busy with her cow in the field.”

The asset transfer has also helped many others stop or reduce work in more demanding and lower paid activities, such as domestic help, road construction and working in rice mills, and switch to their new activity. Program members say that income from their previous activities could only pay for basic food consumption. They could hardly save or spend on any other necessities. But the new activities promise higher returns and reinvestments for expanded earnings.

Najma and her husband saved most of their consumption stipend. They subsequently sold the cow they received from the TUP program, added in their savings and bought a piece of farm land where they grew potatoes and paddy. They saved much of their earnings from selling potatoes and purchased some more land.

Moneshori regularly saved her weekly stipend. She sold the sheep she received from BRAC, added in her savings, and used the 3,000 takas to lend to her neighbors. She’s getting interest income which she partially spends and partially saves. She’s hoping to increase the capital and earn more through lending.

The consumption stipend and incomes from the new asset allowed Salma to cut down on the number of jobs she used to previously be in. She was able to concentrate on her job
as cook in a rice mill. She was recently given a raise by her employer, for her improved performance.

Savings
BRAC motivates TUP members to develop a savings culture. They institute a mandatory savings of 10 takas per week so that members can accumulate savings that can be used in emergencies. In fact some members accessed these savings to meet emergency medical needs. At the end of the program, when significant savings had been collected, some members withdrew their savings and invested it in income generating activities. Most are still continuing with their savings, often in other NGOs or in post offices. They also keep a limited amount of cash at home for emergencies. All households informed the study team that they had never saved so much and so regularly in the past.

Training and Motivation
TUP program staff provides skills training to members so that they can manage to take on new livelihood activities. Such training also includes basic health and social awareness messages. But the unique feature of TUP is the weekly one on one meeting with members at their houses. TUP staff checks up on members to make sure they are effectively engaged in their new economic activities. But most importantly they also provide extensive “coaching” during these meetings. They work with members to help them set short term and long term goals and develop business plans to meet these goals. They encourage members to stay on target or analyze why they have failed. This interaction over many months help women become confident and take control over their lives.

Health support
TUP households received health support for the two years of the program. They received access to physicians and free medication. If any major surgeries were required, beneficiaries were taken to the government hospital in Naogaon; and BRAC would pay all medical expenses. They were given vitamins on a regular basis. However, in 2009, beneficiaries were informed by BRAC staff that the health support component of the program was being discontinued.

Increased Confidence and Control
The TUP program has made women become more confident. It has transformed women from being a dependent member of the household into an income earner. She is treated with respect within the family and considered an important decision maker. Interestingly now that she has a stable income, male family members who had deserted her are now coming back. Fatema, whose son had left her but now returned, says, “My son thought, my mother owns an asset now, I won’t have to feed her anymore. So I might as well go back.”

Rebecca was abandoned by her husband. When she had been a TUP member for a while, she gathered enough courage to publicly seek an apology from her husband. He asked for forgiveness and wanted to take her back. But now Rebecca owned 3 cows and 4 goats. She was confident in living by herself and did not go back to her husband.
TUP women created strong bonds between each other through the regular group meetings that BRAC organized and through the common experience they shared, slowly building up livelihoods. Even now, after the program had long ended, they continue with these networks. They try to meet regularly, share each other’s experience, and learn from each other. They provide each other with financial and social support in times of crisis.

Fatema, a TUP member says:
“As a group, we have learnt a lot from BRAC staff. When one of group member was in trouble because her cow died, the BRAC Bhai (brother) explained to us that we should help her out so that she can have the same opportunity to improve her life as we had. So all of us chipped in 300 takas each and bought her a cow. I know if I am ever in trouble, I won’t have to go to anyone else. I can rely on the people in my group to help me out. They are always there for me.”

TUP women are also focusing on their children and their futures. Some women have invested money in their children’s schooling and hope to use their connections with BRAC staff to ensure their children’s employment at BRAC on completion of their education. Others want their children to get educated enough to qualify for work with the government.

Kanchon has used her weekly stipend to pay for her daughter’s education. Her daughter is now preparing to take her school final exam this year. Kanchon is hoping that her daughter will pass and go to college. If she does not Kanchon will try to get her a job at BRAC. Kanchon pays regular visits to BRAC’s local Branch office.

Others are saving up for their daughter’s weddings. The new income earning activities and improvements in economic conditions, coupled with the savings, will ensure that daughters are married off to good husbands. Marriage in rural Bangladesh is an important livelihood strategy that can promise financial security. Still others help out their married children.

Asiya’s daughter is married. Her husband works, but they still struggle financially. Rebecca has decided to give her daughter and her son in law 20,000 takas for them to be able to buy farm land. Rebecca assumes that selling the two cows that she currently owns will earn her 18 to 20,000 takas. While some want to use their assets and find their daughters good husbands, others want their children to get educated and explore new and better livelihood options.

TUP women have become role models for some of the other ultra poor women in the community. Some have decided to raise livestock but since they have little money they have started to lease in goats as a first step in the process. Others have openly said they wished they were included in the TUP program. Johura, who is not a TUP member, informed us, “I wish I had some cash to open a small shop. If I had a cow (from the TUP program), I could have sold that to manage the funds needed to set up my shop. If you own a cow you don’t have to worry about putting food in your stomach.”
Rashida used to be harassed by her neighbors who claimed that BRAC had converted her into a Christian. At one stage she even had to strip her clothes to prove that she did not have a “cross” sign on her body. But after she received a cow and improved her conditions, her same neighbors started to look up to her. They too then made an effort to rear cows and goats, on a shared basis or on loan from others. When the neighbors were asked why they were rearing goats, they said that although BRAC hadn’t given them anything, they were eager to make an individual effort and become successful like Rashida.

TUP women have also become “credit-worthy”. In the past these ultra poor households were considered high credit risks but now many of the wealthier households trust them with loans.

Thirty five year old Anwara says, “Now that I have received livestock from BRAC, I own a productive asset. I have been able to do a lot because of this cow. People in the village never gave me any importance in the past. Now, they treat me like I’m important. If I ask for loans, they lend me money. They trust me because I have a regular income.”

In fact some of the wealthier women in the villages have even approached a few TUP women to lend money to others and keep a portion of the interest as commission.

Khaleda informed us, “People drag me to their houses and give me their money so I can lend it to others. So far, the largest amount that I have lent is 20,000 takas. I have always managed to ensure repayment of these loans.”

The TUP program recognized the importance of social networks for any sustainable improvements in the conditions of ultra poor women. They therefore set out to create a new network that would cater to the ultra poor. A village assistance committee (named the Gram Daridro Bimochon Committee; literally the village poverty alleviation committee) was set up by BRAC in each village with membership of community elders. The committee was motivated to extend their assistance to the ultra poor as part of their traditional social responsibility. It meets regularly with the ultra poor participating in the meetings. The committees have worked well in helping the ultra poor with advice, with access to health care, with protection against others trying to take away their productive assets, against domestic violence and linking up to state support networks.

**Graduation Failures**

The graduation model of course is no guarantee of success. While significant numbers do graduate, many do not. The primary reasons for failure are rooted in such factors as ill health, old age and dysfunctional marriages.

**Graduation Failure – Old Age:** Fifty year old Amena was abandoned by her husband and earns a living as a beggar. She was included in the TUP program and given a cow. But Amena is old and in ill health. Securing food for herself, food for her cow, taking care of the cow, and staying in touch with BRAC, were all too difficult for her. She did
fine for a while with the consumption stipend but then became destitute again. Her brother, who is a member of the village police for the Union Parishad helped her get on the state old age pension. This is what provides her with some assistance. She still begs and relies on her brother and nephew when she’s in any serious problems.

Twenty two year old Lilly was also included in the TUP program and given a cow. She has been married and abandoned twice. She had a complicated abortion during her last marriage and continues to be sick. She lives with her two children and has no one to help take care of her cow. The TUP program did not work for her. She was provided a VGF card (state food grain assistance) which now helps to meet some of her consumption needs. Her grandfather, her uncle and her sister provide some support with food, clothing and money.

**Graduation Failure – Problem Marriages:** Family structure is also an important variable in determining success and failure. An ultra poor woman with a supportive husband has a far better chance of improving her conditions. But an abandoned or divorced woman is better off than a woman in a dysfunctional marriage who has to constantly deal with an abusive husband or in-laws.

Anjum’s parents were reasonably well off and even given her a small piece of land when she got married. When her husband became ill, she worked on her land and managed to support her family. But her in-laws were envious of her and her abilities to manage on her own. They frequently harassed her and verbally abused her. When her husband died their behavior worsened. Anjum became a TUP member and received a cow. But her in-laws kept on harassing her. She was finally forced to give up her cow, leave the village and go back to her parents.

Anjuara could not have any children. Her husband is abusive and does not give her any money for food or living expenses. She works hard as a day laborer and as domestic help. She became a TUP member and received a cow. But Anjuara remains depressed because of her husband’s hostility towards her. She does not take care of her cow or manage her finances. She does not seem to be improving her economic conditions or ready for graduation.

**Graduation Factors – Social Network:** A key condition for success is the presence of a helpful social network. Many of the successful TUP members report on how they benefited from their families. Nazma sold the cow she received from the TUP program and bought a small piece of land. Her father, brother and husband’s relatives help her farm it. She’s been getting steady income from the land.

When Shunibala was pregnant her husband, a day laborer, left her. She moved back with her father and her sister. She was selected to be in the TUP program. Shunibala works as a laborer in a road construction safety net project and her father helps her take care of her cow. The two income earning activities together have helped her become food secure and graduate out of poverty.
Rebecca has strong ties to her parents and siblings. She said to us, “Last year, when I fell ill and had to spend 4,500 takas at the doctor’s, my sisters helped my husband pay for it. Whenever my father and brothers visit, they always bring me something. They send me 10 to 12 kilos of rice twice a year from my father’s house in Jamalpur.”

Mahfuza is highly dependent on her network of extended kin. Even though she’s poor she’s never had to skip a meal. She is always welcome to share in the food at her cousin’s house or catch fish caught from her uncle’s pond.

Even when one’s own extended family is absent, ultra poor women are able to create fictive kin groups. They will call someone a “brother” or an “uncle” or a “sister” and develop close ties with them. Sometimes these new kin groups are stronger than blood groups. In turn the new “family” takes on the role of a guardian and actually helps out the ultra poor women in times of need. There are several instances of how these new brothers and uncles have helped ultra poor women receive state assistance.

The converse of this, the absence of any social network -- be it extended family or fictive kin, leads to great difficulty in managing a sustainable livelihood. For instance, Arjana and her immediate family are the only ones left in the village since all other members of her kin group have migrated out. They are now treated as social outcasts, especially since they do not maintain close relations with the village elders. Some villagers have tried to evict them from the village to take over their homestead land. Arjana’s husband was even beaten up a couple of times.

**Graduation Failure – Personality:** One’s personality also plays a key role in determining success and failure. Women who are friendly and outgoing, respectful and helpful, conventionally considered to have a good personality, are usually the ones that manage to sustain a network of people that stand by them and support them in times of need. Some however are considered “quarrelsome and difficult”. These women have great difficulty in maintaining a social network. It is difficult for them to succeed.

Fifty year old Latifun was said to constantly quarrel with her son and daughter-in-law. She was forced to leave their house. The villagers pity her because of her old age and provide her with a roof over her head because she is homeless. But her ill temper and unfriendly attitude soon leads to fights and she moves again to someone else’s courtyard. She has been homeless for the last seven years.

Khooiki is not considered a good woman. She’s been divorced three times. All her husbands left her because she is always ill from uterine infection. She bleeds regularly. Rather than getting her treated her husbands abandoned her. But yet the neighbors say she is not a good woman because she cannot hold on to any of her husbands. And she receives no help from them.

**Graduation Failure – Health Services:** Continued access to health care beyond the duration of the program, poses one of the greatest challenges to the Graduation model. When TUP women completed their two years in the program, the health services were
discontinued. This had serious negative repercussions. Households could not afford to pay for health care and medication. Some women who were being treated for chronic illnesses have discontinued since they can’t afford it. Others visit doctors only when they are severely ill. Yet others only go to the doctors when their children are ill. Older people are being excluded from being treated. Many are seeking out natural health care since it is far less expensive than modern medical care. All of this poses a real threat. In cases of severe health problems households may go into debt or sell their assets to pay for medical assistance. This will seriously undermine the gains from the graduation program.

Meso Level Constraints

The ethnographic research demonstrates that the graduation program, though successful in graduating significant numbers out of extreme poverty, is limited by factors such as age and physical ability, personality, family structure, social networks as well as endogenous factors such as health crisis and natural disasters. But, in addition, there are meso level factors that can seriously constrain the effectiveness of household level self employed economic activities.

Market Limits: The first such meso level constraint is markets. Microenterprise profitability is directly tied to marketing opportunities. Low market absorptive capacity quickly leads to oversupply and loss. In Bangladesh a vibrant local economy and links to urban markets have allowed for profitable business in raising livestock. But in other situations of low infrastructure, poor communication and far off markets, microenterprise owners have great difficulty in selling their products. And often the private sector is reticent to rectify such market distortions. In fact in Bangladesh BRAC had to intervene and build markets for milk and dairy products to ensure complete value chains and higher earnings for poor households – setting up village level collection centers, chilling plants, processing plants and urban retail markets. They did the same for poultry – linking households that sell eggs, to egg collectors and hatcheries and households that raise chickens to poultry processing plants and sales center in urban areas. Grameen too built markets for hand woven clothing through providing rural weavers with good thread and dye and design, then purchasing the cloth, completing the finishing process and selling in national and global retail outlets. This of course is not possible in most other countries and hence, without proactive private or public sector market intervention, graduation programs will have to think carefully on what enterprises to support and how many to be readied for the market.

Agro-ecological Limits: The agro-climatic zone also severely limits the choice of enterprise and hence the pathways out of extreme poverty. In coastal Sindh in Pakistan, water logging and high salinity has reduced vast tracts of land into waste land. Nothing can grow there. And the problems are compounded by the total absence of fresh drinking water. In such a situation of restricted grazing ground and expensive fodder, raising livestock is not an option. The market for other off farm enterprises is also constrained. Graduation through profitable economic activities therefore becomes extremely difficult.
**Supply Limits in Schooling and Healthcare:** The graduation model strongly emphasizes the need for access to healthcare as instrumental in protecting households from shocks that can easily lead to spiraling poverty. The model also emphasizes access to schooling to promote human capital development that leads to intergenerational improvements in economic conditions. And further the model is good at creating demand for both. But supply side constraints – absence of schools at the village and community level in Pakistan, poor quality of secondary schools in Bangladesh, inadequate health infrastructure in rural Deccan in India -- all sustain the factors that can randomly negate the success of graduation and instead push households back into extreme poverty.

**Macro Level Constraints:** Macro factors can also seriously undermine the successes of household level interventions. The rice price increases in late 2008 pushed over 4 million households in Bangladesh below the poverty line in a matter of weeks. The global recession too has the potential to affect millions more through lost jobs of migrants, and reduced demand for manufactured products (such as ready made garments) in the South. Increased prices of fuel, or drastically dropping prices of primary commodities, can also reduce households into destitution. As can political instability, civil war and violence, all factors beyond the control of households.

**Conclusion: An Analytical Framework to Address Extreme Poverty**

We have attempted in this paper to explain the graduation model and demonstrate how it can succeed in improving the conditions of the poorest and graduate significant numbers out of extreme poverty. In conclusion, we present an analytical framework that situates the graduation model within the multiple pathways available to the poorest and the range of constraints that limit its success.
The first critical insight from our research on the graduation program is the realization that not everyone can be readied for the market. There is a continual need for state support to specific demographic and social groups of the poorest. These safety nets (food assistance or cash transfers or guaranteed employment schemes) meet critical food security needs. As such the state can never abdicate its responsibility to provide assistance to its poorest. Safety nets therefore form the basic building block for a holistic strategy on extreme poverty.

Household level economic programs form the second level of strategic interventions. These can be in the form of multiple pathways. For many it will be through employment. Hence state support is essential to rectify market distortions so that the government and the private sector (as well as NGOs) can create jobs at the local level. The private sector led garment manufacturing industry in Bangladesh has provided employment to millions of women from rural ultra-poor households.

For some households, access to credit will provide the opportunities for self employment and steady incomes. Though the case for microcredit for the poorest is limited, it can work in urban areas with vibrant economies and enterprises with fast turnover. Selling peanuts in the streets of Dhaka can be the starting point for food security for some ultra poor households.

For a great majority through the graduation model (a la BRAC’s TUP program) is the answer, in spite of the meso level and macro level constraints that limit their successes. It is a critical entry point in the fight against extreme poverty. But there are multiple entry points – pro-poor macro policies, interventions to open up meso level spaces, as well as other household level interventions. What is required is actionable interventions; interventions that focus on graduation and on consistent engagement.

Entry points
May sound mechanistic

Brac and Bangladesh show how it can be done