

Poverty Reduction and MDG Localization: a case study of the IGVD Programme in Bangladesh Naomi Hossain & Nehreen Zahra

Background

Context

The Income Generation for Vulnerable Group Development (IGVD) programme supplements the government's Vulnerable Group Development (VGD) programme, which in turn emerged out of a government feeding programme, Vulnerable Group Feeding (VGF) programme, established in 1975.¹ The social context at that time included wide public sympathy for the post-conflict condition of poor and vulnerable women, many thousands of whom had lost traditional sources of male protection during the 1971 war of independence (Kabeer 1989). Economic crisis led to famine and mass popular disillusionment led to political crisis, culminating in a series of coups and military rule which lasted till 1990. Food aid had to date been used to protect the urban middle classes, so by targeting the rural poor the VGF programme represented a shift towards more pro-poor food security policy. After further coups and a change in government from 1982, the VGF programme began a reorientation from relief to a focus on development, now to be called the Vulnerable Group Development programme (see Attwood *et al* 2000). Influences behind this reorientation included that by the 1980s, donors were discouraged by the slow pace of progress on poverty and pushing for a stronger poverty focus and more development orientation in food security policies. At the same time, NGOs had demonstrated success with micro-credit, linking relief and development and working directly with poor rural women: donors were also pushing for more space for NGOs. It was in this context that BRAC (Building Resources Across Communities) was approached in 1985 to help orient the VGD programme towards sustainable development.

Rationale

The original rationale behind the VGF programme was to reorient food security policy towards the poor, away from the traditional focus on protecting the politically powerful urban population. In 1975 factors supporting change included that the new military ruler was comparatively insulated against pressures from organised middle class groups. Lessons from the famine were also influential: officials and politicians recognized that mass food insecurity seriously damaged regime legitimacy, while donors learned that public food stocks were precarious and in need of further donor support, and that food aid needed to be targeted to the rural poor (see Attwood *et al* 2000; also Chowdhury and Haggblade 2000).

The change in title and reorientation in the early 1980s were nominal until BRAC was approached by the UN-funded World Food Programme (WFP) in 1985 to develop an intervention with a stronger development focus. The rationale behind BRAC's pilot project included that it was necessary and possible to work directly with women, as traditional sources of male protection had been significantly eroded: such an approach was still uncommon in the 1980s. BRAC had also learned to link relief and development activities through its experience of linking feeding programmes to functional education

¹ A programme bearing the VGF title still exists, supplying foodgrains to poor selected poor households during crises and the lean season.

for women in Jamalpur and Rangpur during the floods and famine of 1974-5, with support from UNICEF and Oxfam.²

How the project was formulated

The IGVGD programme evolved on the basis of learning and adaptation, including through close monitoring, research and evaluation. This emphasis on learning and evolution in programme design is characteristic of BRAC programmes, and is recognised as key to its successes. Research into poor people's constraints was from the outset important to programme design. In the 1970s, BRAC staff spent weeks at a time observing how poor women manage their livelihoods.³ By the mid-1980s, BRAC research was showing that the poorest women were not participating in micro-finance programmes, partly because of chronic food insecurity. VGD food aid was identified as a starting point for addressing the needs of ultra poor, as it could provide support during the period of training and micro-enterprise development (Halder and Mosley 2004).

The most important feature of the project formulation process was the initial pilot project, through which 1000 women were trained for 2 years in different income-generating skills. At the end of this period, most were able to use these new skills to earn close to what they had received through the food grain subsidy. BRAC worked with the Ministry of Relief and Rehabilitation to replicate this strategy, and an agreement was reached between the Government of Bangladesh, WFP and BRAC to implement the IGVGD programme from 1987 (Sattar *et al* 1999). The programme continued to evolve, with micro-credit being added as a component in 1989 (Matin and Yasmin 2004).

Key elements of the project

Target Beneficiaries

The IGVGD programme targets destitute rural women who have little or no income earning opportunities. Eligibility criteria include:

- Being widowed, separated, deserted, divorced or having a disabled husband
- owning less than 50 decimals of land
- lacking a regular or adequate income (set at Tk.300 per capita per month, or about a quarter of the World Bank 'dollar-a-day' poverty line)
- the household depends on wage labor for at least 100 days per year
- lacking productive assets
- not being a member or beneficiary of other development programmes or NGOs.

In addition to the above criteria, preference is given to participants who are able to participate in training, income-generating activities and social development activities. The programme has further focused on women of child-bearing age since 2000 (Halder and Mosley 2004), as the Government of Bangladesh established old age and widows' allowances during the 1990s. To date, the programme has reached more than 2 million women throughout the country.

Areas from which beneficiaries are to be selected are determined on the basis of food insecurity and vulnerability maps prepared by WFP with the Planning Commission. To make the development

² The details of the origins of the IGVGD pilot are from an interview with the founder and current Chairman of BRAC, F.H. Abed, conducted in 2005.

³ Personal communication with F. H. Abed.

package feasible, priority is given to very poor communities, to ensure there are at least five women in each village. To prevent against bias or leakage, committees at different levels of the system participate in beneficiary selection, with women representatives playing a more important role since the 2000s. Beneficiaries are expected to satisfy at least the first three of the six eligibility criteria. While there are concerns about the extent of bias in beneficiary selection, most evaluations suggest that beneficiaries usually meet eligibility criteria. However, concerns arise because even eligible beneficiaries are not always the very poorest, and many acquire cards through personal connections with local government representatives, while women who lack such connections may be excluded. This helps to explain why there is so much local discontent about who gets excluded, even while most local people recognize that most beneficiaries are genuinely needy. This also reflects the serious challenges faced by a social protection programme having to select poor beneficiaries in a context in which there are many more poor eligible poor women than the programme can provide for (Hossain 2006).

BRAC then selects between 80 and 90 per cent of the VGD participants for the IGVD programme. The physical and training demands of IGVD programme membership mean that it is usually the oldest and least fit women who are excluded. The process of selection is also closely but informally scrutinized by the community and formally by the relevant committees, NGO partners and monitors from WFP and the ministries.

Geographic coverage of the project

IGVD is a national programme, spread across 296 upazilas (sub-districts; there are 464 in total) designated as among the most food insecure regions, according to the Vulnerability Analysis and Mapping system. WFP and other donors target their resources to areas designated 'very highly' or 'highly' food-insecure, while some of the resources contributed by Government go to areas which are less food-insecure, but within these are targeted to women vulnerable to food insecurity. A minimum of five women must be selected from each village to facilitate delivery. If all villages cannot be covered in any given cycle, those left out are included in the following cycle (Del Ninno 2000).

Project Activities

Once selection has taken place, a series of bureaucratic directives is delivered from the coordinating Ministry of Women and Children's Affairs to the Directorate of Relief and Rehabilitation, down through to the sub-district implementing officials, and further down to the local councils, where actual distribution takes place. Grain is typically delivered on the same day each month.

Officially, all VGD members, including IGVD participants, are supposed to receive 30 kgs of wheat grain (or rice and wheat) each, for an 18 month period. This food ration is considered vital to the success of the IGVD programme because it gives recipients the 'breathing space' or 'window of opportunity' afforded by a minimum level of food security, which then enables them to deposit weekly savings, participate in training activities, and begin to plan their livelihoods (Halder and Mosley 2004; Matin 2004).

Training is then provided on income-generating activities that require low initial capital outlays. After an initial experiment with sericulture, for which marketing proved difficult, the main focus has been on poultry-rearing. An important area of success here has been the strong partnership between BRAC

and the Livestock Department of the Government of Bangladesh (GoB), which supports participants with training, free vaccination and other veterinary services free of charge.

Social development is channeled through members' participation in weekly Village Organization (VO) meetings organized by BRAC staff, consisting of between 25 and 30 members of BRAC's microfinance programmes. These group meetings play two roles: they facilitate savings collection, with each participant expected to save at least Tk 25 per month; and they provide the group with a space in which to discuss social issues, domestic and enterprise problems. Other training in social and legal awareness also takes place, and members have access to the benefits of BRAC's healthcare programme, including preventive, promotive and basic curative care services.

After 6 months of training, participants receive the first of two loans. They are expected to supplement these loans with their accumulated savings in order to start enterprises. Loans are repaid over 45 installments, so that by the end of the cycle of free food grain transfer, most participants will have taken the important step of having paid off their first loan, and to have received their second. By the end of their programme cycle, IGVGD participants should be in a position to access and use mainstream microfinance services.

Impact or outcomes

Impact assessment studies in the early 1990s uncovered modest positive impacts on income and a significant degree of income diversification, suggesting reduced vulnerability. The women had also acquired assets and goods, some awareness of rights and social issues, and a greater capacity to participate in NGO programmes, particularly among married women (see Halder and Mosley 2004). Qualitative studies found that social indicators had improved, and a notably greater tendency to invest in children's education (Sattar *et al* 1999).

In the 2000s, impact assessment of the VGD programme (note between 80 and 90 per cent of these are also members of the IGVGD) analysed panel data (surveys of 400 VGD participants at the beginning of a cycle, in the middle, and three years after - 1994, 1996 and 1999). The analysis found the following positive changes in beneficiaries' lives and livelihoods:

- Less landlessness
- Increase in homestead land ownership
- Decline in begging
- Rise in dignity and social status within the community
- Some savings had been made
- Increased ownership of basic household goods
- Slight rise in income (the highest point was immediately after the programme ended in 1996)
- Two-thirds of IGVGD graduates (note: a subset of around 90 per cent of all VGD beneficiaries) had joined micro-finance programmes.

Less positive findings included that around one-quarter of VGD participants could not cope once the food aid part of the programme was over, and reaped no gains from the development part of the programme; they were hoping to reenter the programme to receive food aid again. And some one-third of IGVGD graduates had not joined micro-finance programmes.

In a survey that is not nationally representative or representative of later cycles, but which reflects actual conditions in survey areas, Webb *et al* found that a majority of IGVGD participants neither a) take up all parts of the package nor b) intend to participate in all parts of the programme when they

join. They find a significant gap between the hopes and constraints of participants and the expectations of program planners on the other (Webb *et al* 2002). This gap suggests important differences in attitude towards the programme by local government officials and some programme beneficiaries on one side, and NGO and donor agency staff on the other (Hossain 2006).

An additional important impact of IGVD is that it has demonstrated how it is possible to enable access to micro-finance services by very poor women who would probably not otherwise have done so (see Hashemi 2001). An estimated 1.5 million women have to date accessed micro-finance services, who were otherwise unlikely to have done so.

A sense of the scale of the programme can be gauged from the following: in 2006, 518,000 VGD beneficiaries were selected, of whom 466,000 were later selected for the IGVD programme. Of these women, 99 per cent received training and 67 per cent went on to take loans under the micro-finance programme. A total of over Tk. 2 billion (almost US \$32 million) was disbursed in loans during that year.⁴

Total project cost

The cost of service to IGVD clients includes all contributions in cash and kind from donors and the GoB. Funding for the programme is received from the Donor Consortium⁵, WFP, BRAC and the GoB.

The following table shows the proportion of financial allocation that reaches each beneficiary. Column A shows the value of the food aid, Column B shows the cost of training and Column C shows the operating cost (found by deducting the values in Columns A and B from the total in Column D).

Table 1: Proportion of Financial Allocation by Component of IGVD Programme

<i>USD per beneficiary</i>			
Transfer A	Training B	Operating Costs C	Total Allocation D
8.48	10.32	1.68	20.48
41.41%	50.39%	8.20%	100.00%

Source: MIS data, IGVD programme

A review study conducted in 2004 showed that the mean increase in the net income of IGVD women was nearly Tk.12,000 (200 USD at the exchange rate at the time of study). It also found the returns on investment (RoI)⁶ to be around 88 per cent (Posgate *et al* 2004).

⁴ Data from BRAC's IGVD records.

⁵ Donor Consortium includes DFID, EC, CIDA and NOVIB

⁶ RoI is found by dividing the mean increased net income over a cycle by the financial allocation per beneficiary (unit cost).

Project management

Implementing agency

As mentioned before, the IGVGD programme is a joint collaboration between the GoB, the UN-funded World Food Programme (WFP) and BRAC, the largest NGO in Bangladesh. The Ministry of Women and Children Affairs (MOWCA) is in charge of the central planning and for preparing the Government Order (GO). The GO in turn is issued to the Relief and Rehabilitation Directorate (RDD). The District Relief and Rehabilitation Officer (DRRO) is in charge of district level coordination for the implementation of the VGD programme. An outline of roles and responsibilities is in table 3 below.

Table 2. Major actors and their role in the IGVGD programme	
Partners	Roles and responsibilities
Ministry of Women and Children's Affairs	IGVGD beneficiary selection Arrange funds for training Extend administrative support Monitor programme progress
Directorate of Relief and Rehabilitation	Allocating and distributing food aid Extending administrative support
World Food Programme	Provide food aid Arrange funds for training Monitor programme progress Coordinate between GoB and BRAC
PKSF and other banking institutions	Provide credit funds
BRAC	Development and implementation, including <ul style="list-style-type: none"> - Arrange income generating activities and social awareness training - Provide credit and sector support - Savings management - Follow-up, supervision and monitoring - Mobilise donor funds for training - Research and evaluation

Source: Matin and Yasmin 2004

Monitoring and evaluation

Government and WFP assume responsibility for programme monitoring through reviews of BRAC's monthly and quarterly reports. BRAC supplies these on the basis of its internal MIS and reporting systems. BRAC documents and accounts are open and training and credit funds disbursed to BRAC under annual external audits by chartered accountants appointed by WFP on behalf of donors, as well as regular internal audit procedures. WFP staff also conduct field visits to spot-check programme progress. External reviews and evaluations take place regularly, while BRAC's independent and

internal Research and Evaluation Division undertakes periodic research on various aspects of IGVGD. Evaluation of the IGVGD programme has been an important element of the learning about what has worked and what has not.

Challenges and how they were overcome

A significant challenge the IGVGD programme has faced is that despite its impressive achievements in reducing vulnerability and poverty, a significant proportion of beneficiaries make less progress, and around one-third do not succeed in engaging in mainstream micro-finance programmes. The key lesson from this is that some of the very poorest need additional and more intensive forms of support if they are to move sustainably out of extreme poverty. This includes careful selection as well as more intensive mentoring and support for developing enterprises as well as stronger social and health support. The central new project in BRAC's Challenging the Frontiers of Poverty Reduction/Targeting the Ultra-Poor (CFPR/TUP; from 2002) programme takes these lessons and translates them into a carefully sequenced set of interventions. After a successful pilot phase, the CFPR/TUP programme is now expanding to 40 districts to cover 800,000 ultra poor households.

In the process of scaling up during the 1990s, BRAC had to rapidly expand its network of offices and staff in order to implement the programme in new areas. When the Ministry of Women and Children's Affairs took over programme management from the Ministry of Relief, the programme also faltered as the new ministry lacked a substantial presence in many sub-districts. Eventually, this challenge was overcome as the Relief and Rehabilitation Directorate continued its role in areas where the new lead Ministry. Enabling this involved a considerable amount of inter-ministerial and inter-agency coordination (Matin and Yasmin 2004).

More recently, a significant risk has emerged in the form of Avian Influenza. As a member of National Bird Flu Prevention Committee, BRAC has developed a full-blown Avian Flu prevention strategy. This includes collection and dissemination of information about prevention strategies used elsewhere, deployment of "disease surveillance teams" comprising of 40 staff members who collect samples of bird droppings to be tested in Government laboratories, training of wet market chicken traders in Dhaka city and other awareness-building activities for farmers and hatchery owners. So far, BRAC staff have collected 14,000 samples of bird droppings, provided awareness training to 15,000 farmers in "hot spot" areas and printed and distributed 100,000 leaflets and 30,000 posters to raise awareness about the disease.

Differences between the key partners have also occasionally challenged the programme. These differences include beliefs about the proper objectives of the programme: while WFP and BRAC emphasise the developmental aspects of the VGD/IGVGD partnership, local government representatives tend to emphasise the food aid aspects, as distribution of government food aid is an important feature of the role of local politicians; a similar difference exists around the purpose and management of savings (Matin and Yasmin 2004). These differences create different imperatives for beneficiary selection (see Hossain 2006). Differences also arise around different timetables, which are important because of the careful, time-sensitive sequencing of the programme elements.

Partnership challenges have been addressed in different ways. During the pilot phase of the IGVGD programme, a newspaper broke a story about BRAC taking money from poor women and making them work for their food aid. While initially at least a public relations disaster for BRAC, this finally forced them to interact more closely with the relevant ministries and resulted in a stronger relationship with the Relief Ministry (then in charge of VGD). Collaboration with Government remains challenging, however, and BRAC's CFPR-TUP programme was partly developed to design a programme with ultra poor women over which BRAC has more control. At the same time, however,

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some parts of the Government-BRAC partnership, notably with the Livestock Ministry, have been mutually beneficial and resulted in improved services on both sides (Matin and Yasmin 2004b).

Leakage and corruption have been concerns, and management of VGD beneficiaries' savings shifted to BRAC from local government representatives in 1998, leading to initial obstruction by some councils. While the extent of food grain leakage has been a subject of some debate (see Hossain 2006 for a discussion), there have been recent efforts to tighten up on grain distribution processes in the VGD programme. This includes the use of standardised containers with amounts clearly marked, following the recommendations of a study which documented processes of leakage.⁷

Lessons learned

Success factors

A key success has arisen from BRAC's emphasis on evolving programme design on the basis of learning and evaluation about what works. Learning from doing and close, regular monitoring and evaluation are key principles of BRAC's approach. As noted above, BRAC learned about the need for a stronger relationship with key ministries after an initial public relations disaster. Adaptations in the programme activities and process, including the introduction of micro-credit, also resulted from close attention to the implementation process and its results.

The role of champions and support

The Government of Bangladesh have been vital supporters, through their continued support for the food aid, and the space they have made for BRAC to strategically link up with the VGD programme. As is appropriate, BRAC has constantly sought to emphasise that the VGD programme is a Government programme, and that local government representatives are crucial to the programme. This has helped to establish the norm that the government is responsible for trying to support the poorest and most vulnerable with food aid. The Government of Bangladesh has demonstrated that it can manage this important task.

The role of WFP in supporting the Government's VGD programme, and then in supporting the innovation of the IGVGD programme, has also been crucial. A feature of this support has been WFP consistent stress on the development and gender equity dimensions of the programme, pushing to align the programme towards these goals.

Justification for the good practice

There are three key reasons for viewing the IGVGD programme as an example of good practice. First, the IGVGD represents a case of successful Government-NGO partnership, which demonstrates how the advantages of both can be harnessed. In particular, it brings together the advantages of targeting undertaken by local government representatives with the additional monitoring and community knowledge afforded by BRAC, which ensure the targeting and distribution of benefits remain reasonably fair and closely monitored (Hulme and Matin 2004).⁸ Partnerships of this kind are

⁷ Akhter *et al* 2004. Information on actions taken to reduce leakage is taken from an interview with Aldo Spaini of the WFP in Dhaka in 2006.

⁸ These issues, including debates about leakage and corruption in the programme, are discussed in Hossain (2007).

frequently challenging, however, particularly when delays result from differences in administrative timetables and capacities between the partners. In the case of IGVGD, these have usually been overcome, and there have been some valuable and mutually productive lessons for both partners (see section on challenges).

The second reason IGVGD is good practice is that it shows the possibilities of bridging the gap between welfare and development programmes to reach the ultra poor: relief in the form of food aid has been vital in giving the ultra poor that 'critical push' - the skills and the support - to build more sustainable livelihoods. For a majority of this group, this has also meant the chance to access resources such as micro-finance more effectively: in the view of one expert writing in 2001, the creative linking of micro-finance to a safety net had meant that more than 600,000 destitute women accessed micro-finance services who would probably not otherwise have done so (Hashemi 2001). The numbers of those who accessed micro-credit have risen considerably, with over 300,000 women taking loans in 2006 compared to fewer than 40,000 in the early 1990s.

The third reason IGVGD represents good practice is that there was strong commitment to learning and evaluation throughout. The lessons from the IGVGD have supported improvements and extensions to the original model, and have also fed into the design of other programmes for the ultra poor, in particular BRAC's Challenging the Frontiers of Poverty Reduction (CFPR) programme, which is a multi-dimensional programme to tackle concentrations of extreme poverty in Bangladesh, described below.

Potential for scaling up/ replication

The IGVGD programme experienced a success, rapid process of scaling up during the 1990s, demonstrating the great potential for scaling up. Since 2001, BRAC has incorporated lessons from the IGVGD programme to develop new programmes targeted to the ultra poor. An important lesson was that there were distinct groups among the highly differentiated rural poor, usually the poorest of the poor, who were unlikely to be selected as VGD beneficiaries or to become mainstream BRAC micro-finance programme members. BRAC had also learned from the IGVGD experience that a carefully sequenced programme of interventions designed both to support and to build capabilities to earn and save, could work for the ultra poor. The key elements of the programme are asset transfer, a stipend, close training and support, health care, and a social support network over an 18-month period, followed by less intensive support. The CFPR programme is now in its second phase after a successful pilot programme which is currently being considered for replication in Haiti, Pakistan and India.

References

- Note on sources: this paper draws heavily on earlier studies of the IGVDG programme by Imran Matin (2003 with David Hulme, 2004 and 2004 with Rabeya Yasmin) and by Naomi Hossain (2006).
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Annex A: The IGVGD Programme At A Glance

Sl. no.	VGD session	Total no. of VGD cardholders brought under development package	Total no. of trained cardholders	Total no. of borrowers	Total loan disbursement (USD)
1	1988-1990	41,792	40,744	15,319	202,963
2	1990-1992	60,391	57,929	37,151	679,496
3	1992-1994	107,594	105,504	79,834	2,302,590
4	1994-1996	192,596	185,096	178,933	7,497,957
5	1997	248,469	248,129	169,206	3,223,634
6	1998-1999	304,084	284,689	164,533	3,375,693
7	1999-2000	285,817	284,072	190,256	10,905,724
8	2001-2002	264,510	258,500	184,796	10,340,829
9	2003-2004	292,200	291,149	197,563	14,338,836
10	2005-2006	466,200	463,557	313,096	31,748,886
	Total	2,263,653	2,219,369	1,530,687	84,616,610

Source: IGVGD proposal for 2007-2008 cycle, BRAC

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