

Bandhan's Targeting the Hard Core Poor Program:

A qualitative study on participants' ascent out of extreme poverty

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Executive Summary

The CGAP-Ford Foundation Graduation Program is a global effort to understand how safety nets, livelihoods, and microfinance can be sequenced to create pathways for the poorest to graduate out of extreme poverty, adapting a methodology used by BRAC in Bangladesh. Ten pilots were implemented in eight countries from 2006 – 2009 to capture lessons of best practice in the fields of social protection and microfinance. In multiple sites, Randomized control trials (RCTs) have been conducted for impact assessment, and in – depth qualitative research has been conducted to capture processes of change.

Bandhan's pilot has been hailed as an evidence-based success story of CGAP - Ford Foundation's global initiative. In 2009 Bandhan targeted 300 women in one of the poorest districts of West Bengal, India to implement the 'Targeting the Hard Core Poor' (THP) pilot. Using qualitative methodologies, we attempt to identify the factors that have kept THP participants steady on the pathway out of poverty 3 years after the pilot has ended, and the challenges they continue to face. A major factor behind their continued dynamism is that they have essentially stayed 'in the system', graduating from Bandhan THP into Bandhan Microfinance. Yet their success rides on the fundamental livelihood, financial and life skills they gained during the pilot phase; developing livelihoods, accumulating large savings, creating networks of solidarity, improving household health and thereby transforming their role within the household.

Despite an overwhelming positive experience, there continues to be some roadblocks – such as limited knowledge on the range and specifics of government services or the continued adherence to social practices that are a financial drain on the household (for e.g. dowry). These are obstacles that call for more drastic improvements by the state in basic service delivery, as well as greater awareness and strong implementation of laws at the community and regional level to create shifts in societal attitudes. Although poor households exist in a social and political environment that strongly influence their life trajectories, Bandhan's experience proves that the Graduation approach can enable the poorest to embark on a path towards economic freedom.

Section 1: Introduction

In the past few years, the concept of 'Graduation' for the ultra poor has gained tremendous momentum in development circles. CGAP and Ford Foundation, along with 10 local partners across 4 continents¹ first piloted the Graduation program in an effort to understand whether adaptations of BRAC's very successful 'Targeting the Ultra Poor' (TUP) approach could indeed work beyond Bangladesh. Despite early skepticism, there is now adequate evidence² to show that the approach can be implemented in diverse contexts. Bandhan's Targeting the Hard Core Poor (THP) pilot in West Bengal, India is hailed as one such evidence-based success story.

During the course of the pilot, JPAL - MIT³ conducted a rigorous impact assessment using Randomized Control Trials (RCT) led by Esther Duflo. Early RCT results show that by the end of Bandhan's THP project, there was a sustained increase in food consumption, as well as of non – food items and durable goods, improved diet diversity, substantial gains in livestock and business income, high formal savings, high retention of livestock without "cashing out", greater community participation and perceived health improvements⁴. These positive findings naturally follow with a qualitative question of 'what are the key *processes* that made the pilot a success?' While we attempt - from a micro, household perspective - to retrospect into what those processes may be, a more pertinent question that arises 3 years after the pilot is '*what are the enablers and disablers for participants' progress out of poverty?*'

We explore these issues through the experiences of Bandhan's THP participants. This paper continues in the series of post pilot studies being conducted by BRAC Development Institute (BDI) to capture whether positive outcomes achieved by the end of the pilot can be maintained by participants, the progress they have made since, and the challenges they continue to face. We begin with an overview of the Graduation approach and a description of the THP programme. Section 3 sets forth our research

¹Since 2006, ten graduation pilots have been implemented in Haiti, India (Bandhan, SKS, and Trickle Up), Pakistan, Honduras, Peru, Ethiopia, Yemen and Ghana. This global initiative is in its last phase, with Ghana remaining as the only active pilot.

²Randomized control trials have been conducted in 8 out of the 10 pilots, as well as for BRAC Bangladesh. Early findings have been released for two of the earliest pilots, SKS and Bandhan in India

³Abdul Latif Jameel Poverty Action Lab - Massachusetts Institute of Technology, USA

⁴Duflo, E (July 18, 2012) "*Targeting the Ultra Poor: Impact Assessment Preliminary findings*", Presentation at the annual Global Graduation Meeting 2012, Paris

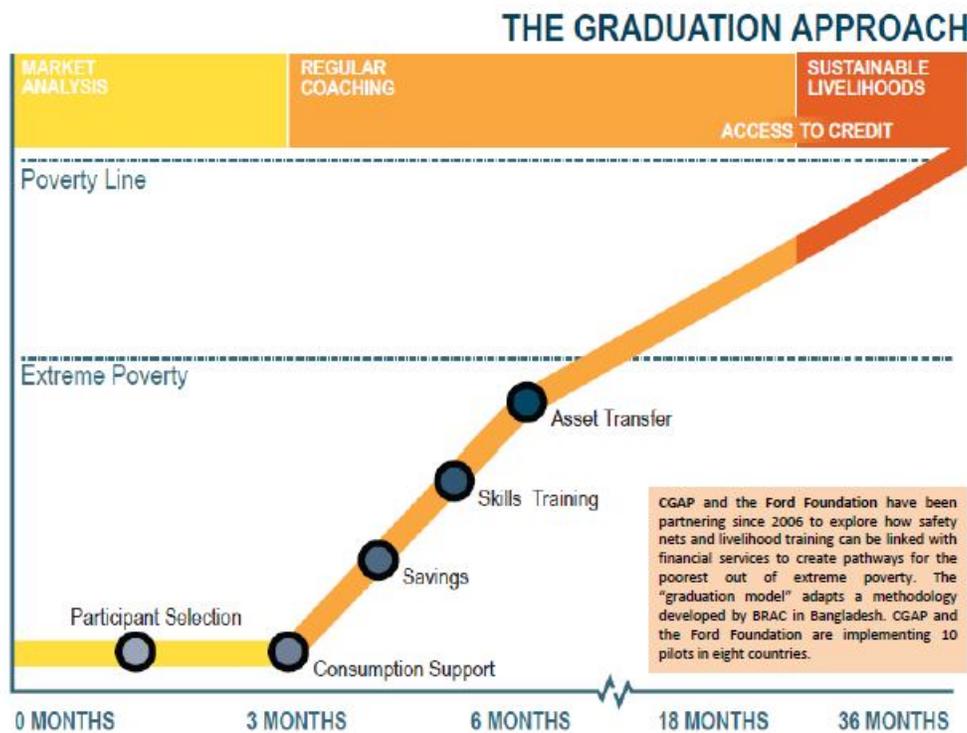
methodology and Section 4 provides a detailed discussion on the state of pilot households using a lens of enabling and disabling factors.

Section 2: Bandhan Targeting the Ultra Poor Programme

The Graduation Approach

The Graduation approach was conceptualized based on BRAC's experiences of tackling **extreme** poverty in Bangladesh. In a snapshot, BRAC's Targeting the Ultra Poor model aims to 'graduate' the poorest households, through a holistic set of interventions, into microfinance in a period of 24 months. The Graduation approach distills the key interventions of this intricate program into five building blocks; targeting, consumption stipend, savings, skills training and asset transfer. These inputs are carefully sequenced over a varying period of 18 to 30 months (based on pilot lessons) to 'graduate' households out of extremely poverty - typically female headed or with an inactive male head, reliant on wage labour, food insecure, with no productive assets and many dependents.

Figure 1: CGAP - Ford Foundation Graduation approach



From a programmatic perspective, however, various organizations implementing the CGAP – Ford Foundation Pilots have contextualized ‘graduation’ to meet specific objectives. Few pilots such as Bandhan followed the example of BRAC, some endeavored to ‘exit’ the poorest households out of indefinite safety nets programmes, while others have derived graduation as a point of entry for the most marginalized and disempowered *into* state safety nets. For example in West Bengal India (where Bandhan implemented its pilot), access to basic services such as housing, electricity, education and healthcare is most often based on clientelism and networks with the political elite. The economically poorest households are therefore also the poorest in terms of social networks, and unable to enter the ‘system’ through legitimate processes (Kabeer, N.*et al* 2012). As such, the nature and scope of the concept is now highly debated and there is a need for formulating a strategic and coherent framework encompassing diverse graduation experiences.

In principle, the approach exemplifies the following hypothesis: Safety nets, mainly cash or food aid provided by national governments, donors or NGOs, are the buffers keeping the poorest households afloat, whereas steady livelihoods, access to small savings and credit, coaching and improved social awareness are the much needed ‘ladders’ that enable the poorest households to address fundamental constraints such as food insecurity, to aspire, and to *eventually* graduate into the mainstream; accessing the wider social protection system (education and health services), the financial system (microfinance as well as national banks) and local markets.

The Pilot site: Murshidabad

Bandhan Konnagar, an auxiliary of Bandhan Microfinance implemented the pilot with 300 female participants in West Bengal, India from January 2007 – September 2009. Bandhan's senior staff have extensive BRAC experience, and were able to immediately recognize the untapped market for microfinance as well as the challenges of reaching the poorest in West Bengal.

Murshidabad was identified as an appropriate pilot site, as it is one of the poorest districts in West Bengal, with a rural population of nearly 60 million⁵. The district has two rivers *Padma* and *Bhagirathi* creating natural borders on two sides (one with Bangladesh) and surrounded by abundant water bodies.

⁵FAOWATER(May 2011), *Livelihood Zones Analysis: A tool for planning agricultural water management systems, West Bengal* prepared by Rajarhat PRASARI (West Bengal, India) in consultation with FAO, Italy

Land is naturally fertile and agriculture is the main source of livelihood. The district is famous for its silk industry and widespread cultivation of fruits and vegetables. However, large numbers of landless households usually have men working as daily wage agricultural labourers, masons or seasonal fishermen. Over 60% of the total population are Muslims and fall in the category of Other Backward Castes (OBC). According to the 2001 national census, the literacy rate was only marginally over 50%⁶, with female literacy rate being 47.63%. This is coupled with poor human development indicators; high incidence of child workers, low health indices and high maternal and infant mortality (Roy, D. and Sen M., 2010). The report also show that the prime reason for severe hunger is high unemployment and low income, aggravated by a failure of social safety nets in reaching this population (*ibid*).

Given the context, Bandhan assessed the pilot landscape and identified that a common symptom of gendered extreme poverty was the absence of a responsible and proactive male member – either due to reasons of health or negligence – resulting in inconsequential financial and other contributions to the household. Despite their economic struggles, these communities have held on to deep-rooted traditions of archaic patriarchy. This is reflected in the dismal rate of participation in employment opportunities, i.e. constituting only 14 percent of all women (*ibid*). Muslim women have least mobility and are not allowed to engage in economic opportunities outside their homes, or step outdoors without being accompanied by a minor or adult male member. Instead, they engage in occupations from within the boundaries of their homes - such as *bidi* (herbal cigarettes) making or hair binding. Studies reveal that nearly 74% of bidi makers in Murshidabad are women, although it causes posture related problems and pulmonary diseases⁷. Non – muslim women, mostly Hindus of lower caste, work as agricultural wage labourers or domestic workers in nearby towns of Behrampore and Beldanga.

Targeting the Hard Core Poor: Programme inputs

Households were selected from 45 villages that are in proximity to peri – urban areas across two Blocks (sub – district tier of local governance); Behrampore and Shargachi. At the time of the THP pilot, Bandhan took much of its design from BRAC’s TUP programme, focusing on one key objective; graduating the poorest into microfinance. By September 2009, ninety- eight percent of women (294 out of 300 participants) in the pilot program in Murshidabad graduated by subsequently joining Bandhan’s

⁶A Non – participant Muslim respondents reported sending their children to *Madrasas* at a younger age before they join mainstream education systems

⁷For the full article please go to: <http://www.infochangeindia.org/livelihoods/news/72-of-bidi-workers-in-murshidabad-are-women-study.html>

microfinance groups. The remaining six failed to graduate due to reasons such as old age or migration. Senior citizens (above the age of 60), for example, are illegible for small credit due to concerns regarding their diminished capacity to engage in economically productive activities, thereby increasing chances of defaulting on loans. One of the key lessons from the global pilot initiatives has been that the aged are normally not ‘able – bodied’ enough to participate in graduation-based interventions, and ideally require access to pensions and welfare disbursements for a steady flow of income⁸.

The pilot was implemented on a small budget along the following set of interventions;

Targeting: Similar to other pilots, Bandhan conducted a 3-step targeting process to identify the poorest households in selected sites; Participatory Rural Appraisals (PRAs) with the community, household surveys and finally verifications by senior staff. Despite a significant selection of the poorest Muslim families, a majority of households refused to join⁹ largely due to rumours of evangelical activities. Thus programme participation was not demographically representative of the region, with a non – Muslim majority. The inclusion and exclusion criteria were as follows:

Inclusion Criteria	Exclusion criteria
Less than 0.2 acres of land	Physically incapable female
Informal labour as main source of income	Active loan from Microfinance Institution
No able – bodied male	Sufficient support from state safety nets
Working children	

RCT results showed that the combination of PRAs and verification steps were highly effective in targeting households that were the poorest in terms of land ownership, productive assets and access to credit (Banerjee, A et al 2007) in the selected sites.

Livelihoods, training and consumption stipend: Participants chose from a menu of livelihood options taking into consideration the viability and feasibility of the enterprise, enterprise preferences and past experience; asset menu offered at pilot stage was livestock/farm based (cows, goats, cow +goats, sheep

⁸ For further information on graduation concepts, please visit www.graduation.cgap.org

⁹ Interview with Roma Prasad Mohanto – Program Head, Targeting the Hard Core Poor, Bandhan

and pigs). Fewer women that opted for petty trade (rice/paddy vending, bamboo work) were able to quickly develop their businesses, and expanded the fastest. Bandhan's strict budget allowed for a small working capital of INR 3,000 (approx. 73 USD at the time¹⁰) for a non-farm enterprise and INR 5,000 (approx. 121 USD) for a farm-based livelihood. Skills training lasted for 3 - 6 days and there were refresher trainings provided every three months. A consumption stipend of Rs.91 (approx. 2.20 USD) was given at the start of the programme; stipend continued for upto 30 weeks for farm-based livelihoods as their initial turnover takes longer, and 13 weeks for non – farm livelihoods.

Bandhan arranged animal vaccinations and artificial insemination for participants' livestock. They also organized '*Prani Bandhu*'(animal friend) campaigns to provide basic veterinary services for the entire community. This was useful for garnering support for the programme, dispelling rumours and engaging other community members. The pilot faced a few challenges; such as inadequate supply of vaccinations at government veterinary hospitals and livestock mortality. Program staff also found it challenging to convince participants that the stipend was intended mainly for household consumption and not for covering enterprise costs (such as animal feed). According to Community organizer such problems occurred in the early stages of the pilot as participants were reluctant to 'own' their assets chiefly due to confusion over Bandhan's intentions (as discussed earlier).

Weekly group meetings and household visits: Community organizers (henceforth referred to as COs) held weekly group meetings in each hamlet to provide social and health messaging on 10 relevant topics; nutrition, personal hygiene, early marriage, children's education, trafficking, dowry, birth, death and marriage registration, immunization etc. Three COs were appointed for the 182 households in Shargachi and 2 COs in Beldanga (situated in Behrampore Block), with each CO in charge of 60 households. The CO also collected participants' weekly savings of Rs.10 (approx. 0.24 USD) that was deposited at the nearest Bandhan Microfinance branch office. These meetings last for about an hour, during which the CO explained a pre-selected topic and held a 'motivational discussion' using story telling methods. For example, COs actively worked towards ensuring that women stopped making and even smoking *bidis*. COs also encouraged peer – to – peer experience sharing to inspire less dynamic participants. This was followed by half hour household visits during which the CO inspected the animal shelter, personal hygiene and household cleanliness, enquired about household and animal health, and

¹⁰Exchange rate INR:USD taken as on 01.05.07 at www.oanda.com

responded to any unanticipated problems. As financial training was not part of the pilot, COs recorded household income and expenditures in notebooks that was kept with the participant. COs often repeated social and health messages to those that struggled to grasp them at the group meeting *“Sir had to repeat the messages for some of my neighbours. Our mother tongue is Bihari, so there are some who still struggle with Bengali”* (Parvati Chowdhury, Chowdhurypara)

COs played a pivotal role in transforming the confidence levels and aspirations of these women, majority of whom had never engaged in a personal enterprise or been involved in household financial management.

Health support: 7 to 8 months into the project, COs, who were all male, realized that participants were uncomfortable discussing their health problems. Two health workers were appointed to guide them on where to access free health care services, family planning methods such as ligation and overall female health and well-being. As part of their health and hygiene initiative, Bandhan organized the construction of latrines for one Block¹¹. Bandhan had considerable influence in ensuring women underwent the ligation operation on time¹² and encouraged them to abandon visits to private quacks and seek treatment from qualified doctors at Public Health Clinics.

Ati Daridro Sahayak Committee (ADSC): Bandhan was one of the few pilots to incorporate the ADSC, (literally meaning Ultra Poor Assistance Committee), more commonly known as village assistance committees (VACs) into their pilot. Once a month, a meeting was held in the presence of elites (such as ex – army personnel, teachers, *Panchayat* members) and elders of the villages, and they provided a second tier of monitoring and support in the absence of COs. During the course of the pilot, VACs facilitated better implementation, as they assisted in tracking asset theft and frequently visited pilot households. Bandhan realized however, that given the highly politicized environment in which they operate VACs could not be a sustainable approach and only survived for the duration of the pilot.

¹¹Bandhan was unable to build latrines for all participant households due to funding limitations.

¹²As part of the government’s family planning initiatives, women are encouraged to undergo the ligation operation after 2 births. Due to the large average family size of 4.8 in the region, Bandhan prioritized family planning in these extreme poor households.

Section 3: Research objectives and methodology

Our specific objectives for carrying out the study were three – fold, taking into account the positive outcomes of the past intervention, households' present circumstances and finally challenges that lie ahead

- a) Capture whether positive pilot outcomes have been maintained in participant households in comparison to non-participant households.
- b) Identify key processes (enablers) behind the present success of THP pilot participants
- c) Identify challenges (disablers) that come as households strive to stay on the ladder 'out' of poverty.

The field work covered 10 villages (or *Gram Panchayat*– village level administrative zones). We closely interacted with a total of 64 women, including 20 participant interviews, 10 non- participant interviews, 4 participant (FGDs) and 3 non-participant Focus Group Discussions (FGDs) and key informant interviews with THP and MF staff, local government officials and education/health service providers. We selected our participant respondents from a sub – sample of treatment households provided by Bandhan, which was based on Project Officer's¹³ personal knowledge. Non – participant (or control) households were harder to locate as field staff had no prior contact with them.

There were a few difficulties with acquiring background data on the pilot. Unlike SKS and Trickle Up, BRAC Development Institute could not draw on any previous qualitative data. Although JPAL – MIT collected exhaustive data for their research, there is little systematic pilot database or documentation in Bandhan's possession. Instead we relied on available paper records, participants' pilot booklets and discussions with pilot staff members.

Section 4: The participant household's ascent out of poverty

Over the last six years, experiences of pilot participants with Bandhan - first with the NGO and subsequently with their microfinance programme have allowed them to gradually but actively improve their abilities to withstand economic shocks, and gain confidence that their achievements can be sustained in the long term. Since the time of graduation, participants have progressed on a more dynamic trajectory relative to non-participants. Participant respondents appear more confident, hopeful

¹³ The Project Officer for the scale up phase is the only remaining pilot CO. Our access to households was therefore limited to his knowledge of and familiarity with the villages

and healthier. Their children are regularly attending school, the household is now engaged in multiple economic activities, eating 3 full meals a day, with hygiene habits considerably improved and better informed about free healthcare services and illegal social practices (such as early marriage and dowry).

At the end of the pilot, COs had to ensure a majority of twelve identified impact indicators (expected programme outcomes) had been met by households, although these were not considered mandatory criteria for graduation. We utilized this checklist of impact indicators with participant and non-participants to gauge their outcomes related to household hygiene, food security, family planning and children's education. We also inquired about access to government services (National Health Insurance, state sponsored latrines, welfare housing and electricity)

Table 1: Impact Indicators: Participants and non - participants respondents

Impact Indicators	Participant households (out of 20)	Non – participant households (out of 10)
2 sources of income	19	6
2 full meals a day	20	8
Use of sanitary latrine	10	5
Access to safe drinking water	18	10
Growing 2 kinds of fruits and vegetables.	15	5
Immunization of children under 5*	13	7
Children enrolled in school	17	7
Use of family planning methods*	12	5
Secured housing	15	4
Access to first aid	19	9

Personal hygiene and household cleanliness	18	3
Ability to sign their name	20	6

*The questions were deemed non-applicable for respondents with no children of school going ages

Due to the size of our sub sample, these numbers are by no means representative but are useful for drawing interesting points of inference for further analysis. We observed that changes in non – participants households are reflective of the dynamic Indian context, and attributable to a) higher daily wages and increase in availability of wage opportunities b) government's initiatives to meet their goals on universal primary education, mother and child health and construction of houses and sanitary latrines. While these households appear to be doing well in covering their most basic and immediate food needs, they remain constrained in their abilities to accumulate assets or large savings due to the sole dependence on irregular daily wage jobs and limited access to formal financial services that are legitimate and transparent. They, in fact, continue to be extremely vulnerable to income shocks in the long term.

Set in a wider context of rural development, all respondent households exist in a socio-economic and political environment characterized by enabling and disabling factors that influence the nature and pace of their movement out of poverty. A key advantage for participants is the access to a number of factors (for eg. formal savings, women's support networks) and positive shifts in the household that have enabled them to accelerate their progress. Participants however, despite improved resilience, continue to experience overarching constraints (for e.g. poor infrastructure of basic services, adverse social practices) that threaten to stifle their dynamic trajectories. Here we present a discussion of the factors that have influenced participants' ascent out of poverty.

Creating an enabling environment for the household

Access to microfinance

All but 6 participants graduated into Bandhan Microfinance. A significant privilege that came with access to formal credit was the freedom from exploitative money-lenders, and neighbours that imposed

unfavourable terms for repayment. As a rule, informal lenders insist on compound interest payments unless the initial capital is fully repaid in one installment. On the contrary, Microfinance clients are able to pay off both principle and interest in increments, through regular fixed payments over a period of 40 – 52 weeks. The discipline of paying pre-determined amounts has definitely reduced their mental stress, but more importantly has enabled them to easily budget for other household expenses.

We found that while the majority consists of very dynamic respondents that have strategically diversified and accumulated adequate savings, few participants revealed that they are not *(yet)* confident of staying on their upward trajectory in the absence of Bandhan's interventions. These participants typically struggle with financial planning and are not as strategic in their investments to envision immediate financial independence. *"If Bandhan doesn't continue to support us with loans, then it will not be possible for us to improve."*

Box 1: The Microfinance Institutions (Development and Regulations) Act 2012*

At the time of the pilot, Bandhan was able to graduate 98% of its clients into MF, but thereafter take up in their scale up program have been more gradual. In early 2010, news nearly 200 debt-ridden farmers committing suicide rocked the Indian Microfinance Industry. The major reasons cited were the high interest rates levied by Microfinance Institutions and their coercive methods for extracting repayments. The industry suffered a serious setback, with Governments of Andhra Pradesh and Kerala banning all microfinance activities in their states. The Government of India eventually passed the Microfinance Institutions (Development and Regulations) Act, 2012 implementing strict reforms in Microfinance Institutions operations, including a) establishing District Microfinance Councils that ensure the client protection norms are not flouted and b) setting stringent criteria for interested clients to access microcredit.

*For a more detailed report, please read CGAP Focus Note 67 [<http://www.cgap.org/sites/default/files/CGAP-Focus-Note-Andhra-Pradesh-2010-Global-Implications-of-the-Crisis-in-Indian-Microfinance-Nov-2010.pdf>]

As members of microfinance groups however, participant respondents have further strengthened their peer networks (first developed during the pilot), and are able to rely on a constant source on emotional support and encouragement. Apart from meetings organized by Bandhan's Microfinance facilitators, members meet informally to discuss issues that affect their communities. Respondents shared insights into how they use these opportunities to inform other Microfinance (non THP) members on pertinent topics such as ending child marriage and the importance of household hygiene. As a consequence, these networks have been critical to their confidence building process. Likewise, a participant asserted, *"Now*

we help each other and others. Earlier when we needed help – no one came forward. But we've been through it – so we can't look away now."

Livelihoods expansion and rapid diversification

During the early months of the pilot soon after asset transfers, participants were encouraged to gradually forgo their existing sources of income, such as daily wage labour, domestic work or *bidi* making (being a hazardous occupation), in order to focus on their new livelihoods. As farm based livelihoods require constant care of livestock, and given the lowly social status associated with their past activities, participants naturally began to devote much of their time to livestock rearing or small businesses. At the end of the pilot, the option of accessing easy credit allowed them to rapidly diversify into other livelihoods. The pilot created the ideal space for developing livelihood and financial skills, and to improve their self-esteem and long term aspirations. Their transition into Microfinance groups allowed them to retain the dynamism of the pilot experience and they gradually realized their personal and financial goals *"Earlier we could only count how many bidis we've made – the rest of it was calculated by the supplier. Now we keep track of our income and expenses, even if mentally. The wholesalers calculate and we double check"*.

Goat rearing, the main livelihood option during the pilot, has remained a coping strategy for participant households. Due to slow asset growth and irregular sales, goat rearing on a small scale doesn't offer a regular source of income. Pig rearing participants similarly experience irregular sales, although for each sale they are able to fetch a high price of Rs.9000-10000 (approx 167 USD)¹⁴; enough to cover a few months of household expenses. Cow rearing participants, on the other hand, currently enjoy regular income through daily milk sales and occasional sale of calves at a substantial price. Cow rearing was a popular option for participants with past experience, especially in communities belonging to the '*Ghosh*' caste, which are traditional cow rearing communities. The initial stages of their enterprise was far more challenging, as it required tending to the large animal for up to two years before it yielded a steady income. Instead, participants managed by continuing their earlier occupations and selling cow – dung to other community members, *"...even after getting livestock we did not get a return in straight way so I had to keep working (in the field). Now I only go to the field to collect grass for my animals."*

¹⁴Exchange rate taken as on 24.06.2013 at www.oanda.com

Since the time of graduation, households have diversified into various economic activities; land lease, which not only secures their food needs but is a profitable venture. As land is very fertile, farmers are able to grow three crops a year; paddy, wheat and jute/vegetables. The second most prevalent investment has been in a non-farm asset for their husbands, usually vans or rickshaws. Most have also utilized part of their loans to invest in poultry and other livestock. Single female heads have, however, found it difficult to diversify in multiple activities given their labour constraints. Shitala Mushahar, for example, is a widow who lives in her parents' village with her younger daughter. She chose goat rearing as her programme enterprise, and presently has seven goats and leased land. She was however unsuccessful in her attempt to diversify into poultry for regular or short term income. Instead she resorts to selling goat kids every couple of months, even though they fetch much lower prices.

As observed in other pilots (Matin, I. *et al* 2008, Huda, K. and A. Simanowitz 2010, Kabeer, N. *et al* 2012), participants that opted for petty trade were a step ahead of the rest. They were already engaged in the particular trade (basket weaving, paddy husking) albeit on a very small scale and entirely dependent on '*Mahajans*' (local vendors) that provide working capital on credit. An excellent example is that of Ananya Baid, a 27 year mother of three who hails from a traditional bamboo weaving community. Her husband was mostly idle prior to the programme, and both engaged in weaving baskets. After being selected for the pilot, they received capital to start up their own business, and ultimately a shop for bamboo products. After graduation, she took a loan for her husband to start a business of recycling old clothes. As mentioned earlier, access to Microfinance enabled to take charge of their traditional enterprise but also secure their partner's livelihoods. Prior to the programme these participants, although enterprising, were only able to break even after repaying the *Mahajans* at a high interest rate. We observed that young couples such as Ananya and her husband, under 30 years of age and with many young children, are most driven to rapidly transform their economic circumstances. The growth of their livelihoods has therefore been the fastest and most profitable.

Regular savings

Our interviews confirmed that all respondents regularly save, especially for their children's futures (marriage expenses and contingency funds). Apart from access to small loans, families draw from their

savings to invest larger amounts into arable land, other productive assets, and finally to improve their homes (from mud/thatched huts to brick houses). According to group discussions, housing is critical to their perceptions of personal progress and pride, *“Earlier all of us we lived in thatched huts with polythene covers. Now we all have proper houses”*. Towards the end of the pilot participants were encouraged to move their savings from Bandhan to national banks and post offices. Few participants reported opening Life Insurance accounts for their children, *“We have opened accounts in the hope that they start businesses. We are poor households so we cannot just depend on getting jobs”*. However, given that state sponsored Self Help Groups are not prevalent in these parts, many are currently saving in schemes provided by private financial services, but often unaware on the company they are paying into.

A recent scandal has shaken people’s trust in small savings’ schemes offered by private companies¹⁵. Yet due to the easy procedures - agents approach and request them to invest, and thereafter collect weekly deposits at their doorstep - participants continue to invest, *“The bank asks for too many documents, instead Rose Valley approached us so it was easy”*. Bandhan Microfinance on the other hand is unable to get closely involved with issues of household finances due to legal constraints (as described in Box 1). On a more positive note, Bandhan Microfinance has recently been appointed as authorized agents for the National Pension Scheme (NPS) and are proactively encouraging their clients (which includes pilot participants) to invest in the state sponsored scheme.

It must be noted that, most non – participant respondents also displayed a remarkable sense of agency – choosing to secretly save small amounts of Rs. 10 – 20 on a daily basis, at home or at the private companies from the meagre funds that husbands hand over. However, those saving at home are unable to retain these funds for too long due to a lack of financial discipline, and those saving in private schemes risk the sudden loss of their hard earned money, *“I have been saving. My husband doesn’t know. I give Rs.10 per week to a company agent who comes to collect. I think the name is Rose... I got Rs.4000 the first time which I used for medical expenses. This is my second round. But because of the scandal now I don’t know if I’ll get it– what if it shuts down?”*

¹⁵A recent scam was exposed involving chit fund companies and entities specializing in small revolving savings. The most prominent group in the scandal was Saradha Group of Companies based in West Bengal India. For further information please read related articles on a leading Indian news channel, NDTV, <http://www.ndtv.com/topic/saradha-chit-fund>

Internalizing social and health messages

Remarkably, participant respondents have retained most of the ten social and health messages taught during the pilot (nutrition, personal hygiene, early marriage, children's education, trafficking, dowry, marriage, birth and death registration, immunization etc). Once again we can witness the transformational potential of coaching, through constant encouragement, confidence building and guidance. During the course of the pilot, a transfer of knowledge and practice took place through weekly meetings and household visits. In-depth discussions on weekly group meetings and household visits, with both participants and staff, reveal the intensive nature of monitoring participants' retention of messages. This was done through question – answer rounds at the start of group meetings to recap the previous session, as well as experience sharing for motivation. Moreover, participants addressed them as 'Sir' (as opposed to dada, or 'brother) establishing a relatively formal teacher – student relationship, and with an emphasis on discipline. The following points continue to discuss the most prominent changes;

Food Security and changes in household health

A primary goal of the Graduation approach is steering extreme poor households towards a state of food security. Asset grant and subsequent expansion of regular income sources, land lease and ownership, and finally planting fruit trees and maintaining vegetable gardens, as suggested by the field staff – each of these steps have contributed towards the same. While it is beyond the remit of our research to determine whether their dietary behaviour meet minimum nutritional requirements, a similar sentiment of '*pet bhore khai*' (eat till my stomach is full) resonated across all participant households. Interviews revealed that, in comparison to non – participants, pilot households have improved their diet diversity as they are able to consume fish or meat at least once a week instead of once a month. Earlier, the sight of their children crying due to hunger was unbearable, and a matter of great shame, "*I was very ill back then and couldn't work; my son would cry so much as he was hungry but there was nothing we could do. Finally my neighbours would feel sorry and give him some rice to eat*". Respondents expressed great relief over this critical aspect of their lives, especially given their children are no longer 'going hungry' through the day. The ability to adequately feed their children has spurred a deeper motivational change,

allowing participants the mental space to focus on their children's secondary needs (to be discussed below).

According to participant respondents, a combination of a better diet and improved hygiene habits has led to reduced incidence of common stomach – related illnesses, again mainly for their children. While Bandhan was able to construct latrines for only a portion of pilot households, few households subsequently had sanitary latrines built as part of the Central Government's Total Sanitation Campaign (TSC)¹⁶. In this regard, pilot households are particular in their use of toilets and washing hands with soap, whereas many non – participants still prefer to defecate in the fields instead of using puny latrines.

Participant and non – participant respondents are particularly aware of family planning methods, mainly ligation. This is primarily due to weekly visits of Accredited Social Health Activists (ASHA), affectionately called ASHA '*didi*' (sister), who are state appointed community health workers in charge of ensuring better mother and child health (pre and post natal care, immunizations, family planning methods such as contraception and/or ligation) in rural India. Ligation operations are normally a point of contention with their husbands, who are generally opposed to the use of family planning methods. Despite such opposition, we observed that a number of Hindu respondents chose to undergo the operation in secret, although Muslim respondents were reluctant to go against their partners' wishes. KhurshidaBiwi, a pilot participant aged 34 and a mother of 8 children described, *"My husband won't allow it, he says it will taint his grave if I undergo such an operation"*.

Prioritizing Education

Education is particularly critical for breaking the cycle of inter – generational poverty. For the majority of participant and non – participant respondents, their children are first – generation learners. Participant respondents claim that prior to pilot intervention, they did not, or more aptly *could not* pay adequate attention to their children's well - being. This was a common case when both adults were working outside the home. A change of household circumstances, through hand holding, economic stability, and greater time spent at home, mothers' have been able to care better for their children and attend to their needs - education and otherwise.

¹⁶For more details, please go to www.tsc.gov.in

Here we observed that rather than school enrollment, issues of regular school attendance and continuation after primary education are of serious concern in these communities. Although interviews imply that children in non – participant households have their names 'registered' in school, respondents generally find it difficult to monitor their school attendance, and were uncertain about affording education beyond primary schools. A strong deterrent for extreme poor families, as observed, is the inability to provide after school support, i.e., private tuitions, to their children as they move to higher classes. Private tuitions are strongly viewed as an essential associated cost of secondary education, as most parents are unable to mentor children in their school work. A poignant example amongst non – participant households was that of a family struggling to buy text books and pay tuition fees for their four children, *“They don't like going to the tuitions out of shame, when we can't pay. “We want them to study and get jobs. Since my daughter is blind in one eye it will be difficult to get her married. So she needs to find a job when she's older.* Most non – participant respondents rely on their husbands' income sources, who despite earning increased wages tend to squander a portion of their income on alcohol, leaving a remainder mainly for meeting their daily food needs. Indeed, participant households invest a considerable amount of money in private tuitions – an expense that they are able to easily afford not only because of their larger disposable incomes, but due to the control that women exercise over finances and household decisions (discussed below).

Empowerment

For these individual women, the experience of the pilot has had a profound effect on their sense of identity. Since the time of joining the THP programme, participants found a legitimate reason to venture beyond their homes and their villages. Field officers, for example, encouraged them to attend skills training and subsequent refresher trainings at Bandhan's branch offices, and to travel to state owned hospitals for free healthcare, thereby increasing their mobility as well as self-confidence. Although a seemingly small event in a person's life, for many of these participants travelling solo or with other women was a definitive moment of defiance against social norms and their partners' authority. *“It was the first time that we 3 had stepped out of this village entirely on our own, without husbands. How could our husbands stop us from joining Bandhan, they had no financial strength to do so”.* This was undoubtedly the first step towards becoming truly empowered.

As a household intervention, Bandhan THP and Microfinance have actively encouraged participants to take loans to invest in partners' (male member's) livelihoods. This has naturally had a positive influence on the relationship. We may hypothesize that lowered levels of economic stress can lead to more conducive relationships. Women reported that abuse had stopped ever since their economic conditions were stabilized as men had less 'idle' time on their hands; reducing alcoholism and subsequently domestic violence, *"I would get frustrated with my children and hit them. If I told my husband, he would get frustrated and hit me. But now it has changed, because we are both busy with our activities and we can provide for our children"*. As direct beneficiaries of both the THP programme and Microfinance, majority of participant respondents have also gained greater control over household finances. This has marked an important shift in household gender dynamics, as husbands earlier tended to keep a large portion of their personal earnings to themselves.

A small group of respondents who had a pre-existing 'positive' male presence in the household (active decision-making, financial control, contributes towards child care) – are not as articulate or as confident as respondents from households with a history of male negligence and abuse. Rekha is a 45 year old pilot participant living with her husband engaged in fish cultivation. All of her children are married. Based on the advice of her partner, she recently took a loan to lease land and grow paddy, wheat and vegetables. She also clarified, *"My husband sells our products in the bazaar. I just work out of home (selling products to neighbours). I go to the fields to give him water. I'm his helper"*. Although this does not adversely affect the economic stability of the household, these women continue to have an unequal relationship with respective partners.

As studies on the Graduation approach have shown, conceptualizing appropriate measures that address the constraints of the most vulnerable populations require innovative approaches combining safety nets with ladders. Yet, while time bound interventions are attractive, it may be ambitious to anticipate drastic transformations in a short period of two to three years. Assuming the most marginalized, financially uncertain households are selected for the programme, it is crucial to recognize that these populations remain vulnerable, although less so, even after the intervention period. As such, in the absence of effective or developed state machinery to transition into, other pro – poor instruments such as Microfinance Institutions can act as the next tier of support to the poorest households. It is also important to bear in mind that not all extreme poor households are guaranteed to succeed in

entrepreneurial activities or inclined toward microfinance, and other strategies still remain to be identified.

Obstacles in the pathway out of poverty

Given the expanse and depth of poverty in India and a complex decentralized state machinery, there are exogenous factors that strongly influence the lives of rural families. While government services have witnessed gradual improvements since the early 2000s, poor districts such as Murshidabad have struggled in terms of basic infrastructure and in implementing public services and pro – poor schemes. As a Bandhan staff member explains – '*unless the (local) government takes charge, our programme will not bear fruit. After they graduate, they must continue to have a safety net to stay on the path of progress*'¹⁷.

A major disadvantage on the respondents' part is the limited access to accurate information, exasperated by a general mistrust of local government and state run service providers. While both participants and non-participants know of the major schemes that they benefit from, they are not fully aware of the range and specifics of services and schemes offered by the government. The Government of India officially mandates a wide spectrum of welfare goods and subsidies to very poor households that are Below the Poverty Line (BPL). A majority of our respondents receive Below the Poverty Line (BPL) food subsidies and certain other benefits such as housing 'upgrades' and electricity meters. Yet few were aware that they are 'entitled' to the same as registered BPL households, and reported that one is normally required to compensate *Panchayat* members (local government officials) and installation workers in lieu of 'organizing' housing and electricity. Inadequate information regarding these schemes, coupled with a reluctance to undergo convoluted and belittling procedures to claim benefits means that these households are ultimately dependent on the compassion of the local *Panchayat*.

For non – participants households, there are multiple 'perceived' barriers to services such as secondary education and healthcare. During interviews with school officials, they insisted that these populations are adequately informed about the waivers offered and the additional benefits given to Below Poverty Line (BPL) families. However, according to respondents, education gets costlier as children get older. While these households value the importance of gaining basic literacy skills and can easily access nearby

¹⁷Said in reference to Bandhan's scale up phase: The Axis Bank Holistic Assistance (ABHA) programme

primary schools, most believe that sending children to secondary education centres entails covering transport costs (secondary schools are normally situated closer to town centres) high maintenance fees, expensive text books, uniforms, and even paying donations for '*puja*' (religious events). Moreover, it is often presumed that schools function in an appalling fashion; fewer teachers in comparison to students, poor nutritional value of mid – day meals, use of brutal punishment methods and poor quality of teaching. Such perceptions act as strong disincentives, with costs outweighing any long term benefits. These costs of education, whether real or imagined, are therefore considered a 'burden'. Similarly, despite the availability of nearly free of cost health care, there are disincentives to accessing to state run clinics and hospitals. The main reasons cited are; long distance, ill behaviour of doctors and nurses, short opening times and long queues. On our visit to the Public Health Clinic at Shargachi, we observed that the entire clinic was being run by one nurse, two part time doctors, and a sweeper. Due to such gross under-staffing, they have no option but to remain closed 3 – 4 days a week.

All in all, participation in the THP programme have made households better aware of available services, and in particular helped to dispel some of the negative notions regarding the state. Yet, in practice, some habits have been harder to break. Like non – participant households, participant respondents tend to approach local 'quacks' or traditional healers as they sit in the vicinity and are available at all times. The hospital remains a last resort, where patients are taken to only when their conditions worsen without any respite.

Box 2: Lessons for Bandhan's scale up phase

Bandhan, in light of lessons learned from the pilot phase, were quick to incorporate changes in to their scale up initiatives supported by The Dell Foundation, Bill and Melinda Gates Foundation and the Ford Foundation: The Axis Bank Holistic Assistance Program and Targeting the Hard Core Poor. Bandhan hopes to reach 50,000 households by the end of five years. The major shifts in programme design were;

- Changes in selection criteria to include only single women (abandoned, divorced, widowed) under the age of 60 years.
- Larger budget for asset grant and livelihoods development as economic stability is considered key to holistic transformation.
- Focus on financial inclusion by way of financial literacy trainings and organizing transfers of savings into Post Office or formal bank accounts at the end of the program.
- Participants must meet 75% of sixteen "graduation" indicators by the end of the programme.
- Focus on enabling access to state benefits, by ensuring participants receive their voter and ration cards by the end of the programme.

enterprise. Other participant households appear equally determined for their girl children to complete matriculation, but their primary concern remains a timely marriage to suitable grooms. This is largely due to a fear of social stigma, which their husbands candidly expressed, *"We need to get them married at 18, after that it will be difficult to marry them off. Our sons can study as much as they want – I would like to see that."*

Amongst non-participants, respondents with school going children perceive education as a useful strategy for keeping their young girl children occupied while also gaining basic literacy skills, which eventually act as a criterion for attracting better, more educated (therefore more likely to be financially stable) suitors. However in communities that are largely illiterate and poorer, girls attend school until they are 'old enough' to be married (as early as fourteen years) while boys are expected to start working soon after adolescence, *"Over here girls study till class 10 and boys study till class 7 - 8. Boys have to start working but girls have nothing else to do so they study. After class 10 they get married"*¹⁸. The practice of dowry also remains prevalent in all communities as it is a widely accepted practice; there's a notion that dowry must be paid in order to get suitors from financially better off households. *"Sir had told us to complain to the police if anyone demanded dowry; but if we don't pay dowry our daughters wouldn't be married at all."* Although aware of legal stipulations, most households still fear the backlash of going against greater social norms rather than against the law.

Section 5: Conclusion

The THP programme gave participants the entrepreneurial skills, capital and the confidence to initiate a process of socio-economic change in their households. Although economic transformations are easy to capture, other processes are more subtle and incremental. THP pilot can be hailed as a key turning point in their lives, but a timely transition into microfinance enabled them to sustain this new energy and enthusiasm for business, and achieve their financial goals. This path to economic stability has been critical for altering equally important aspects of their lives that influence their present and future decisions, and inter – generational transmissions of poverty - such as food security, children's well-being, health and hygiene, relationships amongst family members, self-confidence and mobility. Graduation into microfinance therefore has high potential, but for a limited target population.

¹⁸The school grades/classes are not mentioned on the basis of accurate knowledge. Illiterate respondents are normally poorly informed about corresponding school grades/classes for different age groups

Considering a diversity of participant preferences and strict current eligibility criteria for becoming microfinance clients, implementing organizations can help identify alternative pathways or strategies such as joining cooperatives or optimally investing savings in productive activities.

The path to economic stability is not an easy one, and is marked by a series of enabling and disabling circumstances that participants have to respond to. While pilot households have been given concrete ladders to emerge out of their desperate economic predicament, they nevertheless exist in a context of systemic and engendered extreme poverty that continues to manifest in various forms. Thus removing ultra-poverty requires societal shifts. Deep – rooted normative practices that are detrimental to entire societies require long term awareness education, and strong implementation of laws at the community and regional level. Participant households have undoubtedly crossed their first set of hurdles, but are yet to overcome oppressive social and political structures that thrive on a power imbalance.

The graduation approach, in particular, displays potential for instilling the first seeds of change, as also seen in other pilots (Kabeer, N. *et al* 2012, Sengupta, A. 2013) Apart from larger disposable incomes, a number of productive assets and better household hygiene, a key point of distinction between participants and non – participants that is not captured by impact indicators is the visibility and voice that participants have gained within the household and in their community, as a result of the intervention. In a deeply patriarchal society, they perceive the change or ‘impact’ as a significant achievement, and fundamental to keeping the momentum of working towards a secure future. Although the most direct outcomes of sequencing the asset grant, skills training, consumption stipend are to stabilize incomes, developing an asset base and cash reserves in a span of 24 – 36 months, coaching leads to the more gradual outcomes such as changes in women’s participation in economic activities, their mobility, networks with other extreme poor women, self – confidence and finally household gender dynamics, that prove critical to future planning and better economic decisions. In a day and age when access to knowledge is democratized and empowering, detailed knowledge of their rights and entitlements can be instrumental for increasing accountability of local leaders towards the poorest and most marginalized populations. It is these subtle transformations that need to occur for households to truly ‘sustain’ their positive trajectories, and succeed in fully overcoming their daily challenges.

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