

Working Paper in preparation

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Exclusion and Poverty:

An analytical approach for understanding exclusion
and assessing programs targeting the very poor in Bangladesh

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May 2007

This paper is one of the outputs of a research undertaking by the Economic Research Group in collaboration with the Research and Evaluation Division of Brac, and with financial supports from the Aga Khan Foundation. The sponsored activities included an exercise on NGO mapping supported by analytical probing into the concept of exclusion, and a follow-up empirical query on selected targeted programs. The ideas expounded in this paper evolved out of interactive engagements amongst several individuals within ERG and RED-Brac.

Section 1 Introduction

1.1 Entangled Concepts and Practices

Government and non-government agencies have traditionally engaged in addressing exclusion by targeting services toward those who they deem as deprived. In Bangladesh, examples of such programs range from relief supports for the victims of natural disasters, health and sanitation services, microfinance for rural women, legal services for establishing citizens' rights and good governance, and more recently, programs for the 'hardcore' poor who are considered left out of 'regular' programs. Clearly, all these programs have well defined targets, for example, residents of flood affected areas; rural women without a minimum level of assets; retrenched workers from state-owned enterprises, rape and acid victims, and the very poor identified in terms of some observables. All such programs were presumably designed on the assumption that the target groups were outside the scope of (or, excluded from) regular (or, specialized) service delivery network - where the services were provided by either the state, the private sectors, or NGOs. The success of many of these programs suggests that exclusion is not a static phenomenon, since 'success' implies 'inclusion' of individuals and groups who were otherwise (without the programs) 'excluded'. In other words, the rationale for putting up a program for the excluded (and the latter's success) suggest that the programs can reach the 'excluded' ones, rendering exclusion less rigid than often considered in knowledge domains rooted in culture and society. This premise of rather flexible 'exclusion' is the basis of our query into the analytics of exclusion, subsequently used for assessing programs targeted for the hardcore poor, which is a special case of multi-dimensional exclusion.

Concerns with exclusion surfaced in various forms, and have often inspired development practices. In academic literature of the more recent times, Richard Lenoir introduced the term 'social exclusion' (in 1974) in the context of France. He defined the socially excluded as those who did not have access to welfare programs run by the state; and

primarily addressed the exclusion of physically and mentally disabled. Reference to exclusion may also be traced in earlier literature – for instance, Adam Smith mentioned of the inability of some people to “appear in public without shame” as a form of deprivation (Sen 2000). In all such references, the concern was with social exclusion; and the latter is widely perceived to belong to the domain of sociologists. When economists engaged in development discourse on exclusion, they dealt with poverty and deprivation, not always resorting to the basic tools in economics. There is however a literature on ‘economics of exclusion’, which surfaces primarily in the context of competition and anti-trust laws in the context of developed economies.¹ The present study takes a more pragmatic approach, and confines to narrower economic concepts to define exclusion²; and the analytics thus developed are used to assess programs for poverty reduction, particularly those targeting the hardcore poor.

Poverty and exclusion are viewed to be closely related. Often they are perceived to be overlapping and at times even indistinguishable. It is however recognized that there are instances of exclusions, which exist in the absence of poverty; and there are instances of poverty, which may not be rooted in social exclusion. Once the concept of exclusion is broadened beyond social exclusion, one may hardly find an instance of poverty, which is not associated with some form of exclusion. Such a concept of exclusion is broad enough to include deprivations, and can be shown to provide new insights into our understanding of poverty and inequalities in the society. This would also lay a basis for programs targeting the extreme (hardcore) poor, which has largely remained overshadowed by discourses on ‘targeting’.

¹ Cartels create entry barriers which lead to exclusion of potential firms from entering the market. Antitrust laws are designed to prevent such formation. For details, see John E. Lopatka and William H. Page, antitrust on Internet Time: Microsoft and the law and Economics of Exclusion., in Ernest Gellhorn and Nelson Lund edited, volume 7, Law and Economics, 1999.

² As will be evident in the following sections, the term exclusion is used in this paper to encompass all forms of exclusion, including social exclusion.

1.2 Issues and outline of the Paper

Although there have been extensive studies on poverty in Bangladesh, there is no comprehensive study on exclusion. The initial task of the research undertaking was to map exclusion and programs for the excluded in Bangladesh, which soon led into conceptualizing exclusion. This paper is an attempt to compile some of the thoughts on exclusion and offer a conceptual framework that facilitates the understanding of exclusion.³ The paper also looks into several programs for the hardcore poor. It is proposed that the study of exclusion and our search for understanding poverty have overlaps, and the currently perceived relations between the two concepts may be further fine-tuned. Thus, the first part of the paper (Section 2) develops the analytical framework of exclusion, taking cue from a brief survey of literature on the subject. For obvious biases, the scope is confined to the spheres of economics.

Actions in the real world are often rooted in pragmatism, and program assessments have had biases towards evaluating program impacts on outcome variables, often marginalizing the process elements. When a discussion on process is included, it is very often packaged in social, cultural and political terms – and the economics of it is ignored. The economics literature on targeting bring to fore the economic spaces over which programs may be located to better reach the very poor. Such exercises come very close to identifying spaces from which some segments of the population are excluded from and the characteristics of the population that are close correlates of such exclusions. However, for compulsions of running programs, much of our efforts are spent in fine-tuning targeting on the basis of empirics. With a view to recast the issues within a simple analytical framework developed in Section 2, the paper outlines the ways to implement the latter in enhancing our understanding of the ‘hardcore poor’ and the programs aimed at reaching them – these are dealt with in Section 3.

Section 4 identifies a select group of programs and presents case studies on them with a view to understand the relations between program design and their impacts. No attempt is

³ The ideas developed in this paper evolved out of a series of meetings and correspondence amongst several members of the ERG-RED research team.

made to undertake collection of primary data, nor has any quantitative exercise been undertaken to assess impacts. The assessments are done on the basis of common understanding of the program impacts drawn from the case studies and available research materials. The concluding section (Section 5) summarizes the discussion and suggests future research areas.

Section 2

Understanding Exclusion as an Analytical Category

2.1 Brief Literature Review

It is commonly recognized that ‘social exclusion’ in the literature is rooted in social concerns in the developed (western) societies. Thus, a common thread in the recent literature on exclusion in developing countries is to redefine the originally western concept of exclusion for the developing world (e.g., Ruhi Saith 2001, Sen’s introduction, Naila Kabeer). The contributors argue that the dynamics that determine exclusion in the developed world are different from those that determine exclusion in the developing world.⁴ In the search for finding new meaning to exclusion in developing countries, one obviously encounters poverty and is compelled to engage in finding meaningful ways to relate poverty with exclusion.⁵ Sen (2000) views social exclusion from a relational perspective. To Sen, poverty is capability deprivation, i.e. the lack of capability to live a minimally decent life, while social exclusion is both a constitutive part of capability deprivation and an instrumental cause of capability failures. Kabeer (2000) focuses on the exclusionary effect of institutionalization; and deals with the creation of relational differences, which is important in understanding the process of exclusion. Following Sen, Osmani (2003) considers social exclusion as a part of poverty. When poverty is defined in capability perspectives, exclusion only adds the relational aspect that enriches the

⁴ Historically, exclusion from welfare services has dominated the exclusion literature in the west. Saith (2001) points to the fact that the differences in the social security arrangements between industrialized and developing countries require an alteration of the concept. A part of the more recent literature use this as a point of departure and argue why the welfare services is not a topic for exclusion in developing countries.

⁵ This is in contrast to views upheld by Spicker (1998) that clearly distinguishes poverty and social exclusion by defining the first as a lack of resources and social exclusion as a lack of relative levels of social networks.

analysis of poverty.⁶ Osmani draws upon Sen's broad explanation of exclusion to investigate on who are excluded and why; where exclusion is explained in terms of poverty.

Nevile (2007) argues that Sen's concept of social exclusion assists researchers to tease out the complex, interconnected factors pertinent to particular experiences of chronic poverty.⁷ He summarizes Sen's contribution in the following three areas: (i) Social exclusion is only a subset of poverty and it is only one of a number of reasons why an individual is unable to obtain adequate basic capabilities. This allows for other factors (such as, unfavorable inclusion) to cause poverty as well. (ii) Sen's distinction between forms of exclusion (or, unfavorable inclusion) which are in themselves a deprivation and those which are not necessarily negative but which can lead to deprivation allows the researcher to elaborate the causal chain. (iii) Sen's analytical distinction between active and passive forms of exclusion (and unfavorable inclusion) is useful in determining an appropriate policy response⁸. Nevile opines that "the concept of social exclusion does have something to offer those interested in the analysis of chronic poverty in developing societies".

There is a large body of empirical literature on exclusion. However, much of these studies usually focus on a single cause or dimension of exclusion, and are partial – some looking into dimensions (such as employment, education, health, housing etc.) where from people are excluded, while others focus on causes of exclusion. Spicker, for example, looks only at transportation as a cause of social exclusion, while Arthurson and Jacobs (2003) focus on exclusion from housing. Several studies on disability, gender, education and access to social services analyze these particular dimensions of exclusion only. When identifying areas from which individuals are excluded, many authors (e.g. Figueroa 1999) distinguish between economic, social and political spaces. But the latter

⁶ Osmani recognizes at one point that individuals are often excluded independent of poverty. He does not however delve in reconciling this with his earlier assertion that 'social exclusion is a part of poverty'.

⁷ Nevile, Ann "Amartya K. Sen and social exclusion", *Development in Practice*, Volume 17, Number 2, April 2007.

⁸ Interestingly, Sen's deliberations on 'passive' and 'active' forms of exclusion are set in the context of policy objectives and outcomes, rather than on natural response of various agents in the society. This aspect will be discussed later.

set of literature discusses mainly the outcome indicators of exclusion and the policy implications.

Country specific studies (e.g., Saunders 2003) suggest that the concept of exclusion should be incorporated in the measurement of poverty and policy formulation. The problem with country specific studies is that the indicators of exclusion vary depending on the unique socio-economic context. The indicators used in Saunders, such as inability to invite friends over once a month, are hardly applicable for a country like Bangladesh. More importantly, 'indicators' suitable for monitoring are not necessarily suitable for understanding the process, and the latter is necessary for *ex ante* decisions on program designs.

The definition of exclusion that one may adopt from the literature is aptly captured in Chakravarty's (2003) discussion on social exclusion: 'a person is excluded if he/she is unable to participate in the basic economic and social activities of the society in which he/she lives.' Exclusion, according to him, is the cause of fragmentation in social relations, and hence a lack of cohesion.⁹ Of course, this leads to the valid question on what is 'basic'; and that leads one to the discussion on the spaces where exclusions are significantly observed. The focus of this paper is on (the spaces defined by) economic goods and services, some of which may be commonly dubbed as 'social sector services' as well.¹⁰ As noted in the introductory section, locating programs in economic and social spaces is an important consideration in targeting the poor. Similarly, characteristics of individuals, households and communities, which are often dubbed as 'poverty correlates', may be considered as subsets of all the factors which underlie exclusion. Obviously, such a perspective, which differs from Osmani, takes a broader definition of 'exclusion', deviating from its original connotation.¹¹ For the purpose of the present paper, we choose to take the broader definition and attempt to reconstruct the concept of exclusion within a

⁹ While Chakravarty moves into quantifying exclusion, our focus remains on the process and reasons of exclusion.

¹⁰ Reference is made to education and health, which had often been perceived differently from private goods and services.

¹¹ However, Sen's ideas on interlinked social exclusion, deprivation, capability failure and poverty are the basis for this reconstruction, but taking cue from simple tools of economic analysis.

framework with traditional economic tools of demand, supply and goods & services – often broadening the concepts underlying such tools.

2.2 Defining exclusion in terms of space and characteristics

The discussion of exclusion for this paper began with a focus on Bangladesh. A child who cannot go to school because she lives too far from the nearest school, a woman who cannot engage in certain kinds of jobs because of social taboo and a minority community with no access to electricity because of political under-representation; these are some familiar cases of exclusion in Bangladesh. Many children in Bangladesh find it difficult to go to school due to the lack of public transportation and inadequate number of schools. Gender inequality and social norms often force women to remain secluded from certain occupations, and accept lower wages. Ethnic groups are inadequately represented in the parliament, which means investment in infrastructure is lowest in their constituencies. In all these cases, individuals are deprived (or excluded) from access to certain essential services, often perceived as basic rights as citizens of the country. The first step in clearly analyzing each of these cases is to ask the basic questions: Who is excluded? What is she/he excluded from? A more central question however is: why is someone excluded?

In thinking of the answers to these questions, we distinguish the two dimensions. The child in the first case is excluded from access to education. And this occurs due to his distance from the nearest school. The geographical location of this child answers the first question (who is excluded), while access to education answers the second (what is she excluded from?). The first dimension is a characteristic of the individual that leads to exclusion from the second dimension, i.e. access to education. We call the first dimension the ‘attribute’ and the second dimension the ‘space’ of exclusion. For the other cases mentioned earlier, the attributes are gender, and ethnicity, while the spaces are employment, access to electricity and political participation. If an exhaustive list of all those who are excluded in a society were available, it would be possible to generate a complete list of attributes and spaces related to exclusion. However, the mapping from attributes to spaces is not necessarily (and most likely not) unique. Furthermore, the

relations are complicated since exclusion from one space may subsequently lead to exclusion from another – raising the possibility of perceiving exclusion (from a space) to be an attribute.¹² It is therefore no wonder that poverty correlates are often mapped in multiple dimensions.

In the above, attributes are considered characteristics of individuals (or households) that lead to exclusion in one or more spaces. Individuals may be born with these attributes (for example ethnicity), or these attributes may be acquired. Some of these attributes may be permanent (such as physical disability) or temporary (such as low endowment of assets). Several attributes that are cited as important in explaining presence of exclusion include inherited or acquired asset (physical, social and financial)¹³, health condition, religion, age, ethnic/cultural background, geographical location, and gender. Similarly, spaces where exclusion is more prominently observed include education service, health service, employment/occupation, housing, financial services, and access to other markets¹⁴.

2.3 Towards a broader definition of exclusion: an analytical framework

Sen had alluded to active and passive exclusion, but had these distinguished in the context of policy objectives (and unintended outcomes). We posit the concept of exclusion to embody the experience (*vis-à-vis* expectations) of the people who may or may not be ‘excluded’; and this we do by taking cue from the simple construct of market and market demand for (and supply of) goods and services. The idea of exclusion of a person, a household, or a community from a space (such as a market place, a cultural sphere, politics, etc.) is meaningful only if the person (or household/community) is keen on being included. If it were the case of absolute unwillingness to enter the ‘space’, there

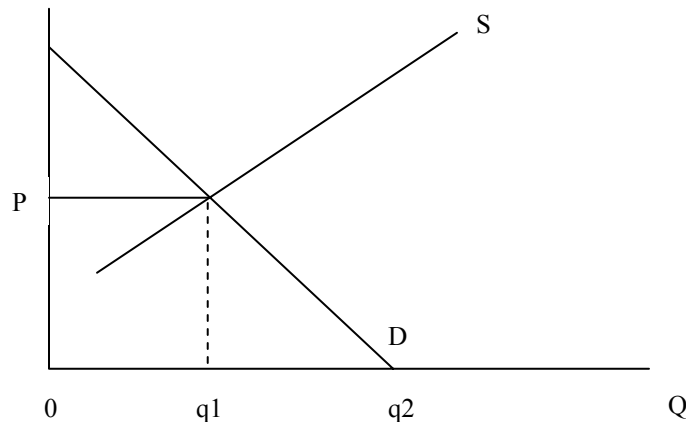
¹² The difficulty arises due to the non-linearity of the relationship between the dimensions. For instance, the woman who fails to find a well paid job is probably not as educated as her male counterpart. She is also restricted in mobility and political participation. Improving her employment opportunities would require investment in her human capital, which is not possible, given her low income.

¹³ Physical assets are tangible productive assets such as agricultural land, property or housing.

¹⁴ Reference is made to ability to participate or enter into markets for regular goods and services without any discrimination. In case of investment opportunity, this would be similar to the anti-trust laws which occupies much space in the economic discourse on exclusion in developed countries.

would possibly be no concern for their exclusion.¹⁵ In the context of a market of goods and services, exclusion (or inclusion) may arise from both ends – as suppliers, or as consumers demanding goods & services. We take the latter as the initial entry point for illustrating exclusion and the various ways exclusion may be dealt with.

Figure 1



Consider the market for education services. We focus on the potential or actual exclusion of people who want to avail this service – that is, there are positive satisfactions to be gained by accessing education. For transparency in our illustration, we dig deep into the simple construct of market demand and supply, which many are familiar with. Figure 1 shows a market for (homogeneous) education service with demand (D), supply (S) and price (P). The service (Q) considered is (say) primary education. Several illustrations are provided to lay out the framework used to address the three interrelated questions, who, wherefrom and why.

¹⁵ One may consider cases where some are absolutely uninterested in getting included, and yet, parties inside the space may have interest in including the ‘unintended excluded’ ones. Such special cases are kept outside the scope of the current discussion.

Illustration # 1

Suppose the demand curve shown in Figure 1 covers all potential consumers who derive positive satisfaction from sending their children for primary education. With a market price of P for the service, only $0q_1$ are ‘included’ and q_1q_2 are ‘excluded’. By design, the reason for such exclusion is obvious – the excluded consumers are unable to pay the market price. One may consider two options to ‘include’ them: (i) subsidize education so that the consumers have to pay lower price (zero price in the extreme case); and/or (ii) introduce a differentiated product (education) that is affordable to those originally left out. Since there is ample evidence on the two, no special mention is made.

The issue of differentiated product does raise a related question: what price are we referring to? It could be price set by the provider at 10 miles away from one’s residence, it could be at a school of mixed gender where one may find it unsafe to send one’s daughter, or, it may be one that teaches in Bangla medium where a hilly person may hesitate to send her children. All these may be considered as an “indirect” price faced by the consumer. Following the tradition in economics, one may therefore consider location-specific differentiated products¹⁶, and price of it would also be location-specific. To give an example, credit offered at the institutional (formal sector) banks and microcredit delivered (and dealt with) at group level (in the vicinity of the borrowers’ residence) are two different products, whose prices (interest rates) are specific to two different locations. Similarly, education offered in rural towns is different from education offered to residents of a remote village due to differences in quality.

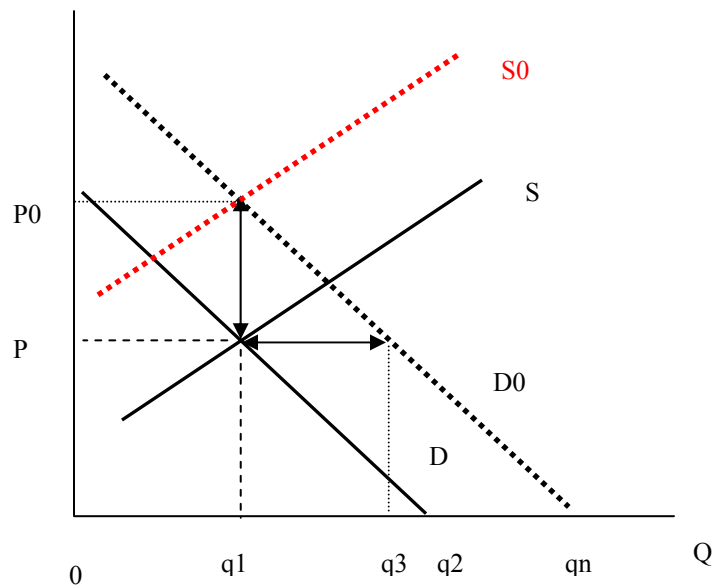
With the above perspective, one may rightly posit a subsequent question: does the demand curve shown in Figure 1 adequately capture demand for education services, or does it only capture demand for such service specific to only a given location? Hypothetically, one could start off with either of the two, provided the price is interpreted appropriately – we consider the latter to hold for the expositions to follow.

¹⁶ Here, the term ‘location’ is used not in the sense of horizontal spatial difference, nor is it in terms of vertically tiered markets. It is rather in the context of having markets at smaller geographical (or population) units versus markets that operate for larger units. The term ‘product’ is used to include services as well.

Illustration # 2

Other than in a location that involves zero transaction cost (both financial and non-financial) for the consumers, market demand in all other locations for the (otherwise) same product will fail to capture the potent demand, which is not the same as the unrealized demand, identified as ‘excluded’ due to positive price in Figure 1. Considering D_0 as the potent demand curve associated with zero transaction cost to consumers, Figure 2 illustrates several aspects why exclusions may persist and possible ways (pitched at a general level) to reduce the size of exclusion. In what follows, we assume that the cost of getting ‘included’ by an otherwise ‘excluded’ group is equal to the transaction cost captured in the Figures¹⁷.

Figure 2



¹⁷ Reducing the concepts of exclusion (including that of social exclusion) to tractable cost equivalence does not undermine the importance of processes that generate exclusion. But the subject of exclusion is of interest to development practitioners since the latter believe that one can ‘include’ the ‘excluded’ ones; and they appear to agree that there is a cost for all attempts towards inclusion. Therefore, the supply curve shifts upward due to the increased costs of making the product more accessible to those previously excluded.

Proposition 2.1: There are broadly two types of exclusion – (i) in an existing market with a mix of providers, some potential consumers cannot participate in the market (or avail the services) because of the prevailing price; and (ii) because of absence of providers in appropriate market locations, there are additional costs (in the form of transportation or opportunity costs of commuting time) to some potential consumers who are therefore unable to avail services from the existing market. In Figure 2, for a price P , the former is q_1q_2 ; and the latter is q_1q_3 . With parallel relations between D and D_0 , total exclusion is the sum of the two at all prices; $q_1q_2 + q_1q_3 = q_1q_n$.

One may consider a third element of exclusion, which arises due to lack of awareness and presence of decision-making with inadequate and/or distorted information. It is quite possible that there are people who do not perceive education for their children to be important even if they are able to afford it at one or both of the two (location-specific) markets. In some instances of exclusion (such as, from participating in microcredit programs), many such decisions to remain excluded may reflect perfect awareness, whereas choice to remain excluded from education services (even at the ‘zero transaction cost market’) are generally perceived as rooted in lack of awareness.

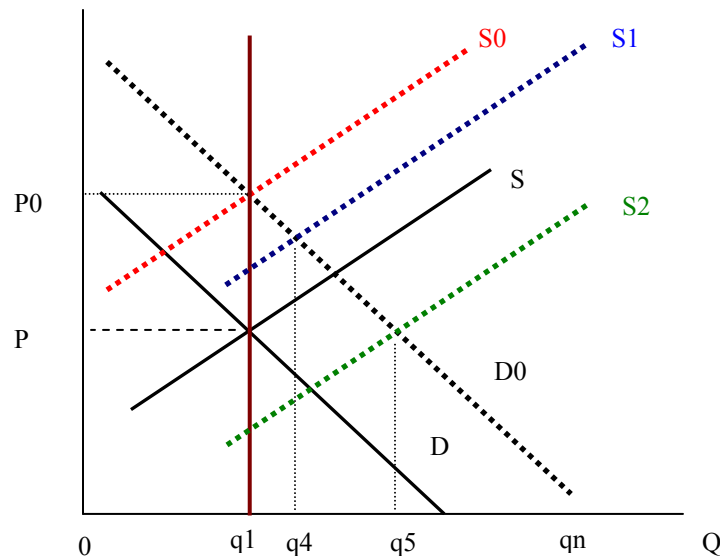
Proposition 2.2: Most discussions on (social) exclusion, including those of the economists contributing towards enriching development practices, start off with the identification of socio-cultural (and often political) conditions that cause certain groups of people to be excluded from the ‘regular’ set of providers (or markets)¹⁸. In our illustration in Figure 2, their search has been into why D_0 differs from D_1 , beyond the usual issues discussed in the literature. Regrettably, there has been little focus on the failures in markets to emerge for such groups, even though development practitioners are primarily engrossed in dealing with the alternatives. The problem is further illustrated below resorting to the introduced to bring in differentiated product requiring differential costs to supply.

¹⁸ The discussion in the preceding section, identifying the spaces and attributes and the mappings of the latter onto the former, is also in line with the mainstream discourse.

In Figure 2, S_0 is a hypothetical supply curve to the market with zero additional cost to consumers. In our abstraction, where the existing market imposes an additional cost of $(P_0 - P_1)$ to the consumers, the current providers perceive the unit costs of providing same quality of services to the ‘zero additional cost’ market to be at the least equal to $(P_0 - P_1)$. If the supply curve is above S_0 , then the market for the differentiated product will not develop, since the transaction costs faced by the consumers for engaging in the existing market is lower than the costs faced by suppliers for providing a location-specific products. With that understanding, four alternative ways of addressing exclusion may be identified. These are:

1. New providers may emerge who are able to deliver the same quality of services to the ‘zero additional cost’ market, either due to innovation in marketing, or because of public (including donor) policies to subsidize such (targeted) initiatives, or both. This is shown in Figure 3 with two hypothetical supply curves, S_1 and S_2 , both of which assume segmentation between the two location-specific markets and consider a given price to prevail in the prevailing market.
2. Market sizes grow to a level such that more micro-level engagement by providers becomes financially viable.
3. Emergence of new providers in one (zero additional cost) market reduces the cost of delivering another service at ‘zero additional cost’ markets.
4. Cost of delivering a service is realized by changing the quality of the service so that an otherwise excluded group can be reached. In such instances, the quality-specific service may have self-targeting element to ensure market segmentation to benefit the previously excluded group.

Figure 3



The first approach has been the most common feature of most development initiatives undertaken for the poor and excluded in Bangladesh. Various NGO initiatives with supports from donor fund are too well known. Grameen Bank's model of providing microcredit is a case in hand for innovation in delivery system that takes the transaction point closer to rural people (previously excluded from the formal banking system).¹⁹

The second approach is used when population (and hence market size) increases in (say) remote areas, which previously had to avail services from hubs located in distant towns. With improved communication infrastructure, the size of exclusion is also likely to be reduced.

The third approach is a result of the dynamics set in by an initial network built around (say) microcredit. The apex body in the network (i.e. microcredit institution) is then able to use the contacts and its staffs at field levels to engage in delivery of other services (say,

¹⁹ One may note that with the proposed framework one may show why higher interest rates charged by the microcredit institutions are compatible with increased volume of credit transactions in the market. It is equally important to recognize that many of the microcredit borrowers were availing credit from informal sources, including moneylenders.

education, targeted supports during slack seasons, health services for the ultra poor, etc.) at a cost lower than that otherwise possible²⁰.

The fourth is a classic case of products differentiated by quality, which is very common in the service market. In the quality space, which normally has unique relation with cost and (often) with providers, essential services are availed by potent consumers from different providers. To what extent, it is a choice, and to what extent it is an outcome of exclusion from higher quality markets is a matter of empirical investigation. Moreover, as noted above, such exclusions may be socially (with all the other non-financial connotations to the term) imposed, or price-driven. Education sector in Bangladesh is a prime case of segmented markets – and different providers have created a niche for their services – religion-based schools are no exceptions.

Illustration # 3: Exclusion in Labor Market

Unlike the exclusion of potential consumers in a service market, exclusion in the labor market involves potential suppliers of labor services - those who cannot participate in the formal wage market. They may not be able to participate because of their particular attributes, which set them apart from the mainstream workers. The demand for labor is derived on the assumption of diminishing marginal productivity of labor, and therefore the demand curve is downward sloping. The supply of labor is upward sloping. Two hypothetical cases are considered: the first involves social exclusion where both potential employers and employees perceive the actual labor productivity similarly, but employers perceive additional cost of engaging a socially stigmatized group – could be one from the minority, a person with HIV, a female laborer, etc. The second is a case, where some people, either because of old age or disability, have lower than average productivity; and the labor demand is not sufficiently high to absorb them even if they are keen on being employed.

²⁰ Evidence of such cost reductions are noted in Zohir (2001), Murdoch (2002) and Zohir (2006).

Figure 4

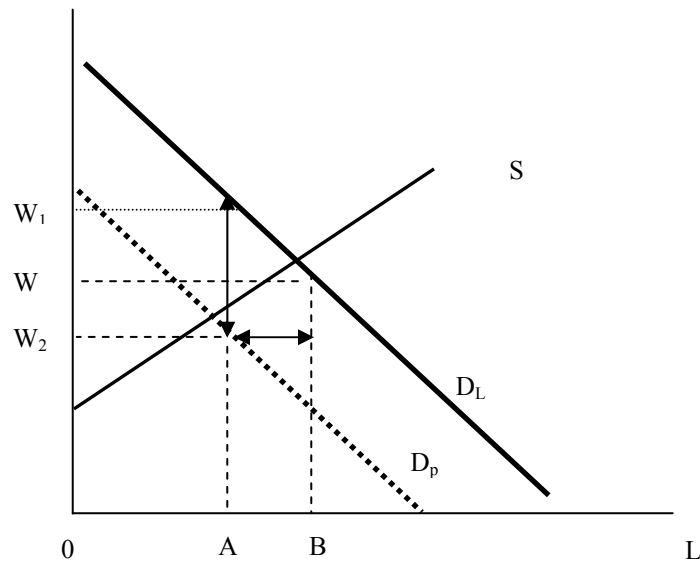


Figure 4 illustrates the first case. Had there been no exclusion, the potential demand for workers would have been higher as depicted by D_L . In the presence of social exclusion, even if labor productivity is similar across excluded and the non-excluded groups, employers either perceive lower productivity of the former, or fear incurring additional cost in case the ‘excluded’ ones are employed. The demand curve under such perception is given by D_p . The size of exclusion is given by $OB - OA = AB$. Furthermore, the laborers receive a wage W_2 , which is lower than W , the equilibrium wage rate in the absence of exclusion²¹. Interestingly, while the society loses out, the employers often gain out of the extra rent ($W_1 - W_2$), or shares it with parties who enforces social exclusion. Addressing social exclusion will lower the gap between the two demand curves and thereby reduce the size of rent. It will also reduce the discriminatory practices in the labor markets.

²¹ Unlike the rigid perspective on exclusion, the real world does engage the so called excluded ones on the margin.

2.4 Summary on the analytical framework

Attributes and spaces

We have focused on four different kinds of exclusion that surface in economic exchanges mediated through markets. These are:

- Exclusion from entry into an output market as provider (investor/supplier), which is an issue discussed in the literature on anti-trust laws, and has received very little attention in the context of developing countries. Barriers to entry, either through cartels or supported by (uncoordinated) systemic coalition against segments of the society are common phenomena in developing countries as well. For example, poor fishers are discriminated against in credit markets and lease markets which provide access to lease right on water bodies.²²
- Exclusion of entry into an input market as a potential consumer/buyer. This has close correspondence with the first case, since a buyer in the input market is very often a seller in the output market. Beside the example of water body mentioned above, other productive assets are equally important for addressing poverty reduction. One additional example is the land rental market, wherefrom certain segments in the population may be excluded.²³
- Exclusion of potential consumers from the (output) market of goods and services, which has received great deal of attention in the context of safety net programs in developing countries. The services may constitute direct consumables (e.g., relief food) or investment on human capital (e.g., education and health) having long term implication for livelihood.

²² While this has not been illustrated adequately, the relevance is taken into cognizance in subsequent empirical analysis.

²³ An interesting case arises under the TUP program of Brac, which pertains to this sort of asset market.

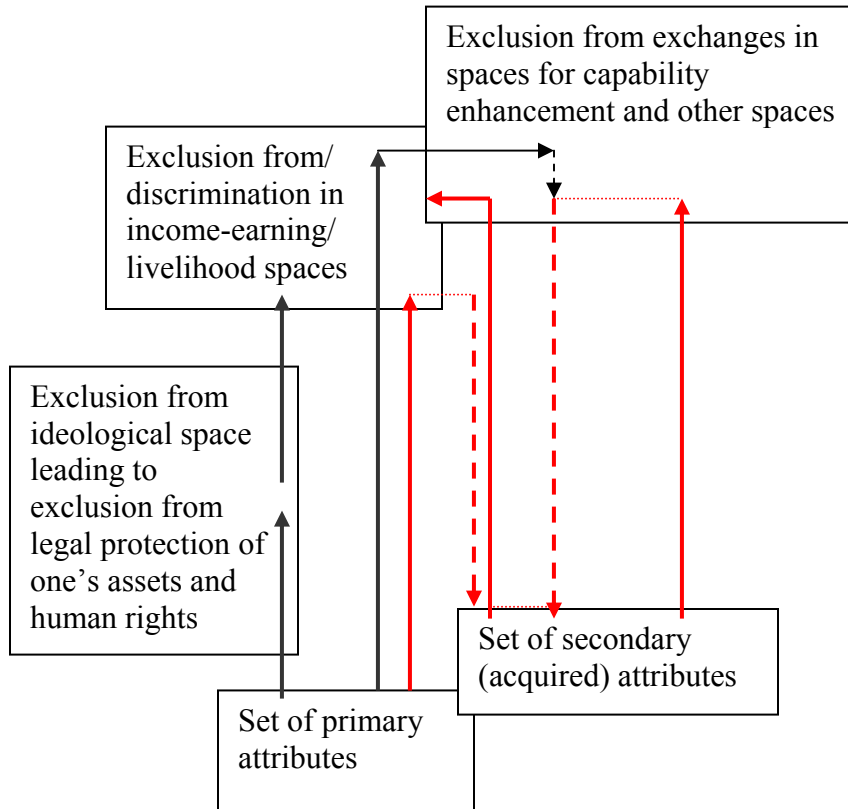
- Exclusion from wage employment or any other forms of employment having direct/immediate implication for livelihood. This is a case of deterring entry into the input market as a provider.

The above spaces wherefrom some people may be excluded are by no means exhaustive, but these are the ones which have direct implications for the livelihood of the poor, and these also happen to be the spaces where much effort are given to reduce poverty, particularly, chronic poverty. Exclusion from other spaces, such as social, cultural and political are no less important; and some of these either underlie or are closely associated with exclusions from economic spaces that we have discussed. For example, women's access to market places and mobility are critical in ensuring their access to employment as well as to the output markets as providers. Sometimes, programs are designed from such perspective; for instance, separate bus services and market places for women entrepreneurs have already been experimented with in Bangladesh.

A neglected element in the discussion is the market institutions. Discussion on institutions has however surfaced with reference to social structures, which are perceived to direct the process of exclusion. One may conceivably include informal exchanges mediated through social relations as a segment of all possible market and non-market exchanges. Such perspective is consistent with the presence of segmented markets and many program interventions for the 'excluded' people are inherently operating within certain segments of the broad canvass of exchanges.

The correspondence between the attributes that define a segment of population and the space(s) from which this population is excluded is by no means unique. For instance, a physically disabled person (attribute: health condition) may be unable to travel and thus be excluded from schooling (space: education service). This will in turn affect his/her education level (attribute), which will further exclude him from other spaces like employment. Addressing specific cases, one may address the issue by distinguishing between primary exclusion and secondary exclusion, which many programs aimed at the poor recognize. The relations are captured in Figure 5.

Figure 5



Note:

Primary attributes include those normally considered under social exclusion; gender, ethnicity, religion, etc. Even endowment of physical assets is acquired in the long-term and one may consider this as a primary attribute for short-term analysis. Human capital is included in the secondary attributes.

Addressing Exclusion – generic approaches

While the next section will discuss the broad approaches one observes in practice, some of the derivatives of the proposed framework are highlighted here.

- There are broadly two ways to reduce exclusion. First, economic prosperity distributed across all people will reduce exclusion working its way through both sides of the market; increase in purchasing power will allow more to be ‘included’, and enlarged market size will induce providers to be more competitive and innovative to

reach out to a wider set of clients. The second has been to reach out to the excluded with a mix of subsidy and differentiated products. The latter has been the norm in current development practices, often marginalizing the long-term concern.²⁴

- In all cases, attempts to address exclusion in cost effective ways will require market segmentation²⁵. Where subsidy is provided to include only the otherwise excluded ones, ensuring market segmentation is a pre-requisite so that those who were already included cannot get a share of the subsidy since this was only meant for the excluded group. This has surfaced in the literature under the guise of ‘targeting’. Segmentation also arises in case of differentiated products; and the literature has often guised it under ‘self-targeting’. An essential dichotomy that we confront under such situation is the fact that reduction in exclusion is brought about not by increasing inclusion in the original set of markets, but by creating another space (a market of differentiated products and services) for the excluded ones. This aspect has hardly drawn any attention in the literature even though its implications for the dynamics in the society could be enormous.
- Dynamics of providers (employers in case of labor market) are important in understanding the prospect of reducing exclusion. Synergies derived from providers’ engagements in multiple spaces may reduce their delivery cost in each of those spaces, thus making it feasible for the erstwhile excluded ones to access the newly established markets. It also suggests that market institutions, once subsidized, may become self-sustainable at a later period. Thus, policies towards institutions are no less important in addressing exclusion.

²⁴ There are dissensions voiced recently, mostly amongst politicians. In a recent statement, Dr. Manmohan Singh, Prime Minister of India, stated that industrialization is the way to address poverty.

²⁵ All can be included if the price (cost to consumers) can be set to zero; and the route is obviously a costly one!

Section 3

Understanding the ‘Targets’ – the Hardcore Poor

3.1 Background information on HCP

National level statistics on poverty and poor normally distinguish between ‘absolute poverty’ and ‘extreme poverty’. The traditional practice of measuring incidence of poverty had been the Direct Calorie Intake Method (DCI). Based on cut-offs in Kilo calorie per capita per day, three measures are introduced – absolute poverty with the threshold of ≤ 2122 Kc/capita/day; hardcore poverty with the threshold of ≤ 1805 Kc/capita/day; and ultra poverty with the threshold of ≤ 1600 Kc/capita/day²⁶. Recent estimates reported in the Household Income and Expenditure Survey (HIES) 2005 primarily make use of Cost of Basic Needs (CBN) method. Under the CBN method, the cost of a fixed food bundle providing minimal nutritional requirements corresponding to 2,122 kcal per day per person was estimated²⁷. This was added to an allowance for non-food expenditure in order to estimate the poverty line income. The upper poverty line, using the “upper non-food allowance” provides the threshold for estimating “absolute poverty”, while the lower poverty line, using the “lower non-food allowance” provides the threshold for “extreme poverty”. None of the poverty statistics referred to above corresponds exactly with the notion of ‘hardcore poor’.

Concerns for hardcore poor remains largely rooted in pervasive prevalence of hunger and the recognition that many of the programs targeting the poor had failed to reach the bottom segment²⁸. In general, our perception of who the poor (or, hardcore poor) are remains largely defined in the income scale – an equivalence of purchasing power to avoid hunger. Yet, for practical policy targeting, hardcore poor are generally identified as

²⁶ See BBS 2006.

²⁷ The fixed food bundle consists of eleven items: rice, wheat, pulses, milk, oil, meat, fish, potato, other vegetables, sugar and fruits, as recommended by Ravallion and Sen (1996), based on Alamgir (1974).

²⁸ Innovative delivery mechanism under microcredit resulted in poor people’s access to credit, which subsequently opened up opportunities for the poor. The euphoria with microcredit was however dented by the empirical observations (specially, during the second half of the 1990’s) that the ‘very poor’ amongst the poor were left out of the net even though the programs succeeded in reaching the marginal poor and the poor segment of the ‘non-target’ population. See Zohir et al (2001).

individuals and/or households with certain characteristics (attributes); that enable policies to target them and implementing agencies to locate and reach them in various spaces. The latter includes spatial location (such as, in geographical areas with certain characteristics, or certain administrative units – wards, unions, upazilas or districts); specific occupational spaces (such as daily laborers, domestic service providers, etc.); particular demographic spaces (such as old-aged people with no assets); or certain endowment spaces (such as no land asset or education). Mapping of extreme poverty and hardcore poor across these spaces also provide the basis for assessing pro-poor orientation of programs.

If one goes by BBS definition based on direct calorie intake method, almost one-fifth of total population are hardcore poor and 7.8% are ultra poor (Table 1). Concentration of both these groups is relatively higher in urban areas, even though the total size of hardcore and ultra poor is higher in rural areas, given the high share of rural population in total population.

Table 1: Incidence of Poverty (Head Count Ratio) using DCI method

	National	Rural	Urban	National	Rural	Urban	National	Rural	Urban
	Absolute Poverty, <= 2122 kc/capita/day			Hardcore Poverty, <= 1805 kc/capita/day			Ultra Poverty, <= 1600 kc/capita/day		
2005	40.4	39.5	43.2	19.5	17.9	24.4	7.8	6.7	11
2000	44.3	42.3	52.5	20	18.7	25	8.2	7.3	11.7
1995-96	47.5	47.1	49.7	25.1	24.6	27.3	-	-	-
1991-92	47.5	47.6	46.7	28	28.3	26.3	-	-	-

Source: BBS 2005.

3.2 Mapping Bangladesh’s HCP in the Attribute-Space Dimensions

Distinction was made between income (or consumption expenditure) based definition of poverty and identification of poor at program levels based on certain observables and/or through consultation with the target group members. Thus, empirically, one may draw upon two sources for mapping the hardcore poor in the attribute-space dimensions discussed earlier. The first part of this section presents limited findings from the Household Income & Expenditure Surveys (HIES) of 2000 and 2005 unit level data to

bring out the attributes of the HCP and where they are excluded from. The second part summarizes the targeting criteria of some of the existing programs to identify plausible attributes, and probes into the spaces where the programs are being placed.

Findings from Household Income Expenditure Surveys: Attributes

Traditionally prevalence of extreme poverty in Bangladesh has been associated with pockets of river erosion, hilly population in the south-east (Chittagong Hill Tracts) and in the north (by the Garo hills), and certain pockets of mono-culture in crop production. There has also been a dominant belief that the north-west of the country (greater Rajshahi division, and particularly, Rangpur district) has the highest incidence of poverty, characterized by seasonal famine (locally known as Monga). The reality has however changed over the recent past; and the poverty situation has improved substantially due to better communication network and substantive injection of resources under various safety net programs. In contrast, HIES 2005 shows the relative standing of the coastal region, including greater Khulna and Barishal divisions and parts of the greater district of Chittagong to have worsened (Table 2).

Table 2
Recent Changes in Incidence of Extreme Poverty

Division	% extreme poor in 2005			% extreme poor in 2000		
	National	Rural	Urban	National	Rural	Urban
<i>Bangladesh</i>	25.1	28.6	14.6	34.3	37.9	20.0
Barishal	35.6	37.2	26.4	34.7	35.9	21.7
Chittagong	16.1	18.7	8.1	27.5	30.1	17.1
Dhaka	19.9	26.1	9.6	34.5	43.6	15.8
Khulna	31.6	32.7	27.8	32.3	34.0	23.0
Rajshahi	34.5	35.6	28.4	42.7	43.9	34.5
Sylhet	20.8	22.3	11.0	26.7	26.1	35.2

Source: HEIS 2005, BBS

On the other attributes, gender, age and religion are considered important; while two acquired attributes are educational status and ownership of land. Since poverty measures are defined at household levels, it is not possible to address gender and age without

probing into intra-household allocations and outcomes. However, the two, along with marital status are embedded in the construct of ‘widowed/divorced’; and the incidence of poverty among the latter group has been consistently higher than the national average (Table 3).

Table 3 Incidence of extreme poverty, by Religion and Educational Status

	2005			2000		
	National	Rural	Urban	National	Rural	Urban
Widowed/ Divorced	29.6	32.3	20	37	41.6	22.1
Muslim	24.9	28.3	15	35	38.6	20.8
Non Muslim	26.6	30.3	10.4	27.3	30.7	10.9
No education	36.3	37.4	30.3	46.1	47.2	39.1
Completed class IV	19.3	21.8	12.6	27.6	30.3	16.1
Completed class IX	15.8	17.5	11.1	22.8	26.2	11.8
Class X / SSC	4.4	7.1	1.9	7.2	10.9	1.6

Source: BBS (2005).

Belonging to a religion of minorities is perceived as a negative attribute, particularly in having access to higher positions and to certain asset markets. Observed outcomes are however influenced by past exclusionary processes; and the nature of exclusion along with availability of alternative opportunities may increase or decrease the incidence of observed poverty within an excluded group.²⁹ In case of Bangladesh, incidence of poverty in non-Muslim population has increased, particularly in the rural areas. The figures fail to establish if poverty arises due to exclusion - rather the size of increase in the incidence of poverty amongst non-Muslims suggests presence of exclusion.

Land, as a productive asset in rural areas, still remains a significant contributor in reducing poverty. Incidence of extreme poverty is close to 50% amongst those with either no land or owning less than 5 decimals of land.

²⁹ Incidence of poverty has often been observed to decline in regions where significant out-migration of the very poor is observed. In contrast, if the out-migration is largely confined to the better-off people, incidence of poverty is likely to increase.

Table 4 Incidence of extreme poverty, by Landownership Groups

Land groups (acres)	2005			2000		
	National	Rural	Urban	National	Rural	Urban
All Size	25.1	28.6	14.6	34.3	37.9	20
No land	25.2	49.3	17.8	30.4	53.1	20.5
<0.05	39.2	47.8	23.7	43.3	48.8	22.3
0.05-0.49	28.2	33.3	11.4	40	41.7	12.6
0.50-1.49	20.8	22.8	9.1	29.6	30.6	15.4
1.50-2.49	11.2	12.8	2.7	21.9	22.9	1.4
2.50-7.49	7.0	7.7	3.0	11.5	12.4	0
7.50+	1.7	2	0	4	4.1	0

Findings from HIES: Space excluded from and segmented space

HIES normally covers education and health services availed by the households; and limited findings on exclusion from these spaces are presented below. Quite unfortunately, the current state of HIES 2005 data does not permit matching of various modules by member identity; and therefore, the analysis was restricted to household level only.

Tables 5 to 7 summarize information pertaining to the extent of exclusion by certain attributes. Proxy estimates on exclusion from education suggest of strong negative relation with household expenditure – that is, a higher percentage of children in poor families are unable to attend schools. Two attributes of social exclusion had traditionally been considered as deterrent to accessing education and social sector services – gender and religion. As noted earlier, gender-specific analysis was not feasible with the current state of HIES 2005 data. However, earlier studies clearly indicate of relatively higher enrolments of girls compared to the boys. While exclusion from social spaces forced girls to remain excluded from education in the past, this no more holds for Bangladesh. Similarly, no evidence was found to support that one was barred from schooling because of one’s religion. Recent HIES data suggests that controlling for the income, Hindu parents are more likely to send their children to school.

Table 5 Exclusion from Education, 2005

Non –Food Expenditure Groups	Rural (% attending schools)		Urban (% attending schools)		All Bangladesh (% attending schools)	
	6-10 years	11-15 year	6-10 years	11-15 year	6-10 years	11-15 years
Bottom 10%	16.43	38.25	13.00	30.01	15.65	37.15
10-25%	13.39	41.88	14.55	32.81	13.64	39.64
25-50%	11.93	41.64	7.11	41.59	10.49	41.63
50-100%	8.41	31.70	6.80	29.32	7.77	30.73
All groups	11.15	36.57	8.08	32.48	10.15	35.16
<i>Religion</i>						
Muslims	90.20	63.43	92.49	66.41	90.95	64.46
Hindus	82.58	62.54	84.82	73.54	83.30	66.48

Note: The unit level data of HIES 2005 could not be matched at the individual level. Thus, we obtained # attending primary schools (current enrollment up to class 4, at household levels) as % of # of 6-10 years aged children; and # attending secondary schools (Current enrolment in class 5 to class 9, at household levels) as % of # of 11-15 years aged children. These figures were considered % included.

Of those who got ill preceding the survey, HIES had asked if the illness had been attended to. While a quarter of the cases was reported to have remained unattended in Barishal, the reason was reportedly ‘because it was not serious’. All reporting on illness under such cases were thus dropped, and exclusion was measured as % of illness cases that required medical attention. The revised figures (Table 6) show high rates of exclusion in Rajshahi, and the least in Sylhet. Relative standings of urban and rural vary across regions, and this may have to do with the type of ‘urban’ areas included in a region since not all urban areas are equally developed in terms of service provision. Table 7 shows exclusion to have significant relation with household expenditure – poor are unable to attend to their illness; the most important reason being the expense. Does social exclusion matter? Of all the unattended cases, a significant percentage, particularly in the coastal belt (Chittagong, Barishal and Khulna), mentioned that family members did not pay heed to the illness. One would suspect that this was mostly in case of women – however, in the absence of reliable correspondence at member level data, this could not be looked into.

Table 6: Exclusion from Health Services, by Reasons and Divisions, 2005

	Barisal	Chittagong	Dhaka	Khulna	Rajshahi	Sylhet
Percentage Excluded (revised)						
Rural	5.92	3.35	3.29	6.58	10.54	1.12
Urban	1.10	2.48	3.77	5.92	6.37	2.54
All	4.85 (23.54)	3.01 (12.57)	3.46 (12.42)	6.34 (13.6)	9.10 (18.15)	1.48 (4.64)
Of those excluded,						
Treatment would be expensive /fear of severe disease	70.0	31.7	72.8	36.5	82.2	28.6
Due to distance	5.0	12.2	.0	3.2	2.5	14.3
Fear of doctor and treatment/Others	5.0	12.2	18.5	38.1	8.7	28.6
Family members did not give importance	20.0	43.9	8.7	22.2	6.2	14.3
Unaware of the place to go for consultation	.0	.0	.0	.0	.4	14.3

* Those reported ill but did not seek consultation due to mild nature of illness were not considered among those excluded from health services. Figures in the parentheses however include the mild ones not attended to.

Table 7: Exclusion from Health Services, by Non-Food Expenditure Groups, 2005

	Excluded (% of ill not attended)	% distribution of the excluded ones by reasons			
		Expensive and apprehension of more severe disease	Distance	General fear and Other reasons	Lack of initiative by family members
Rural					
Lowest 5%	19.52	60.98	2.43	19.52	17.07
5-10%	14.91	87.80	2.44	2.44	7.31
10-25%	9.57	72.63	5.96	9.52	11.90
25-50%	5.35	72.85	1.23	12.35	12.35
50-100%	3.12	54.76	5.95	19.06	19.06

The proposed conceptual framework raised the issue of segmentation and had suggested two alternative ideas in understanding exclusion: (i) exclusion from one market does not necessarily preclude one from another market of similar (but with different characteristics) nature; and (ii) programs to address exclusion very often lead to introduction of differentiated products and market segmentation. Evidence available on such segmentations in education and health (from HIES) are summarized in Tables 8 to 10; and the broad observations are highlighted below.

- Because of historical reasons³⁰, privately established schools and schools currently receiving government grants account for more than half the enrolments reported in HIES. It is only in Barishal, where the government schools dominate. It is also in the same region where relative share of religious schools (Madrassah) is the highest amongst all regions.
- Like many other countries in the sub-continent, the share of religious schools is higher in urban areas compared to rural areas. Most interestingly, shares of Madrassah do not vary significantly across expenditure groups in rural areas; while a larger percentage of enrolment amongst poor in urban areas send their children to Madrassahs.
- NGO schools account for only a tiny proportion of total current enrolment of 6-15 years age group children. They are more visible in urban areas. While children of all income groups attend NGO schools, relatively greater percentage of enrolment of poor children is in NGO schools. Of the regions, NGO schools have a higher presence in Rajshahi division.
- Based on the first consultation, the summary statistics in Table 10 show that private practitioners and pharmacies together account for more than 70 percent of the cases. The urban poor have higher dependence on the pharmacies compared to the rich; the variation across expenditure groups in rural areas is not that significant. Generally, poor in both urban and rural areas depend less on the government services, and more on Homeopathic or Ayurvedic medicines. Dependence on religious institutions, such as *Peer/Fakir*, is very insignificant, but is more observed among the better-offs! Finally, NGO health services have been better able to reach the very poor in rural areas, and their outreach in urban areas do not appear to have such pro-poor bias.

³⁰ One may like to dig into the history of educational institutions in the country. It is possible that the privately built schools before the 1947 partition are considered government schools, while those established privately after a certain cut-off date during 1947-71 period are considered by people as privately owned, and most of the older ones amongst the latter receive government grants. This may explain why we observe higher percentage of government schools in Barishal.

Table 8 Percentages of Currently Enrolled Children, by Providers & Regions

	Government	Private/govt. grant	Private	NGO	Madrassah
<i>Barishal</i>					
Rural	51.27	42.03	0.21	0.28	6.21
Urban	47.61	46.58	0.23	0.11	5.47
All	49.87	43.77	0.22	0.22	5.92
<i>Chittagong</i>					
Rural	38.14	56.17	2.57	0.36	2.77
Urban	38.91	54.86	4.01	0.69	1.53
All	38.47	55.61	3.19	0.50	2.24
<i>Dhaka</i>					
Rural	37.38	57.73	0.61	1.23	3.04
Urban	36.64	59.67	1.27	0.76	1.66
All	37.00	58.73	0.96	0.99	2.32
<i>Khulna</i>					
Rural	35.92	57.30	1.64	1.20	3.94
Urban	34.19	61.69	1.82	1.22	1.08
All	35.15	59.26	1.72	1.21	2.66
<i>Rajshahi</i>					
Rural	39.78	52.98	0.92	2.96	3.35
Urban	40.00	54.06	1.70	1.56	2.68
All	39.87	53.41	1.23	2.41	3.08
<i>Sylhet</i>					
Rural	43.85	52.50	0.91	0.30	2.43
Urban	41.20	57.14	1.66	0.00	0.00
All	42.73	54.47	1.23	0.18	1.40
Bangladesh					
Rural	39.84	54.10	1.21	1.33	3.52
Urban	38.59	56.61	1.89	0.89	2.01
All Bangladesh	39.29	55.21	1.51	1.13	2.85

Table 9 Percentages of Currently Enrolled Children, by Providers & Expenditure Groups

	Government	Private/govt. grant	Private	NGO	Madrassah
<i>Rural</i>					
Lowest 5%	42.98	50.74	1.32	2.15	2.81
5-10%	48.81	44.22	0.55	2.02	4.40
10-25%	41.82	51.58	0.67	2.16	3.77
25-50%	42.54	50.89	1.04	1.72	3.80
50-100%	36.80	57.60	1.49	0.78	3.33
All	39.77	54.16	1.21	1.33	3.53
<i>Urban</i>					
Lowest 5%	37.31	56.22	1.49	1.99	2.99
5-10%	42.92	50.94	0.94	0.94	4.25
10-25%	42.74	50.00	1.99	2.69	2.58
25-50%	43.25	52.00	1.55	1.33	1.87
50-100%	36.71	58.89	2.01	0.50	1.89
All	38.61	56.60	1.89	0.89	2.02
<i>All Bangladesh</i>					
Lowest 5%	41.56	52.11	1.36	2.11	2.85
5-10%	47.16	46.10	0.66	1.72	4.36
10-25%	42.12	51.07	1.09	2.33	3.39
25-50%	42.81	51.31	1.23	1.58	3.07
50-100%	36.76	58.26	1.76	0.64	2.59
All	39.26	55.24	1.51	1.14	2.86

Table 10 Distribution of Health consultations by Providers

	Govt.	NGO	Private	Homeop/Ayur	Peer/Fakir	Pharmacy	Own
<i>Rural</i>							
Lowest 5%	3.64	3.64	29.09	8.18	0.00	47.27	8.18
5-10%	8.93	0.00	29.17	11.31	0.00	39.88	10.71
10-25%	6.94	1.60	34.88	5.34	0.36	40.04	10.85
25-50%	7.85	0.29	35.56	7.17	0.00	42.64	6.49
50-100%	8.71	0.26	41.75	5.00	0.26	39.79	4.23
Total	8.08	0.55	38.14	6.01	0.18	40.82	6.22
<i>Urban</i>							
Lowest 5%	7.14	0.00	14.29	10.71	0.00	64.29	3.57
5-10%	5.56	0.00	22.22	14.81	0.00	50.00	7.41
10-25%	14.94	1.15	24.71	9.20	0.00	42.53	7.47
25-50%	12.38	2.18	31.07	8.25	0.73	35.44	9.95
50-100%	13.89	0.94	47.37	5.98	0.29	26.21	5.33
Total	13.37	1.17	41.08	7.00	0.34	30.58	6.47

In summary, limited evidence on the shares of providers in the two markets and their associations with attributes suggest of segmentations, but only in limited cases. For example, a significant proportion of urban poor send their children to Madrassahs; compared to others rural poor are more likely to avail NGO-delivered health services; and generally the poor tend to consult (relative to others) homeopaths and ayurvedic practitioners more frequently.

Observations on Attributes and Spaces from Programs for the Poor

The targeting criteria applied by various government and non-government agencies in implementing pro-poor programs/projects and the spaces where these programs apparently intervene are compiled in Table 11 below. Obviously, the programs/ projects had not been designed following the framework proposed in this paper. While targeting quite often explicitly accounts for the attributes and the program design suggests intervention spaces, there is no explicit mention of which spaces the target population may have been excluded from prior to the programs. Thus, the rationale for the choice of intervention spaces (in terms of how such interventions would ensure non-exclusion in the post-intervention phase) is not established. Summaries in Table 11 include this column as a hypothetical conjecture.

Since targeting is the core concern in most project designs, the ‘attributes’ are found to have three broad groups. At one extreme are individual and household characteristics (such as old age, no or little asset, etc.), while the other extreme has occupational/activity spaces (beggars, poor fishers, etc.). There are some which are in between, such as, working children and street children, which may be considered as individual attributes as well as physical spaces where the target population is concentrated (children in the street or at work place). There is a general recognition that ownership of no land or little land, absence of (non-land) productive asset and absence of any adult working man in household (synonymous with female-headed household and often causing irregular income) are commonly considered as correlates of hardcore poverty. Some of the programs, such as those for destitute women, may appear to be addressing gender, but

they are not. Other than some of the programs on asset transfers, none listed addresses the primary exclusions – arising due to gender, ethnicity and religion.

A wide range of intervention spaces is implicit in the program designs. These include: food, financial activities, labor, health, education, housing/shelter, etc. Those identified as HCP may be presumed excluded from certain spaces, but the programs designed may not be intervening in those spaces. For example, poor having no access (or irregular access) to labor market/employment may be offered food (as in VGF & VGD), or someone without asset may be offered health services. In other cases, there is a close correspondence between the space excluded from and the space where intervention takes place. For assessing programs, it is therefore critical to assess the implications of the various types of program interventions – both in terms of having direct or indirect impact on inclusion in the appropriate spaces, and the nature of such inclusion. The latter is addressed under two broad themes – inclusion in a homogeneous product/service space (which is perceived as equivalent to ‘mainstreaming’), and inclusion in a differentiated space with increased segmentation. These are some of the issues addressed in the following section

Table 11 Target groups under various pro-Poor Programs

<i>Targeting Criteria</i>	<i>Attributes</i>	<i>Spaces (from which HCP are assumed to be excluded from)</i>	<i>Spaces (where programs intervene)</i>	<i>Programs</i>
Individual / Group characteristics (1)	Irregular income	Labor market, Goods and services market (from the demand side)	Food security	VGF, VGD
	Absent / lack of productive assets	Goods and services market (supply side), Financial market, Labor market	Food security, Capacity building, Financial market, Labor market, Health service, Awareness	VGF, VGD, OAA, PIME, HPIFF, F-f-W, RMP, TUP, Show Factory (Brac), ASA, Shabolombi, RMP
	Physical disability	Financial Market, Labor market	Food security, Financial market	VGF, HPIFF, ASA
	Female headed household	Financial market, Labor market, Health service, Goods and services market (from the demand side)	Financial market, Health service, Labor market, Goods and Service Market, Awareness, Capacity Building	TUP-Brac, Shoe Factory (Brac), RMP, ASA, Shabolombi.
	Old age	Labor market, Financial market		OAA, PIME
	Deserted, widowed and destitute women	Financial market, Labor market, Goods and services market	Financial market, Labor market	AWDDW, PIME, F-f-W and RMP
Mix of (1) & (2)	Working children	Education / Capacity building	Education / Capacity building	BSTP
	Street children	Education, shelter	Education, shelter	ARISE
Concentrated in particular spaces (2)	Beggars	Labor market, Financial market, Capacity building, Goods and services market	Financial market, Capacity building, Labor market, Health service, Awareness	PD, PIME, TUP-Brac, Shoe Factory (Brac), Shabolombi
	Fishing households	Common Property, access to water bodies	Property rights	CBFM 2

Note: VGF – Vulnerable Group Feeding; VGD – Vulnerable Group Development; OAA - Old Age Allowance; AWDDW – Allowance to the Widowed; Deserted and Destitute Woman; PIME – Programmed Initiatives for Monga Eradication; CBFM2- Community Based Fisheries Management; PD – Project Dignity; HPIFF – Honorarium Program for Insolvent Freedom Fighters; F-f-W – Food for Works; RMP – Rural Maintenance Program; BSTP – Basic Skills Training Program; TUP – Targeting Ultra Poor.

Section 4

Alternative Approaches to address HCP: Probing beyond the ‘Outcomes’

4.1 Perspectives on comparing programs

Our entry point into the issues raised in this paper had been exclusion; and the latter concept was recast in terms of loosely defined concept of market with potent demand and supply. Of the various primary attributes identified, review of literature and of programs in Bangladesh reveal four to be important. These are, gender, religion, ethnicity and disability; and in most instances, none of these attributes of individuals are likely to change over one’s lifetime. A fifth is added to the set of primary attributes – ownership of assets – since its acquisition by the very poor in the short term is unlikely to materialize in natural ways. The set of secondary attributes includes those acquired – such as, education, health, etc. A third set of attributes, particularly, the demographic ones, are elements of life cycles, and applies to people of all wealth groups. The discussion in the preceding section refrained from engaging in the broader debate on which agency (state, community, family, or a mix) is better suited to address exclusions arising from having the third set of attributes.³¹ Thus, the discussion has largely confined to the first two sets.

Programs for the HCP may be perceived to aim at removing (or reducing the degree of) exclusion of the latter from certain spaces. For assessing these programs, one may therefore pose a set of sequentially linked questions:

- Have these programs succeeded to reduce or eliminate exclusion of the target groups from relevant spaces?
- If yes, what is the nature of the ‘inclusion’? Is it in the main product/service space (treated synonymously with ‘mainstreaming’), or, it through creation of segmented space(s)?

³¹ We have not also addressed exclusion out of ignorance where advocacy and awareness programs have roles to play.

- In either case, do supports have to be provided perennially to ensure inclusion? Or, are these time-bound?

Answering these questions also calls for explanations. A number of issues may be identified in this regard:

- Were the targets appropriately set, asking one to revisit targeting criteria?
- Were there faults in the design (or presence of other factors) that led to mis-targeting?
- Were the interventions made in appropriate spaces?
- Is intervention needed in additional spaces in order to realize maximum sustainable impacts?

The study, including the field visits did not have the proposed perspective to begin with. As a matter of fact, the current study was designed to develop fresh ideas through interactive reflections on current practices; and therefore findings presented in this report are only tentative and meant mostly for illustration purposes. The following sub-section describes the programs studied with a purpose, and the details on the findings are summarized in Annex 2. The concluding section presents observations on the studied programs in line with the main issues described in this paper.

4.2 Scope of the Field Study

Two districts were selected purposively, namely, Nilphamari³² and Netrokona³³. Nilphamari, located in North Bengal, is traditionally identified as a poor area with the main cause of poverty being river erosion. Netrokona, on the other hand, suffers from poverty due to a lack of investment and employment opportunities.

³² 61.18% of the population lives below the poverty line.

³³ 53.32% of the population lives below the poverty line

The study categorizes the NGO programs for extreme poor into five approaches upon observing the different programs run by the various leading NGOs in the country. These approaches are described in this paper as alternative models of service delivery and named as follows: asset transfer, wage employment, credit in kind, credit in cash, and Rural Maintenance Program (RMP).

The study draws upon extensive interviews and focused group discussions. Interviews administered in 2005 were taken among selected program planners, program officers and ten randomly selected beneficiaries from each approach from the selected areas. Focused group discussions were conducted at two levels. First, in each location, a FGD was conducted among the program officers of the five selected approaches. Second, for each program, FGDs were conducted among beneficiaries in both locations. Details on the programs are presented in Annex 2.

While the study aimed at identifying generic types of program interventions for the HCP, for the purpose of enquiry, a real world counter-part was chosen. Thus, field investigations centered around activities under CFPR-TUP of Brac for Asset transfer; shoe factories under TUP-Brac for wage employment; Shabolomby's credit in kind program; ASA's credit program for credit in cash; and the RMP. Each of these programs happens to be packaged with different components. The packaging are as follows: Asset transfer & Wage employment (TUP-Brac)– training, stipend, awareness, health service, education service, savings, village elite; Credit in kind (Shabalombi) - training, stipend, awareness, emergency fund, savings, social network; Credit in cash (ASA) – awareness, savings, village elite; RMP – awareness, savings, social network.

4.3 Summary observations on the alternative programs

The important spaces for the HCP are employment/labor market, market of staple food, housing/shelter, health service, education service, and access to financial services. Based on responses received from the FGDs and interviews of program staffs, the findings on the three basic questions are summarized below in Table 12. it is important to note that

the cost of undertaking a program has been ignored. Thus, in terms of impacts on target population, asset transfer program under the agriculture enterprise component is found to perform better; and so does the wage employment program. In most instances, however, inclusions take place in segmented markets.

Table 12 Summary Findings

Questions	Asset Transfer	Wage Employment	Credit in Kind	Credit in Cash	RMP
<i>Did it reduce exclusion in</i>					
Food	Yes	Yes	Yes/ -	During need	Yes
Employment/Labor	Self-employment	Yes	-	-	Yes
Access to Productive Assets	Yes	-	Yes	-	-
Financial Services	Yes	Yes	Yes	Yes	Yes
Housing/shelter	Yes	Yes	-	-	-
Health service	Yes	Yes	-	-	-
Education services	Yes	Yes	-	-	-
Exclusion in ideological space	Marginally	No	No	No	No
<i>If included, is it segmented?</i>					
Food	No	No	Yes/ N.A.	No	No
Employment/Labor	Yes initially	Yes initially	N.A.	N.A.	Yes
Access to Productive Assets	Yes	N.A.	Yes	N.A.	N.A.
Financial Services	Yes	No	Yes	Yes	Yes
Housing/shelter	-	-	N.A.	N.A.	N.A.
Health service	Yes	Yes	N.A.	N.A.	N.A.
Education services	Yes	Yes	N.A.	N.A.	N.A.
<i>Does inclusion require sustained external support?</i>					
Food	No in many instances	No in many instances	-	-	Yes, mostly
Employment/Labor	Not beyond initial years	Yes, till skill is acquired	N.A.	N.A.	Yes
Access to Productive Assets	Yes, mostly	Nap	Yes, mostly	N.A.	N.A.
Financial Services	No	No	Yes	No	Yes
Housing/shelter					
Health service	Yes	Yes	N.A.	N.A.	N.A.
Education services	Yes	Yes	N.A.	N.A.	N.A.

* N.A. – Not Applicable

** ‘ - ’ – Not Clear

Issues on targeting and program packaging involving interventions in multiple spaces are discussed in Annex 2.

Section 5

Concluding Observations

The literatures on exclusion and on poverty, with its various characterizations, have followed two distinct paths. There have however been attempts to find areas of their convergence – mostly from those finding exclusion as a relevant concept in understanding poverty. Even though only briefly, this paper noted that analytical categories used to articulate exclusion (largely referring to social exclusion) are rooted in the cross-section of sociology and development studies. In contrast, there has been a growing body of literature on economics of poverty, a significant portion of which is devoted to the broader issues around targeting and program packaging. Both sets have responded to programs put into practice, and in course, have influenced program designs. This paper recognizes the importance of insights into both exclusion and poverty derived from these engagements, but chooses to adopt an alternative perspective to raise fresh issues – both for program designs and on the criteria one may desirably choose to assess programs addressing poverty and the poor. The perspective developed uses the basic tools of demand and supply in ‘potent’ markets of goods and services.

The relations between excluded and poor have so far been raised with a focus on social exclusion only. Since we broaden this concept in terms of exclusions from numerous spaces, it could be argued that the poor are only a subset of the excluded, and not all excluded people are poor, while all poor are excluded from one or more spaces. This assertion has important implication for program prioritization. Often programs for the excluded may be promoted which have little or no implication for the poor. The analytical category called ‘exclusion’ however helps us to view poor and programs for the poor within a different setting; and this paper tried to give light on the alternatives.

The paper did not engage in elaborate application of the framework, other than with limited use of recently completed HIES 2005 data and several case studies carried out in 2006. It does however draw upon several other studies that the members of the research team had been involved in. One tentative conclusion of the paper is: gender, ethnicity, religion and disability are the primary attributes which define segments of population who are excluded primarily from the ideological/cultural spaces, subsequently leading into other forms of exclusion. While there are advocacy programs (not discussed in this paper), no significant improvement can be traced other than the fallouts (in terms of limited empowerment of rural women) of microcredit and NGO social mobilization programs. And the (largely urban-based) advocacy program had a setback during the revisions of the PRSP chapter on women – allegedly due to the coalition with religious groups. No clear policy initiative is visible in the areas of religious minorities and ethnic groups – rather the forces of the market and globalization have been marginalizing the weaker parties. Limited evidence on religion-specific education figures and the persistent land-grabbing (by the state and private individuals) raise alarms on the state of exclusion in the country.

In the absence of adequate data and analyses, the above statements largely remain conjectures, and future research may attempt to look into these in greater depth. At a general level, the focus was on the various kinds of exclusion, following which, criteria for assessing programs for the poor were developed. It followed logically since the poor constitute a subset of all excluded people. Barring for the limitations in definitions, it was shown that the very (hardcore) poor are more likely to be excluded from some important spaces (of human activities/exchanges). This is no new finding – even before a program is put in place, people excluded from one space, may be participating in a similar but differentiated space (different in quality and price). This has so often been discussed in the literature on microcredit (i.e. switching from moneylenders) and the present research takes cue from such happenings to explain why it happens. By the same reasoning, it is argued that any intervention in the name of hardcore poor is very likely to introduce new segments in the spaces where services are delivered. Thus, success of programs may be scaled in terms of their achievements in making poor included in the

mainstream (i.e. main product/service space), or in a segmented space (from either complete exclusion or from previous inclusion in lower quality space), or not being able to include the poor in relevant spaces in any meaningful way. The criterion of finite-period intervention has been noted, but not looked into.

Evidence on education and health suggest of segmentations in service market – with several providers in each of these markets whose services are not homogenous. Relative association of urban poor with madrassah education (which is interestingly, similar across all expenditure groups in rural areas) and relatively a greater dependence on homeopaths/ayurveds amongst rural poor are the only clear associations one could find from the existing data. It is quite possible that high current statistics fail to identify the segments in service markets that are in line with the pricing and locations presented in the proposed framework. Other datasets may be analyzed in future to identify appropriate service/products and verify if there exists any strong relations between various segments and the very poor.

Case studies on two areas with high incidence of poverty revealed five alternative approaches that are currently pursued to address hardcore poor. Ignoring the elements of cost, one finds the asset transfer (where the assets generate sustained flow of net earning) and wage employment in factories (that generate skills which can be sold in mainstream market as well) have an edge over other three programs in reducing the degree of exclusion amongst hardcore poor. Growth that expands markets and ability of the poor to participate in markets – either as providers or as consumers – is clearly pro-poor. Unfortunately, such statements remain tautologies till such growth paths can be identified and realized. Once, capitalist path of development was perceived to have that magic touch which would embrace all into the folds of the markets. Countering such monolithic development, there are proponents of the “small” as well as of diversity. Unfortunately, the real world resembles neither of the two. Decades of development experiments in Bangladesh – particularly those aiming to reduce poverty – have clearly expanded their coverage and size of the delivery market. At the same time, however, they have introduced new segments in these markets and (also) in the society at large. It is possibly

high time that we revisit the issues before engaging in another round of segmenting the society.

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ANNEX 1

Table A.1 Target groups under various pro-Poor Programs

Programs	Implementing Agencies	Selection Criteria
Vulnerable Group Feeding (VGF)	Ministry of Food & Disaster Management.	<ol style="list-style-type: none"> 1. Day laborer whose income is low or irregular. 2. Landless or those who have less than 0.15 acres of land. 3. Autistic persons or wife of physically disabled person. 4. Destitute poor women/men affected by natural disaster.
Vulnerable Group Development (VGD)	Ministry of Children & Women Affairs in collaboration with WFP.	<ol style="list-style-type: none"> 1. Landless or households with not more than .15 acres of land. 2. Monthly household income is less than 300; depend upon seasonal wage employment. 3. Lack of Productive Assets. 4. Day laborer or temporary workers. 5. Women must be aged between 18- 49.
Old Age Allowance	Ministry of Social Welfare.	<ol style="list-style-type: none"> 1. At least 65 years of age. 2. Income not more than Tk. 2000 per year. 3. Must not have worked in the formal sector.
Allowance to the Widowed, Deserted and Destitute Women.	Ministry of Social Welfare.	<ol style="list-style-type: none"> 1. Poor, helpless left by their husbands. 2. Women who are widowed.
Programmed Initiatives for Monga Eradication	PKSF. Donor: PKSF's own fund and DFID, Food Security Program of EC	<ol style="list-style-type: none"> 1. Women and children-headed households, especially widows and divorcees who have no income-earning member. 2. Families with limited assets. 3. Elderly persons and disabled. 4. Beggars. 5. Women with newborn babies and children suffering from malnutrition. 6. Day laborers. 7. Those prone to frequent migrations to other areas for jobs.
Community Based Fisheries Management Project II	<ol style="list-style-type: none"> 1. World Fish Center 2. Department of Fisheries Donor: DFID	<ol style="list-style-type: none"> 1. Poor fishing households.
Project Dignity	Padakhep Manabik Unnayan Kendra. Donor: Grameen Trust, Citi Group.	<ol style="list-style-type: none"> 1. Beggars.

Financial Services for the Poorest (FSP)	PKSF Donor: WB	Based on observables used by partner organizations during PRA
Honorarium Program for Insolvent Freedom Fighters.	Ministry of Freedom Fighters Affairs.	1. Disabled or partially disabled FF. 2. Landless or Unemployed FF. 3. None in the family to depend upon.
Fund for Housing for the Distressed. (Grihayan Program)	Housing Fund authority in association with NGO.	1. Rural poor, low income & homeless family. 2. Household affected by natural disaster and fire.
Food –for-Works (Rural Infrastructure Development Program)	DLGED & DSS.	1. Functionally landless. 2. Lack of productive assets. 3. Day laborer or temporary workers. 4. Family headed household where women is widowed, deserted and destitute.
Rural Maintenance Program	DLGED, CARE.	1. Less than 30 decimals of land. 2. Destitute family circumstances. 3. Family headed household where women has 18-35 years of age. 4. Widowed or separated at least one year. 5. No other income and not participating in other targeted programs.
Basic Skills Training Program. Vocational Education	UCEP	1. Working children living in urban slums, shanties.
ARISE	Department of Social Services.	1. Street children.
Rural Poverty Alleviation Program (RPAP)	BRDB	1. Moderate poor
Palli Pragati Prakalpa	BRDB	1. Moderate poor
Targeting Ultra Poor (TUP)	BRAC Donor: DFID, EU	Exclusion indicators (needs to dissatisfy all) Any member of the household has current NGO participation. Any member of the household receives benefit from GoB programs. No physically able woman in household. Inclusion indicators (needs to satisfy any two) Owned land of household including homestead less than 10 decimals. No adult working man in household. School-going aged children working. Adult woman selling labor. No productive assets

Source: Compiled from Official and Project document as well as from various sources of information on donor programs.

Annex 2: Types of programs available

Asset transfer

This program seeks to improve the livelihood of the HCP by directly increasing their access to various types of productive assets. The types of assets that are suitable for transfer to HCP are largely limited by their skills levels and their consequent capability to effectively utilize those assets. Therefore, the assets to be given to the HCP are often in the form of domesticated animals, with the view of engaging HCP households in livestock rearing or poultry. Assets are also transferred in the form of “user rights”, in which case agricultural land or water bodies are leased to HCP to be used for income generation. Other small assets may also be given to those who wish to undertake small scale non-agricultural production.

Asset transfer is often seen as a more viable program for the HCP than engaging them in any form of micro credit schemes, since they often do not have a regular source of income and are therefore ineligible for credit. If the HCP were given cash grants instead of credit, these are most likely to be used for urgent consumption purposes, rather than being invested in income generating activities. Hence, such grants will not have any long term impact on poverty alleviation. From a management point of view, non-repayable cash grants are very difficult to monitor and the chances of misuse of such funds are quite high. The idea of giving grants in kind, in the form of physical assets or access/user rights to such assets overcomes such difficulties and has more potential.

Wage Employment

Field observations reveal that the HCP have little or no education and their level of skills is very low. Most of them depend on seasonal employment, which is the root cause of their poverty. A secure source of income is necessary to bring these people out of poverty. In order to achieve this, programs have been designed to provide training to members of HCP household in particular skills, and subsequently arrange employment for them at local factories. This provides a permanent and regular source of income without the risks or hassle involved with asset transfer (i.e. the livestock may be diseased or inadequately nourished if enough income is not generated from them).

Credit in Kind

Opponents of asset transfer argue that, since the grants are unconditional and non-repayable, there is no pressure on the recipients to use the assets efficiently. Such initiatives may also create dependence. On the other hand, if the same assets are purchased and given to the HCP on credit, then they are liable to repay the purchase price of the asset through weekly installments. This will not only ensure that the assets are used efficiently so that the installments can be paid, it will also familiarize these groups with micro credit norms. This will increase the likelihood of their participating in regular micro finance programs once their extreme poverty condition is overcome.

Credit in kind might also be more effective than credit in cash since female headed households (which are predominant among the HCP), face social constraints to market access and therefore may not be able to use the cash productively.

Credit in Cash

The HCP are not eligible for micro credit because their earnings are inadequate to meet the weekly repayments. However, if the installment payments can be made on a monthly basis, they may be able to use the cash to generate sufficient income and meet the monthly repayments from their savings. Credit in cash might also be preferred to credit in kind from the point of view of the beneficiaries, since cash gives them the freedom of use. The beneficiaries can identify their areas of interest and choose an income generating activity according to their comparative advantage, which would increase efficiency.

Rural Maintenance Program (RMP)

While secure employment may be the key to improving livelihoods of the HCP, providing job opportunities through construction of factories in rural areas will not be financially feasible if the programs are to be undertaken on a large scale. As an alternative to permanent employment creation, the RMP provides employment for female members of HCP households in maintaining rural earth roads, for a period of four years. During this time, they are also encouraged to save and take credit from NGOs in order to engage in other more sustainable income generating activities. Therefore, the RMP can be thought of as a supplement to the Wage Employment program.

Impact Path and Findings

The approaches discussed above attempt to reach the HCP and address the poverty issue in different ways. The paths taken by the different approaches are shown in Figure A.1 to A.5 and the findings on their impact are shown in Table A.1.

Figure A.1
Road map of Asset Transfer

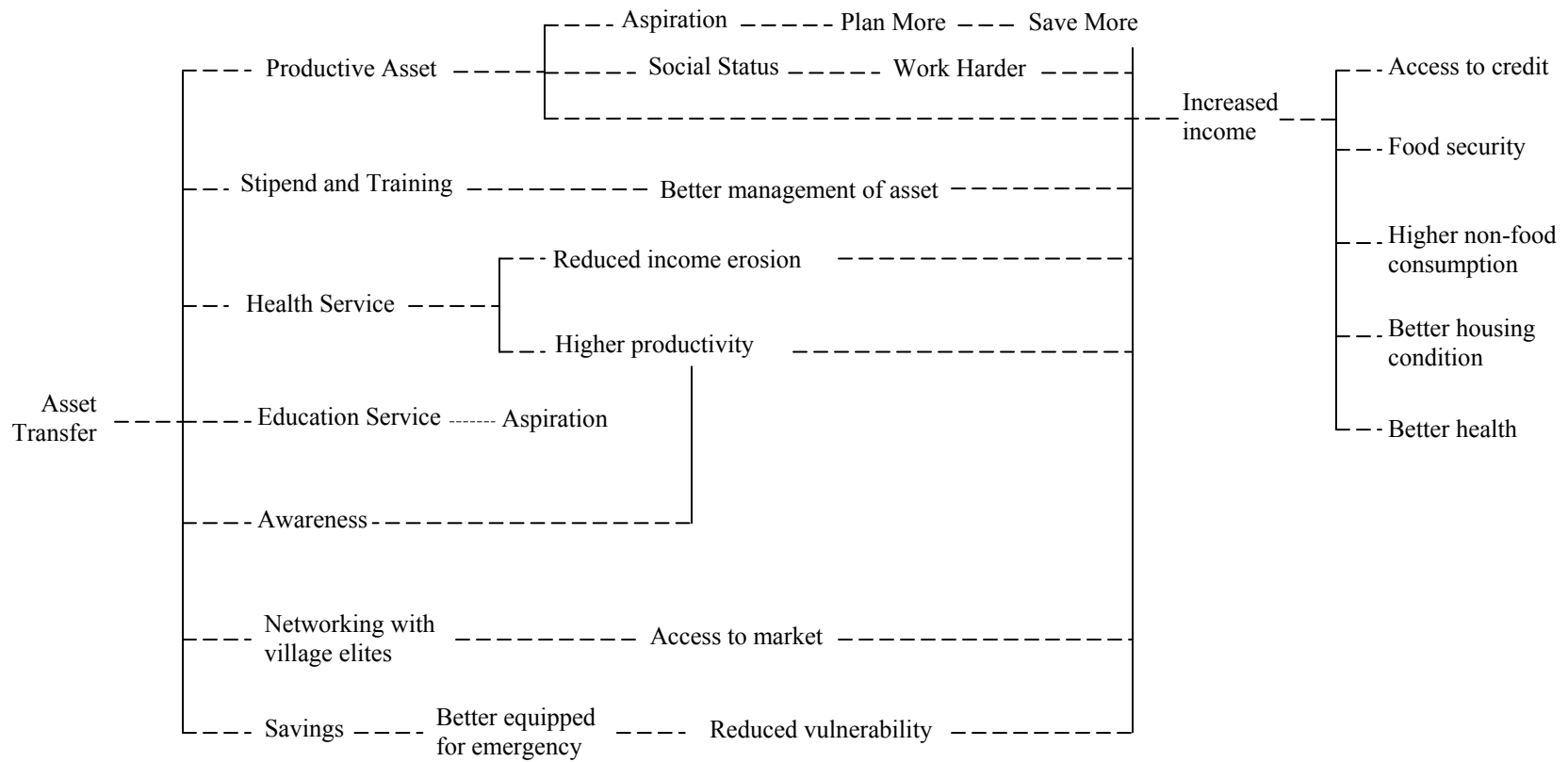


Figure A.2
Road map of Wage Employment

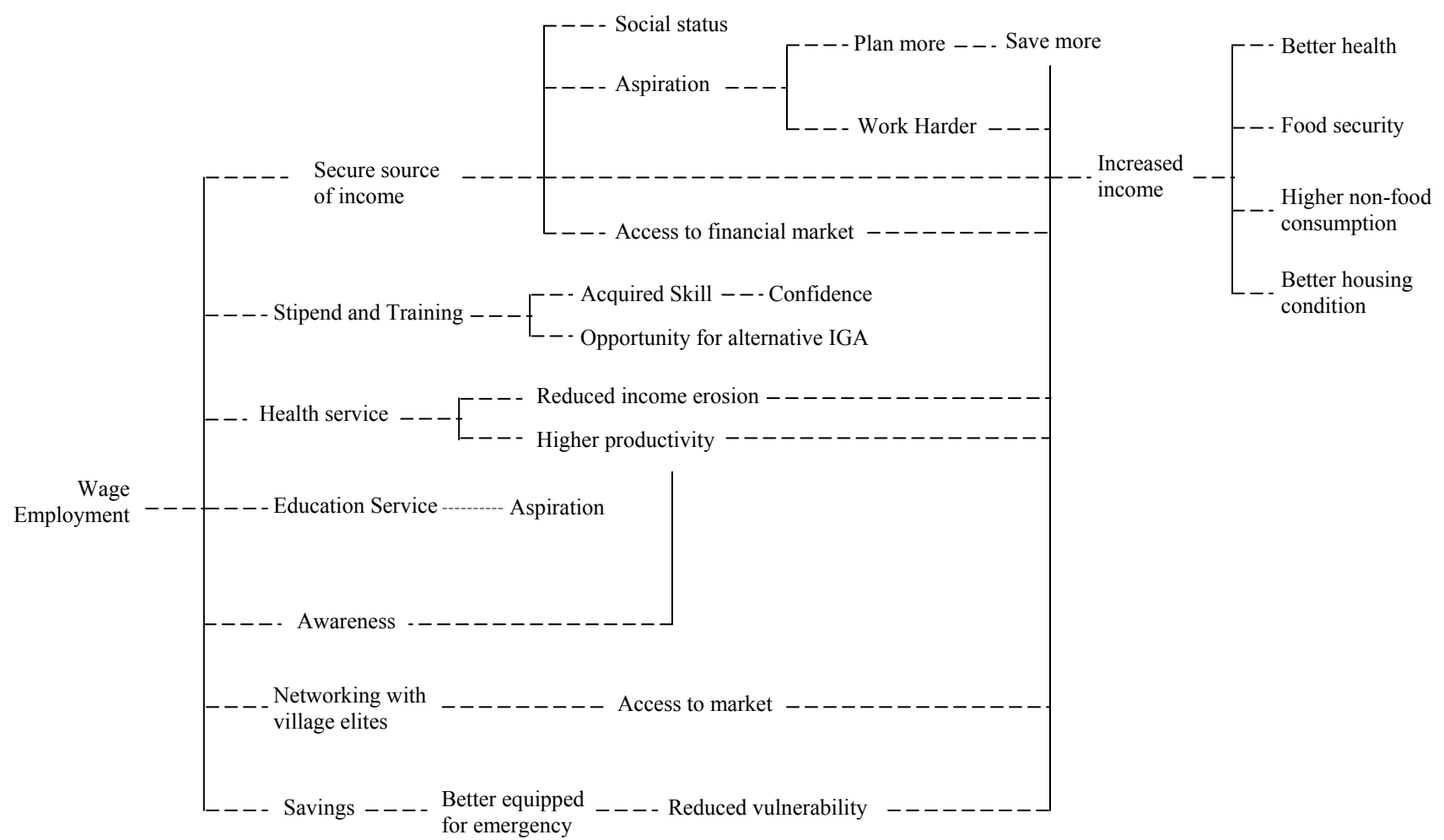


Figure A.3
Road map of Credit in Kind

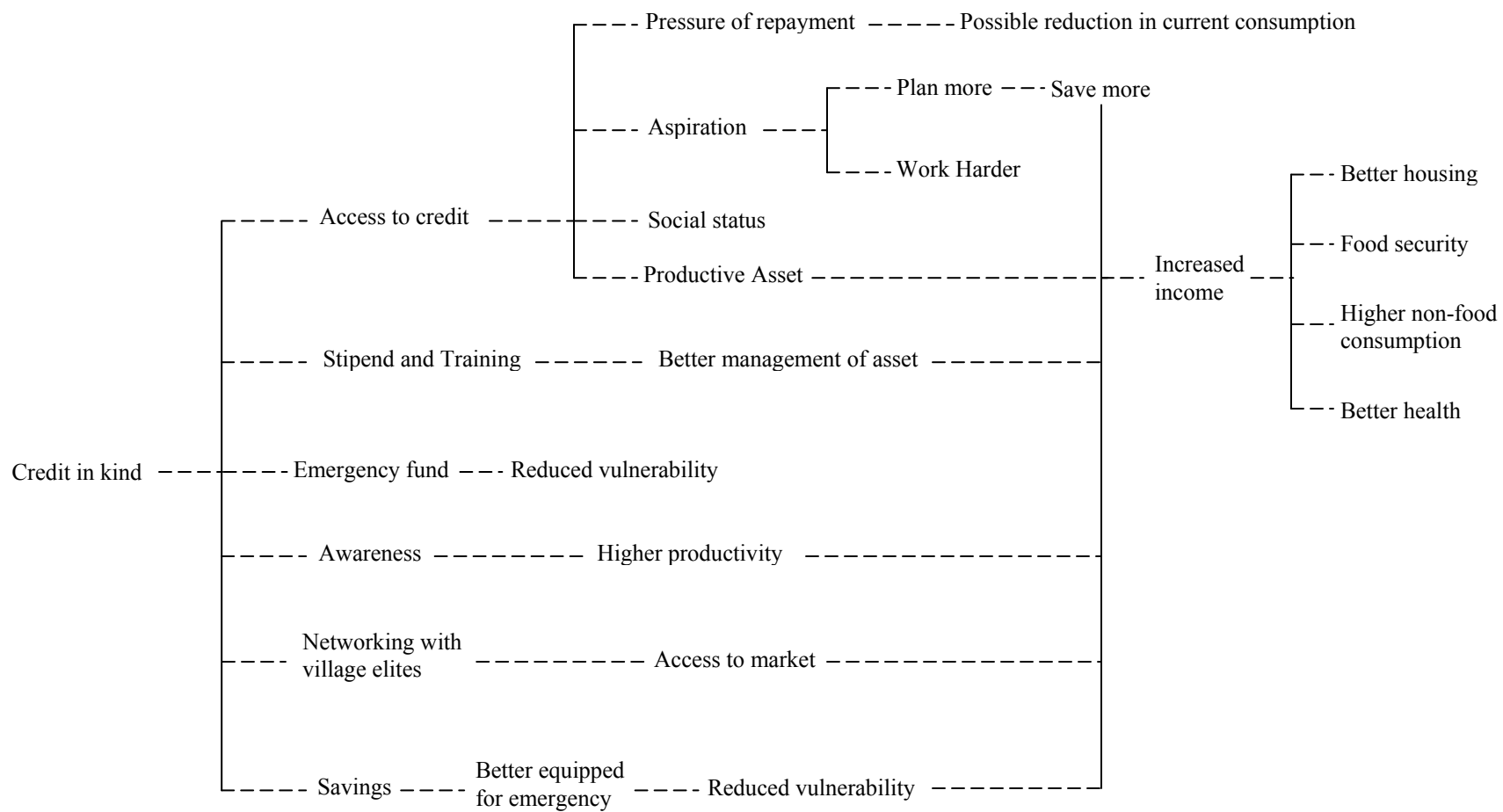


Figure A.4
Road map of Credit in Cash

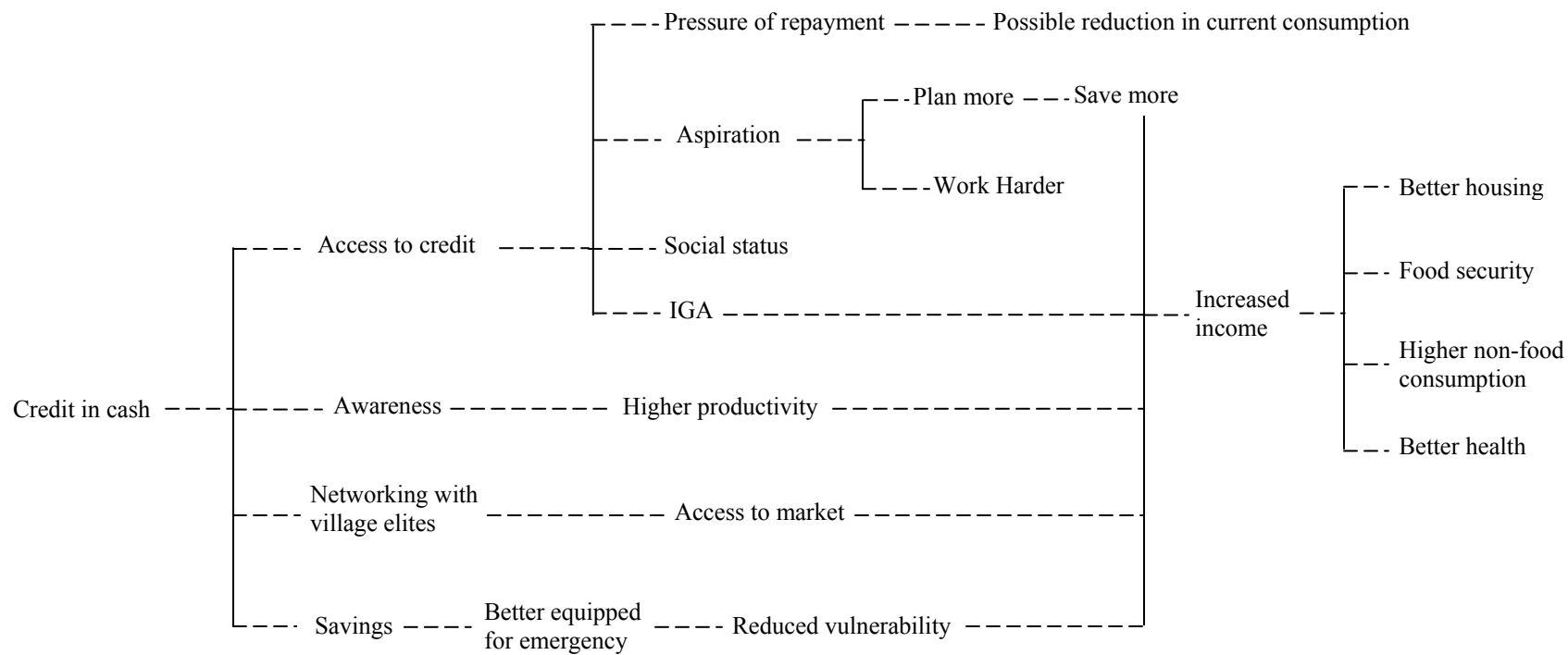
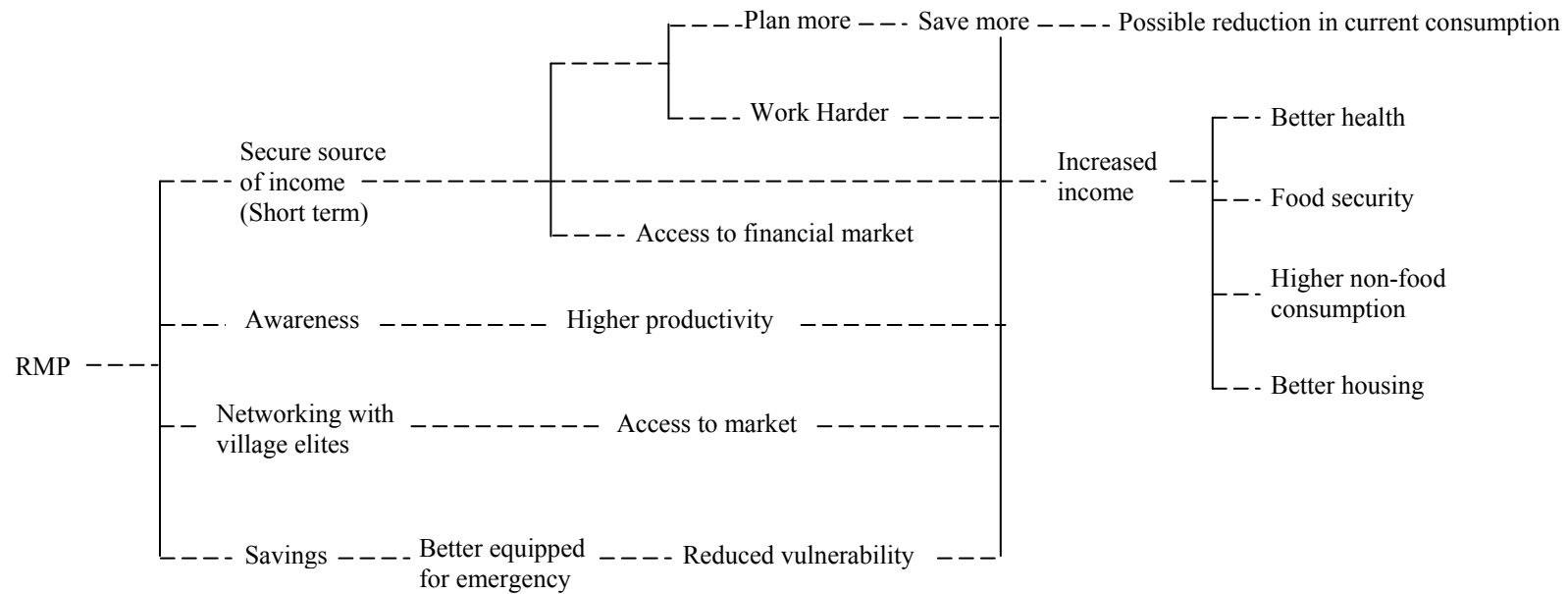


Figure A.5
Road map of RMP



In reality, evidence of such a smooth route to recovery for any program is rare if at all existent. During implementation, it is often seen that not all the components can be delivered as planned. Changes are adopted for convenience and even success of the program. As such, distortions come about both at implementation and impact. The table below illustrates some of the field observations. While some components are provided as planned, there are many deviations as well at all levels, namely targeting, enterprise selection, components and therefore impacts.

Table A.1: A comparative analysis based on field observations

	<i>Asset Transfer</i>	<i>Wage Employment</i>	<i>Credit in Kind</i>	<i>Credit in Cash</i>	<i>RMP</i>
Targeting Criteria	<ul style="list-style-type: none"> - Apart from few rare occasions mis-targeting is rare. - This approach can only address a particular subset of HCP with working aged female and school going children in the household. 	<ul style="list-style-type: none"> - To make the shoe factory sustainable they sometimes take in employees who are adept but do not belong in the poorest strata of the community. - This approach includes the HCP who are quick learner and willing and able to work outside. 	<ul style="list-style-type: none"> - Beneficiaries fulfill targeting criteria in most cases. However, selection is done on the basis of the households' ability to use the asset productively as it is a credit program. - Again those among the HCP who have the ability to put assets to productive use are selected. 	<ul style="list-style-type: none"> - Mistargeting is minimum. - This approach do not target the poorest as there has to be an earning member in the household. 	<ul style="list-style-type: none"> - Targeting is most efficient in this approach as the moderate poor will self exclude themselves as this job is considered demeaning.
Enterprise Selection	Productive asset is arbitrarily fixed by the NGO and given to HCP households irrespective of their preference of the enterprise.	Access to regular labor market is not created. HCP are employed in a subsidized factory.	Enterprise is selected by the NGO on the basis of the household's ability.	There is no interference from the NGO when it comes to use of credit in this program.	
Implementation of components	<p>Stipend – In some cases it was observed that the NGO retained the stipend as a form of forced saving.</p> <p>Health and Education – Free health and education services are given to only those beneficiaries who live close to areas with existing NGO schools and hospitals. Where there are no NGO schools and hospitals beneficiaries are</p>	<p>Health and Education – Free health and education services are given to only those beneficiaries who live close to areas with existing NGO schools and hospitals.</p> <p>Awareness – Mechanisms of effective implementation of issues discussed in awareness program are not evident. For example, tubewells and latrines within a close vicinity of HCP households are not ensured.</p> <p>Village elite – It is used for east access of NGO into the</p>	<p>Emergency fund – It is a unique component not evident in any other programs. It is created a buffer against adverse shock.</p> <p>Social network – This component connects the beneficiaries to the market effectively. Awareness – Mechanisms of effective implementation of issues discussed in the awareness program are not evident. For example, tubewells and latrines within a close vicinity of HCP households are not ensured.</p>	<p>Awareness – Mechanisms of effective implementation of issues discussed in the awareness program are not evident. For example, tubewells and latrines within a close vicinity of HCP households are not ensured.</p> <p>Village elite – It is used for east access of NGO into the village rather than connecting with the beneficiaries.</p>	<p>Awareness – Mechanisms of effective implementation of issues discussed in the awareness program are not evident. For example, tubewells and latrines within a close vicinity of HCP households are not ensured.</p> <p>Savings – As the program is short-term in nature the</p>

	<p>connected to the nearest government facilities.</p> <p>Awareness – Mechanisms of effective implementation of issues discussed in the awareness program are not evident. For example, tubewells and latrines within a close vicinity of HCP households are not ensured.</p> <p>Village elite – It is used for easy access of NGO into the village rather than connecting with the beneficiaries.</p> <p>Savings – Savings is forced in nature and withdrawal is very difficult.</p>	<p>village rather than connecting with the beneficiaries.</p> <p>Savings – Savings is forced in nature and withdrawal is very difficult.</p>	<p>Savings – Savings is forced in nature and withdrawal is very difficult.</p>	<p>Savings – Savings is forced in nature and withdrawal is very difficult.</p>	<p>beneficiaries save aggressively.</p>
Impacts	<ul style="list-style-type: none"> - Owning a productive asset largely enhances aspiration. - Assets handed over were not immediately productive. Therefore sustaining the asset becomes an additional expenditure which could lead to a decrease in net income. - Those who get free health and education 	<ul style="list-style-type: none"> - Wage employment ensures increased and secure income. - This enables beneficiaries to access informal credit. - It increases the current consumption. - As they receive training for factories they gain in skill and confidence. But the acquired skill is redundant outside the program as there are no other shoe factories 	<ul style="list-style-type: none"> - In this program the received asset is immediately productive as repayment has to be made from the very beginning. Therefore there is a definite increase in income. However, weekly repayment coupled with forced savings often creates a negative pressure on the current consumption. - The compulsion on repayment make the beneficiaries work harder and 	<ul style="list-style-type: none"> - The credit is often used for immediate need fulfillment rather than IGA. - Here too exists the pressure for repayment which creates a negative pressure on current consumption. 	<ul style="list-style-type: none"> - This program ensures increased and secure earnings for the beneficiaries. - This allows them access to the credit market. - As the job is for a limited period of time the beneficiaries are compelled to save more and plan for

	<p>services benefit more as they enjoy reduced expenditures.</p> <ul style="list-style-type: none"> - Owning a productive asset increases social status of individuals within the community. 	<p>in the vicinity.</p> <ul style="list-style-type: none"> - Those who get free health and education services benefit more as they enjoy reduced expenditures. - Factory jobs are considered more prestigious. 	<p>save more. - The provision of emergency fund reduces vulnerability of these groups against any adverse shocks.</p>		<p>the future. Thus despite increased earnings there was little positive impact on current consumption. - Secure income and inclusion in financial market add aspiration to their lives.</p>
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