

# Addressing the Extreme Poor

Through Community  
Engagement

The experience of Intercooperation in Bangladesh



inter  
cooperation

Swiss Foundation for Development and  
International Cooperation

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## Acronyms and Glossary

|           |   |
|-----------|---|
| Adivasi   | Indigenous communities in Bangladesh                                    |
| APO       | Annual Plan of Operation  |
| BBS       | Bangladesh Bureau of Statistics   |
| BDT       | Bangladesh Taka   |
| BRAC      | Bangladesh Rural Advancement Committee                                  |
| CBO       | Community Based Organisation  |
| DFID      | Department for International Development                                |
| EP        | Extreme Poor  |
| GoB       | Government of Bangladesh  |
| HID       | Human & Institutional Development                                       |
| IC        | Intercooperation  |
| IGA       | Income Generating Activity  |
| Khas land | Public Land (i.e. land belonging to the Government)                     |
| LEAF      | Livelihoods, Empowerment and Agroforestry – Project of Intercooperation |
| MoU       | Memorandum of Understanding   |
| MSE       | Micro and Small Enterprise  |
| NGO       | Non-Government Organization   |
| SDC       | Swiss Agency for Development & Cooperation                              |
| UN        | United Nations  |
| UNDP      | United Nations Development Programme                                    |
| USD       | US Dollar   |
| VFFP      | Village & Farm Forestry Project   |
| VGD       | Vulnerable Group Development – WFP programme for extreme poor           |
| VGf       | Vulnerable Group Feeding – GoB programme for extreme poor               |
| WFP       | World Food Programme  |
| WHO       | World Health Organisation   |



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## Executive Summary

Intercooperation (IC) started working with the extreme poor in the frame of the Village and Farm Forestry Project (VFFP), financed by the Swiss Agency for Development and Cooperation (SDC). Pilot initiatives with three communities were selected: 'Adarsha Gram', 'Chars' and 'Adivasi' communities.

These initiatives highlighted the importance of understanding extreme poverty and its causes before starting any intervention. They also showed that strict definitions of extreme poverty did not match the field reality, the situation varying from one region to another. Therefore, IC invited communities, including the extreme poor, to define the criteria for their own socio-economic categories.

Though the initiative proved to provide encouraging results in a relatively short timeframe, it also became clear that working exclusively with extreme poor had its limitations. The provided support, often tailor-made for individual households, required considerable time from project staff. This was most evident at the start of the pilots and actually prevented the program from reaching a critical mass.

The Livelihoods, Empowerment and Agroforestry (LEAF) project, also financed by SDC, succeeded VFFP in 2004. IC decided to adjust its overall approach and instead of working exclusively with extreme poor addresses them by involving the entire community. This approach confirmed that the livelihoods approach, vision, principles and strategies remained valid in working with the extreme poor. It showed the importance of integrating market development activities and initiating institutional processes at the community level at an early stage.

Reaching the extreme poor by working with and through the community proved to have a larger impact. It also proved to be more cost-effective than exclusively targeting extreme poor. Using the existing social structure while providing human and institutional support helped build sustainable foundations for the advancement of the extreme poor. Of utmost importance in this process was the promotion of local service providers, who played a crucial role in gauging skills development, inputs and markets for all socio-economic categories of the community. Service providers and cluster platforms critically linked the private sector to development activities from which the extreme poor could also profit. The cluster platform could mobilise the community towards social and economic initiatives for the extreme poor and will remain a driver for their further development.

After only two years of using the "community approach", 40% of extreme poor households (55,000 persons) graduated to higher socio-economic categories. Those who remained extreme poor stated that their lives had improved and particularly mentioned the increased self-esteem. Key changes towards a better life include the diversification of livelihoods, increased income and assets, improved food intake and better health, higher schooling rate of the children, increased recognition and participation in local decision making processes and increased access to services, goods and resources.



# 1. Introduction

The purpose of this document is to elaborate on the experiences of Intercooperation (IC) regarding addressing extreme poverty in Bangladesh.

IC began work in Bangladesh in 2000 and currently manages 6 projects and various backstopping mandates. The objective of every project is to improve livelihoods and decrease poverty. IC addresses poor, vulnerable households and searches for ways to ensure that the extreme poor benefit from development initiatives. Improvements are sought in all aspects of the clients' lives: through promoting the skills of individuals, peoples' organisations, local government and access to potential markets. To ensure the sustainability of its interventions, IC promotes local leadership and stakeholder ownership of interventions, while facilitating these processes and brokering collaboration between institutions. Expertise and services of IC are concentrated in the domain of rural development, hence all projects of IC are located in rural Bangladesh. So, the focus of this document is on extreme poverty in the rural context.

Poverty and extreme poverty are complex issues and can be examined in many different ways. Chapter two provides general considerations and theoretical input from IC's point of view. It starts with an overview of the poverty situation in Bangladesh, followed by the causes of poverty, the main characteristics of extreme poverty in Bangladesh and the definitions of poverty adopted by the communities themselves.

The first experiences of IC in working with extreme poor started in 2003 with the Village and Farm Forestry Project (VFFP), financed by the Swiss Agency for Development and Cooperation (SDC). In addition to their main activities involving small and poor farmers, they trialled initiatives with groups and communities of exclusively extreme poor. Chapter 3 presents IC's experiences with these pilot initiatives.

It quickly became clear that working exclusively with extreme poor had serious limitations. The support provided was highly personalized and was time consuming for the project staff. This prevented the initiatives from reaching many clients. IC decided to adjust its overall approach in the format of the Livelihoods, Empowerment and Agroforestry (LEAF) project which succeeded VFFP in 2004 and was also funded by SDC. Instead of working exclusively with extreme poor, IC addresses them through working with whole communities, although most of them are poor. Chapter four highlights these valuable experiences of LEAF.







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## 2. Understanding Poverty and Extreme Poverty

### 2.1 The poverty situation in Bangladesh

Bangladesh is one of the world's poorest countries. Since the 1990s, the country has made some progress in poverty reduction, achieving a 1% drop in the proportion of people living below the poverty line every year. Estimates of rural poverty rate now stand at about 50%, that of urban poverty by 40%. Absolute figures however show an increase of extreme poor.

About 85% of its 140 million people live in rural areas with their livelihoods largely dependant on natural resources. Reducing the severity of poverty in rural areas has been more successful than in urban areas, yet, the rural zones still lag far behind in terms of overall development. Varying between regions, between 25 - 30% rural households live in extreme poverty, another 20 - 25% are considered moderately poor. The latter may have some land, livestock or food stock, but their diets lack quality nutritional elements. These people are at risk of sliding deeper into poverty as a result of common health problems and/or natural calamities.

Positive indicators for Bangladesh suggest an annual economic growth rate of five percent, well above the average for developing countries. Furthermore, the country graduated from one of the least performing countries only one decade ago into the medium group of countries according to UNDP's human development ranking.

### 2.2 The causes of poverty

Poverty is not simply an issue of income or assets. The poor themselves express their poverty in many different ways: security, health, education, food, services etc. Their general "powerlessness" is felt in different ways, for instance, women do not have a right to control the resources they generate, indigenous communities cannot live according to their cultural traditions, credit systems discriminate against certain categories of poor and access to education, primary health services or land is not equitable.

It is usually agreed that the multi-dimensional nature of poverty has four main causes:

- **Lack of economic opportunity**, relates to low or exclusionary economic growth, the level and distribution of physical assets, human capital or social assets, and market opportunities which determine the returns of these assets.
- **Low human capabilities**, relates to levels of health, education and organisational capacity.
- **Lack of empowerment**, relates to the inability of poor and marginalised people to influence the social processes and state institutions that shape resource allocations and public policy choices which directly effect their livelihoods.
- **Low level of security**, relates to exposure to risks due to natural disasters or income shocks, which may arise at the national, local, household or individual level.

Bangladesh has even more specific reasons that contribute to poverty:

- **Enormous demographic pressure**,<sup>1</sup> relates to the ever-growing population squeezing finite natural resources. Lacking suitable alternative sources of income at local level, many members of rural poor households have to migrate in search of ways to earn money in non-farm activities.

- **Immature agricultural marketing sector** relates to a general lack of 'basics' in the field of agricultural production and distribution: lack of quality inputs, adequate market facilities, knowledge and information about markets, access to services, etc.
- **Restrictive social patterns**, relates to discriminatory practices against sectors of society (women, disabled, elderly, indigenous etc.) preventing them from climbing out of poverty.

## 2.3. The types of extreme poverty

Most of the extreme poor and destitute in Bangladesh fit into at least one of the following broad categories: resource poor, socially excluded or spatially marginalised.

### Resource deficient

Living without any possessions (land, pond, assets etc.) means existing in very stressful conditions. Resource-less people depend on day labour which in rural Bangladesh is mostly agriculture based. Many are bound to seasonally migrate in search of alternatives such as rickshaw or van pulling for their survival.

### Social exclusion

Certain categories of people are unfortunately not guaranteed full participation in society. Women, indigenous communities, the elderly and disabled people all face discrimination to varying degrees. They are often left out of local decision-making processes and have limited access to credit programmes, resources, services and markets.

The patriarchal social system creates a rigid gender division of roles and responsibilities. Consequently women have very limited mobility, restricting them from participating in governing forums and depriving them of income-earning options. Female headed households are often the poorest in poor communities.

### Spatial marginalisation

There is a geographical poverty pattern in Bangladesh: poverty is mainly concentrated in three areas:

1. the 'chars'<sup>2</sup> alongside the major rivers crossing Bangladesh which are prone to flooding and river erosion,
2. the 'haors'<sup>3</sup> which are subject to recurrent and increasingly severe flooding, and
3. the southern coastal zones which are affected by increasing soil salinity and natural hazards like cyclones and tidal surges.

Not only are these areas at a higher risk of disaster, but their remoteness means that it is difficult to access services (health care, education, agricultural extension, information and markets) or develop infrastructure. These veritable 'pockets of distress' are inhabited by the poorest segment of the population who are particularly vulnerable to the impact of natural hazards with the potential to destroy their crops, homes, livelihoods and lives.

<sup>2</sup> The riverine sand and silt landmasses known as 'char' in Bangla are home to over 5 million people in Bangladesh. The chars - some midstream islands and others attached to the mainland - are created from river sediment and are in a constant state of formation and erosion.

<sup>3</sup> The 'haor' basin is characterised by a bowl or saucer shaped shallow depression which remains completely under water at least 6 months of the year, hindering its population to access resources and services. The 'haors' are located in the north eastern part of Bangladesh.

## 2.4 The characteristics of extreme poverty

For matters of simplicity and comparability, many national and international institutions including the World Bank, the UN and the government of Bangladesh use quantitative methods to measure poverty by means of income levels or calorie intake. For example, almost 30 million people in Bangladesh fail to consume the WHO recommended minimum calorie intake of 1805 Kcal per day.<sup>4</sup> Such poverty indicators have been criticised for overlooking the multi-faceted nature of human deprivation.

IC learned that using absolute criteria for defining levels of poverty were not consistently accurate. For example, a person classified as “extreme poor” in Jessore might be considered as “poor” in Rangpur. IC therefore opted for an approach in which the whole community defines itself using the different socio-economic categories. This is realised through a participatory well-being analysis. On basis of this method, an average of 25% of the households that IC is working with, fall under the extreme poor category.

The table below presents criteria and indicators of extreme poverty selected by the communities. This exercise is also a powerful tool for assessing the concepts of poverty in a particular local context and for understanding why people are poor. To appropriately address the needs of the different wealth categories, interventions are based on their self-generated results.

### Community Selected Extreme Poverty Criterion

| Criterion                             | Indicator   |
|---------------------------------------|---|
| Land ownership                        | Zero or less than 5 decimals  |
| Employment                            | Less than 150 days/year   |
| Profession                            | No specific; often seasonal migration                                   |
| Annual income                         | Less than BDT 15,000 (USD 215)  |
| Meals per day                         | 1-2   |
| Malnutrition                          | Deficient   |
| Assets                                | BDT 3,000 – 5,000 (USD 40-70)   |
| Access to public resources & services | None  |
| Vulnerability to shocks               | High  |
| Shelter / Housing                     | None, floating or very small holdings                                   |
| Literacy                              | Illiterate  |
| School attendance by children         | Zero or very limited  |
| Clothing                              | One set per person  |
| Health                                | Ill health/poor sanitation  |
| Social issues                         | Victim of exploitation/injustice;                                       |
| Community involvement                 | Ill-treatment of women common<br>No participation; ignored by community |



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## 3. Intercooperation's Initial Experiences Exclusively Targeting Extreme Poor

### 3.1. The approach

In 2003, IC through the Village and Farm Forestry Project (VFFP) invited its partner NGOs to hand in proposals for a pilot project to work exclusively with the extreme poor. Three groups with experience in this field were chosen to form a task force to start 3 pilot initiatives with selected:

- **'Adarsha Gram'<sup>5</sup> communities:** Previously landless, the government provides shelter and small plots of land to these extremely poor families. Despite this support, they had not been able to improve their status.
- **'Chars' communities:** these people live in precarious conditions, particularly due to river erosion and flooding during the monsoon season. Their remote areas have very limited or no access to services. Seasonal lack of employment forces the men to migrate for up to 10 months per year, making the women extremely vulnerable.
- **Indigenous communities:** known as 'Adivasi' in Bangla, these communities constitute many different peoples with different languages. They commonly face social exclusion from neighbouring communities further reducing their socio-economic development opportunities. They have extremely high levels of illiteracy and little access to healthcare services.

When launching the pilot initiatives, the primary concern of IC was to avoid the replication of models not appropriate for groups of extreme poor. IC took a bottom-up approach, beginning with an analysis of problems and constraints, but also identifying opportunities. Based on this analysis, the communities developed a plan of activities. Generally, economic activities were planned for individuals or households, while social, cultural, and product marketing endeavours were planned at the community level. During the implementation of the activities, the partner NGOs facilitated the process and provided advice.

### 3.2. The support

The project combined efforts aimed at livelihoods diversification with social protection for the extreme poor.

#### **Livelihoods diversification and income generating activities**

The support included skills development for diversifying livelihoods in farm and non-farm activities, provision of seed money and training on marketing.

Skills development for farm activities and marketing was essentially ensured by partner NGO staff and the private sector, mainly local entrepreneurs. Farm activities focused on an intensive use of available land, mainly homestead and roadside. Producing vegetables and fruits had a dual objective: improving nutrition/health and increasing income through sales of surplus. Livestock rearing and poultry farming were popular choices but rarely a realistic option considering the practicality of feeding and taking care of the animals.

<sup>5</sup> Government initiative to resettle landless and homeless households on 'khas' (government owned) land. The beneficiary families are selected through local administration and then settled in communities ranging from 30-300 families.

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The demand for non-farm activities was predictably diverse and high considering the large numbers of landless people. Technical expertise came from private service providers who specialized in agro-processing, small business or handcraft. Common to all was the quick financial return.

'Market Extension', a market development tool established by IC,<sup>6</sup> turned out to be a very useful method to develop entrepreneurial skills. Making appropriate products, then creating the necessary market linkages to sell the products, required collaboration with local service providers and other market actors.

In some cases a lack of working capital prevented some people from using their existing skills. "Seed money" was granted in the form of flexible, interest-free credit, usually ranging from BDT 200 to 3,000 (USD 3 to 40). The loan was for a specific purpose, without conditions of access or the pressure of fixed repayment schemes. This method was more appropriate for the extreme poor than conventional credit systems and led to quick returns on the investment.

### **Social issues**

According to their needs, IC supported groups and communities of extreme poor in the fields of rights and access to services, goods and resources. Assistance in accessing welfare systems and goods such as VGD and VGF cards, widow or old age allowance, sanitary latrines, warm clothes etc. was provided. Facilitation support also ensured access to public resources (road sides, 'khas' land, 'khas' pond and 'khas' water bodies) allowing for tree plantation, vegetable cultivation and fish culture.

The issue of land rights was of particular importance to the indigenous communities, as they often face misappropriation of their land by influential people. Legal aid was then needed for the communities to get back their property.

### **Human and Institutional Development (HID)**

HID aims to

- i) Develop capabilities in the field of organisational development, so the people can analyse, plan and implement collaboratively
- ii) Empower the marginalised by raising their self-esteem and public profile
- iii) Enhance people's negotiating techniques with service providers and market actors.

As such, HID is considered the basis on which initiatives can be developed by the extreme poor.

HID support was provided through coaching by NGO staff and gradually enabled communities to select priority activities and implement them. Specific skills were sometimes required, such as how to apply for access to 'khas' land.



### 3.3. The results

In total, IC supported 520 extreme poor households: 200 living in six Adarsha Grams, 120 from two Char communities and 200 from ten Adivasi communities.

The 'Adarsha Gram' and 'Char' dweller villages evolved into community based organisations (CBOs), while the indigenous communities maintained their traditional system based on a headman that was leading the community in cultural and social matters.

Remarkably, around 90% of the households diversified their income sources through developing two or three new activities at the household level. In total, they tried more than 15 new types of income generating activities in farm (vegetable, medicinal plants, poultry and pigeon rearing) and non-farm (bamboo processing, embroidery, paper bag making, handicraft, grocery shop) sectors.

In the case of Adarsha Gram and Char communities, these activities increased monthly household income, on average by BDT 400 to 500 (USD 6 to 7). There was less pressure to leave to find work. In the Char community, they could now earn 30% of their income at home, reducing their total dependence on migratory activities. Financial gains were more than double for the Adivasi communities who in some cases earned up to BDT 2,400 (USD 35). Having broken out of social exclusion, a whole variety of economic opportunities opened up for them.

Thanks to the diversification of livelihoods and resulting additional incomes, more than 25% of the households graduated to a higher socio-economic class. Now 70% (up from 50 %) could ensure two meals per day throughout the year. 80% generated productive and financial assets, including group savings.

From a social perspective, there were different types of achievements. The human and institutional development process developed and strengthened their self-esteem. Even though they remained mainly poor, they felt they had their place in the community. There were positive impacts on gender related issues: dowry disputes, violence against women and early marriage. For the women of the Char communities, extended stay of men in their households improved family life and the level of security. The number of days that the husbands had to migrate reduced from approximately 210 to 13 days per year. Dramatic changes took place in Adivasi communities where people started to interact with the general community, local government bodies or school authorities on equal terms. Several Adivasi got involved in various local committees (market, religion, school) which would have been unthinkable prior to the initiative.



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The extreme poor were encouraged by the changes in their lives that were essentially the results of their own efforts with the support of an external facilitator. They strove to access more resources and services. More than 50% of the households acquired safety-net services and other resources: VGD and VGF cards, old age pension, widow allowances, latrines, tube wells and 'khas' land. A few leased land for growing vegetables. Notably, several households of an Adivasi community recovered land that had been illegally occupied by influential people.

### 3.4. The lessons learnt

#### **Challenging the traditional approach to working with the extreme poor**

The pilot initiatives broke new ground in allowing the extreme poor to define their own development strategy. Hence, the first and greatest challenge was to introduce this new approach to project staff and partner NGOs, who were used to classical methods based on technology transfer. A slow and steady approach was needed to remain culturally sensitive and build trusting relationships, particularly with the 'Adivasi' communities. Success or failure of each project hinged on finding a creative and committed response to their unique situations. In brief, the field staff had to have strong human and social qualities.

#### **Common practical problems**

Most of the extreme poor work as day labourers and have no time for day-time meetings or training, so these have to be scheduled for the evening. These people also lack information, education and resources, so it is more difficult to work with them. They find it difficult to express themselves. It requires a lot of patience and capacity-development to truly follow a people-centred approach.

#### **The importance of Human and Institutional Development (HID)**

In assisting the extreme poor to improve their situation it is crucial to improve their human and institutional capacity. This includes enhancing their analytical and negotiation skills, which are important in the process of assessing their priority issues and take appropriate actions.

HID must also nurture self-confidence which is needed for developing effective leadership qualities as well as inclusive group dynamics.

### 3.5. The limitations of working exclusively with the extreme poor

#### **Low social capital**

Extreme poor are socially excluded and marginalised; they have a low self esteem, very limited power and little confidence in negotiating with other stakeholders and service providers. Their networks are much less developed and effective. It is challenging to try and build sustainable relationships which include groups of solely extreme poor in the local development process. It's a struggle to establish and build upon their fragile social capital.

#### **Scalability and cost-effectiveness**

The capacity building process of extreme poor requires considerable time and support from field staff, therefore limiting the number of potential beneficiaries. Additionally, the inherent constraints that characterise the context of extreme poor are overwhelming. The lack of social, financial, human capital, etc., all constitute barriers towards taking initiatives, accessing markets and developing profitable economic activities. Though it is possible to tackle these problems, the process requires again more time and resources. Consequently, working exclusively with extreme poor can result in some very positive changes but for a limited number of clients.



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## 4. Targeting the Extreme Poor Through Community Engagement

### 4.1. Rationale

IC decided to adapt its approach from working exclusively with the extreme poor to using a “community approach”. Based on the experiences of the pilot project, it was decided that by involving other socio-economic categories more extreme poor clients could be helped more quickly and continuously.

The justification for taking a community approach is as follows:

- The “non extreme poor” are less marginalised and better imbedded in the communities. They can therefore undertake economic initiatives more easily and at the same time include the extreme poor in those;
- A community sensitised to the problems of extreme poor can/will take measures to improve their social and economic status (e.g. asking for allowances or ‘khas’ land from the local authorities);
- Inclusive community involvement in economic activities and market development, has better prospects and is more sustainable than working exclusively with extreme poor;
- More extreme poor can benefit by working through the community than working with them in isolation.

### 4.2. Underlying approaches

From 2004, the Livelihoods, Empowerment and Agroforestry (LEAF) project was launched with an aim to improve the livelihoods of the rural poor and extreme poor households. Strengthening their human and institutional capacities and learning how to better manage their resources required a combination of approaches. Anti-poverty strategies must reach beyond economic concerns to offer wider opportunities, reduced insecurity and ensure social inclusiveness. For this reason, a combination of approaches is used. The strategy described below is visualized in annexe 1.

#### **Sustainable livelihoods approach**

The sustainable livelihoods framework (adopted from DFID) is the overarching approach in defining the root causes of poverty and guiding the projects’ objectives, scope and priorities for development. The clients themselves identify opportunities to develop their human, social, financial, physical and natural capitals. This people-centred approach is particularly useful to understand the needs and constraints of the extreme poor in order to work with them in a way that is congruent with their current livelihood strategies, social environment and ability to adapt. Responsiveness, participation, partnership, sustainability and dynamism are other principles that guide the intervention of IC.

#### **Market approach and promotion of pro-poor growth**

The market approach seeks to promote pro-poor economic growth from which the extreme poor can also benefit. Its operational strategies include promotion of income generating



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activities, development of small and micro enterprises, value chain promotion and service market development. These approaches ensure both income and employment creation for the poor and extreme poor, allowing them to better understand, access and exploit market opportunities. Collaboration with the private sector rewards poor producers with access to higher markets, services and quality inputs.

#### **Human and Institutional Development (HID)**

The core element of HID is skills development which is used in all operational approaches and tools of IC. HID and its underlying values like empowerment, justice and self-reliance constitutes a major role in establishing new relations between stakeholders and in the promotion of self-help processes – prerequisites for the sustainability of interventions. IC reinforces capacity building of clients and partners so that they can make development choices for themselves.

Through its HID approach, IC encourages the poor and extreme poor to participate in decision-making processes. The direct and indirect welfare effects encompass dimensions such as rights, inclusiveness, responsiveness, self-reliance of local organisations and gender-sensitiveness. A first step into this direction is the inclusion of extreme poor members in the executive committees of CBOs and other groups and associations. Their input into local planning and policy making then becomes a key to their own development.

#### **Gender equity and rights-based approach**

IC informs the extreme poor about their entitlements, then encourages and empowers them to take action to claim those rights and services. To fight their poverty inducing conditions, they need their rightful access to 'khas' land, government services, welfare provisions, sharecropping rights, etc.

Women in general and female-headed households in particular are the most disadvantaged and vulnerable segment of society most at risk of extreme poverty. Promoting gender equity in order to ensure equitable development is one of the key approaches at all levels of IC. Women's contribution to income is critical to the survival and security of extreme poor households and an important route through which a household is able to escape out of poverty. IC promotes women's participation through undertaking more initiatives to engage women in income generation activities, skills development and involvement in market analysis. It also creates opportunities for empowering women in order to increase their socio-economic position in their families and communities, particularly regarding decision-making processes, control over resources, and mobility.



### 4.3. Community approach

IC selects its intervention areas based on reported poverty levels. Once chosen, the project does a quick survey of the community in order to identify existing CBOs. The aim is to work with functioning groups and not to form new, additional structures. In remote places, often abandoned by NGOs and line agencies, CBOs are rare, hence IC organises meetings with “sub-communities” within the village. Groups are selected after considering the members’ poverty level, gender aspects and their past performance. Once the pre-selection is complete, the project shares its vision and objectives with the groups and presents the range of support it can provide. On the basis of this information, the group will decide whether it wants to collaborate with the project.

The initial phase of collaboration requires IC to facilitate a development planning process. The groups analyse the constraints and opportunities of their situation and develop priorities and strategies to address those. On this basis, an annual plan of operations (APO) is drafted. The steps of this planning process are presented in annexe 2.



In general, three to six groups collaborate with IC in each village or community. A few representatives from each group or CBO form a “cluster platform”, a secondary level of organisation in which they share their respective APO. The responsibility of the cluster platform is to coordinate common activities between the groups (e.g. same training for different groups), identify activities that could be addressed to the whole community and establish the links with service providers from the private and public sectors. The cluster platform establishes its own plan of operation. Usually, the groups concentrate on six activities in their APO, a number which is manageable by them. These activities include trainings, micro-projects (e.g. establishment of poultry business), social issues (e.g. reduction of violence and ill-treatment against women), etc. In most of the cases, the APO is presented to the Union Council in order to attract possible support. IC can propose complementary planning tools in relation to market development or gender mainstreaming, which are integrated in the general planning process.

Once the plan is finalised, a Memorandum of Understanding (MoU) is signed between the cluster platform, the partner NGO and the project. This MoU stipulates the respective commitments of each organisation. Annexe 3 shows the relation between these stakeholders as well as their roles.

All CBO and cluster platform activities are open to the whole community. The socio-economic status of the group members generally reflects that of the community:

| Category   | Extreme poor | Poor | Medium | Rich |
|------------|--------------|------|--------|------|
| Percentage | 25           | 40   | 28     | 7    |

The planning process is organised according to an inclusive community approach which not only involves the extreme poor, but has special features to ensure that their concerns are given priority.

**The well-ill being analysis**

Facilitated by IC, a well-ill-being analysis assists the community in establishing their own socio-economic categorisation system. Through discussions of their concepts and viewpoints about constraints and resources they discern different causes of distress and escape routes out of poverty.

Based on their own socio-economic criteria, the group assesses the socio-economic status of each of its members. The advantage of groups themselves defining these criteria is that in doing so they develop better understanding of the livelihood constraints and the experienced deprivations of the extreme poor.

**Special attention given to extreme poor**

In a focused walk through their community, know as a ‘transect walk,’ richer CBO members are brought in touch with the realities of the extreme poor in their own community. This exercise can help more affluent participants to better understand the situation of the extreme poor and stimulate their will to extend support to them.

The extreme poor are encouraged and supported to determine their own priority activities in the planning process of the CBOs and cluster platforms. The activities chosen by the extreme poor constitute an integral part of the final annual action plan of the CBOs and cluster platforms. In general, they target income generating activities, employment opportunities, and access to public goods, resources and social security. In order to support the implementation of the activities identified by the extreme poor, a task force is constituted. A list of the most indigent members of the community is also included in the annual action plans.



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#### 4.4. Program support

As in the pilot initiatives, groups involving extreme poor were assisted in livelihoods diversification, farm and non-farm skills development, strengthening groups and cluster platforms as well as linking with service providers, resources and markets.

An emphasis on market development included promotion of micro and small enterprises (MSEs). This allows extreme poor either to be a part of these MSEs as producers/processors or to have an employment opportunity, most often under a wage system. Support to local private service providers and their associations was a more specific intervention in this phase.

The facility to provide “seed money,” which was explored in the pilot project, became systematised and institutionalised. Each partner NGO created a fund of up to BDT 100,000 (USD 1,430) for providing loans to extreme poor under an interest-free, flexible system. Many of the groups then started self-saving schemes to further promote their business, which also enabled the extreme poor to more easily access loans for working capital.

To raise the voice and influence of extreme poor in decision-making processes, IC facilitated their fair representation in the executive committees of CBOs, cluster platforms and other task forces or committees.

#### 4.5. Results

The results presented in this sub chapter are solely based on EAF. This was the first project that adopted the community approach and was the most important in relation to scope, innovation and impact on extreme poverty.

EAF works with 120,000 households via 4,600 CBOs and 1,400 cluster platforms. 30,000 households consider themselves extreme poor on basis of their well-ill-being analysis. At least another 10,000 extreme poor households benefit through the various community based activities. Assuming an average of 4.5 persons per households, EAF reaches about 180,000 extreme poor women, men and children.

The following results are based on assessments of EAF’s extreme poor beneficiaries over a period of two years (mid 2005 to mid 2007).



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### **Getting out of extreme poverty**

According to their well-being analysis, 40% of extreme poor households have graduated to a higher socio-economic strata (38% to 'poor' and 2% to 'moderate poor'). Roughly 12,000 households got out of extreme poverty after two years of support.

92 % of extreme poor households say they feel more positive and secure about their daily lives having developed self-esteem and confidence.

### **Diversification of livelihoods**

94% of the CBOs initiated special livelihoods activities for the extreme poor. Of these 75% undertook one to three initiatives, and 25% tried four or more initiatives.

18,000 extreme poor households (60% of the total) have undertaken one or two new IGAs, enabling them to diversify their source of income while reducing their vulnerability. Poultry, goat, duck rearing, improved (homestead) vegetable cultivation as well as the non-farm activities such as small business (rickshaw, grocery shop) and handicraft activities are the most successful activities undertaken by the extreme poor households.

### **A community taking care of its extreme poor**

The Wapderhat cluster platform involved 38 extreme poor households with a beef fattening initiative. Another 10 extreme poor households were employed to take care of the 16,000 trees the community planted on an embankment. For this they earned Tk 1,000 each month.

This innovative cluster platform also gave four cows (two dairy) to four extreme poor households. They benefit from selling the milk and rotate the animals between households, keeping the calf with them.

The community also established contract farming of maize (22 acres) and potato (20 acres) which generates more employment opportunities for the extreme poor.

### **Health benefits**

Now 75% of extreme poor (22, 000 households) are eating at least 3 meals a day around the year, compared to 50% previously. The remaining 25% of extreme poor have difficulties affording two meals a day due limited job opportunities between August and October.

With the introduction of vegetable cultivation, 90 % of extreme poor have improved the nutritional quality of their diet. Better food, access to health services, the cultivation and use of medicinal plants has resulted in a decline in sickness and increased income.

### **Increased earnings**

The extreme poor increased their income by at least 30%, rising from BDT 64 to 84 per day (USD 0.9 to 1.2). By investing in their business through credit and soft loan, as well as adopting innovative techniques, 6,500 extreme poor could generate an additional daily income up to BDT 40 (USD 0.6).

### **Increased assets**

92% of the extreme poor households reported an increase in assets, 7% reported a decrease, 1% no change at all. On average, the extreme poor households managed to increase the total value of their assets by 30%, from BDT 41,000 to 54,000 (USD 600 to 800). The most important assets include livestock, poultry, housing and cultivable land.

### Education

Though no formal assessment was made, it was said that most of the extreme poor were able to send their children to school. This was made possible not only because of the additional incomes, but also because of the efforts of the CBOs. They encouraged the extreme poor to enrol their children and, in some cases, established non-formal schools for them.

### Participation

At least two extreme poor were included on the executive and planning committees of 44% of the CBOs and 83% of the cluster platforms. More than 3,000 extreme poor contributed actively and in doing so revitalised their self-esteem and confidence.

13% of the extreme poor CBO members actively participated in conflict resolution processes. 2% are involved in village and Union Council committees.

### Access to markets and resources

7,500 extreme poor households joined purchasing collectives and participated in promoting marketing activities. 1,000 new job opportunities were created through micro small enterprises (MSEs) which directly benefited the extreme poor.

2,060 CBOs conducted business activities which resulted in the following gains for their extreme poor members:

- 24 % received financial and input supports from inputs sellers and buyers (500 CBOs)
- 37 % received seed, fertiliser and technical advice from line agencies and Union Councils
- 15 % of CBOs expanded their consumer base to district and national level

### General benefits

80% of the extreme poor households received advisory and embedded services from local service providers, contributing to the improvement of their livelihoods.

9% received seed, fertiliser and technical advice directly from public agencies, Union Councils or NGOs.

5% of the CBOs applied for the allocation of 'khas' land.

99 Adivasi households got possession in public forestland in Sunamganj.

### Community Networks Involving Extreme Poor in Market Development

In 2007, IC initiated collaboration with the community of Jothadam (in the Union of Dapuna near Padna). A cluster platform was formed and identified embroidery as a potential economic activity for the extreme poor women of their community. The marketing extension exercise confirmed this potential, so the cluster established linkage with the Ayesha Abed Foundation (BRAC-Aarong). The Foundation organised a 7-day training course for 20 extreme poor women. 10 of them started working on a trial basis. Soon, 160 extreme poor women were involved and could generate an additional income of 70 to 85 Tk/day (USD 1 to 1.2). One year later, the cluster platform invited 7 neighbouring clusters to join, extending the initiative to another 100 extreme poor women.



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### **Access to finance**

61% of extreme poor households received financial support from micro financial institutions through the facilitation of the cluster platforms.

25% of the CBOs involved in marketing activities developed self-savings and credit schemes, and provided soft loans to 70% of their extreme poor members.

### **Access to welfare**

Cluster platforms helped facilitate support from Union Councils (government safety-net programmes such as VGD, VGF, old age and widow allowances) for 38% of the extreme poor.

A further 2% received support from other sources.

3% of the CBOs arranged relief for extreme poor.

### **Access to health and sanitation**

81 % of extreme poor households reported having better access to health care services. 17% could access government health care centres.

25% of the cluster platforms organised twice yearly rural medical camps, mainly to the benefit of extreme poor.

60% of the extreme poor households received medical support from the government, notably in access to hospital and other facilities, and 30% to NGO facilities.

55% of the applications from extreme poor for sanitary latrines were granted, mainly from Union Council.

## **4.6. Lessons Learnt**

### **The community approach is a sustainable way of addressing the extreme poor**

Working through the community to reach the extreme poor proved more effective than working exclusively with extreme poor in several aspects:

- Mixed groups allow the building of social capital amongst the different socio-economic categories. Having established social networks, extreme poor were better able to access social and economic opportunities.
- The “non extreme poor” group members undertake economic activities and initiatives to access markets more easily and they are more open to include their fellow extreme poor group members in this process. The resulting benefits from these initiatives are direct, more immediate and sustainable.
- Communities, especially with the participation of elites, often mobilised themselves in order to help the extreme poor. They initiated actions to secure welfare, services, resources, employment opportunities, and financial assistance for the needy.
- The support provided by the community to the extreme poor takes into consideration the local context and is more appropriate than external interventions which usually lack the knowledge of local realities.
- The number of extreme poor that can be reached through the community is significantly higher than through exclusive support, thus reaching a critical mass and increasing the cost-effectiveness of interventions.

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### **Facilitation of equitable power sharing**

The groups did not have an immediate sense of responsibility towards improving the situation of the extreme poor. Resistance sometimes came from small farmers who used the extreme poor as day labourers. It was not in their interest to increase the wages. Using progressive members to advocate for extreme poor proved useful in this regards. Transect visits brought cluster members in touch with the reality of the extreme poor in their own community. This first creates a sense of solidarity towards the extreme poor, progressively expressed as greater inclusion in the groups' activities, resulting in a better balance of the power in the community.

### **Combining HID, market development and micro-finance**

The process of institutional development at the level of groups and communities aims to build social capital and empower the poor. Building self-help and self-reliance skills is a gradual process. For this reason, IC did not introduce interventions on market development in the first year of this organisational strengthening process. However, in the course of time and after having gained experience, IC realised that the introduction of economic dimensions at an initial stage could constitute an additional source of motivation for the mobilisation of groups and communities.



The provision of soft loans to the extreme poor, specifically aimed at establishing productive assets, propels the development of economic activities and enhances the impact of interventions. Financial support on the other hand has to be part of a "micro-project" which includes technical training, market assessment, business development plans, access to services, etc. However, external financial services are not always required as the communities often organise self-saving schemes from where extreme poor can access loans.

### **Diversification and intensification of livelihoods**

The livelihoods opportunities of extreme poor households are usually limited to day labour which has no security for a paltry wage. The extreme poor however can increase their production and income by exploring new livelihoods strategies and the intensification of existing activities. Improving techniques and expanding access to markets makes new and existing activities more profitable.

Women in particular, being confined to their homestead, do not have access to information regarding valuable economic activities that they could undertake. Their limited mobility prevents them from being engaged in day labour which, in any case, is often arduous, poorly paid and socially demeaning.

Intensification of livelihoods activities generally starts with the development of income generating activities targeting the local markets and can evolve into the promotion of value chains involving extreme poor with the support of other community members. This support also contributes to reducing their vulnerability.



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### **Farm and non-farm activities**

Most of the extreme poor are landless. It follows that non-farm activities are most appropriate for them. Small businesses, like grocery shops, and food processing were found to be the most profitable activities. Handicraft can provide regular incomes, but its profitability lies on the access to higher markets.

Livestock rearing for dairy production offers a good financial return, provided that the extreme poor are involved in organised groups to sell the milk at higher quantities and better prices. Beef fattening is extremely profitable with a risk near to zero. Though it requires a relatively high investment, this can quickly be recovered.

A change in the cropping patterns can avoid or mitigate the effects of the 'lean season' on the extreme poor. This phenomenon particularly occurs in north western Bangladesh and is known as 'monga'. The establishment of a double crop system (short growth duration rice varieties in rainy season followed by other crops benefiting from the soil moisture just after rice harvesting) requires additional daily labour during the 'monga', providing job opportunities for extreme poor. In this way, they profit from the activities of the medium and larger scale farmers.

### **Local Service Providers**

Limited access to services remains a major constraint for all poor households therefore IC has been promoting the development of local service providers. They are generally productive members of the community recognised for their expertise in specific production or marketing endeavours. They can effectively contribute to the skills development of the extreme poor and coach them in economic initiatives on a permanent basis, as they are usually members of the same community. They represent an easily available and affordable source of relevant advice, capacity development and linkage with the market.

Linking these service providers to, and collaborating with, the private sector provided additional opportunities for poor and extreme poor to access improved services, inputs and markets.

### **Increased responsiveness from support agencies and local government**

The institutional process undertaken in groups and communities established valuable links with supporting agencies and local authorities like the Union Councils. Community representatives advocated on behalf of the extreme poor and met with heightened responsiveness. Bottom-up planning processes, supported by IC, also led the Union Councils to insert specific activities for the extreme poor in their annual plans of activity.



## 5. Conclusion

The experience of Intercooperation has confirmed that the community based, livelihoods approach is a valid strategy in working with the extreme poor. It also showed the importance of integrating market development activities and institutional capacity building at an early stage.

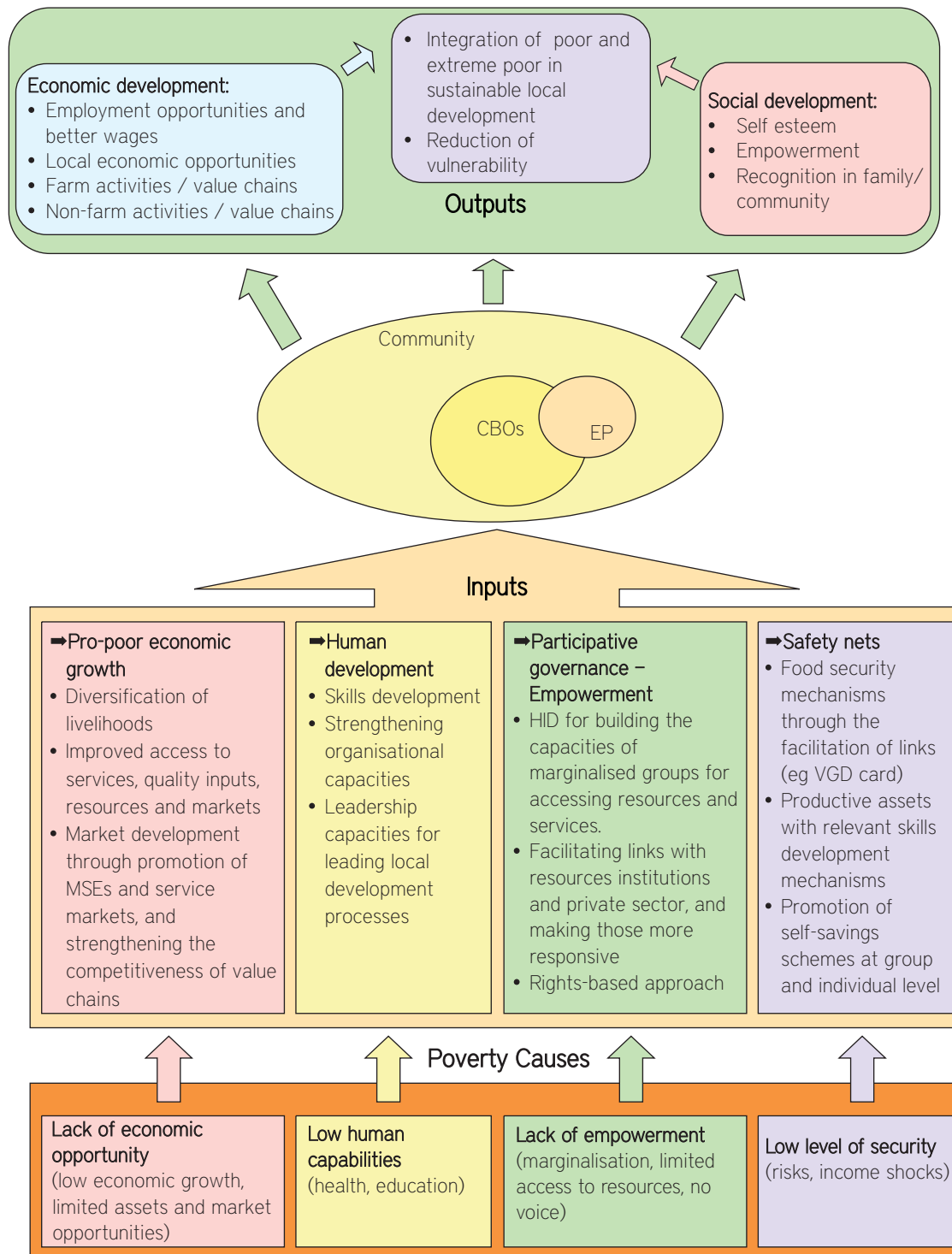
Reaching the extreme poor through working with the community proved to have a larger impact and to be a more cost-effective approach than exclusively targeting extreme poor from different perspectives. Using the existing social structure while providing human and institutional support helped build a sustainable foundation for communities to reach a critical mass of extreme poor. Of utmost importance in this process was the promotion of local service providers, who played a crucial role in gauging skills development, inputs and markets for all socio-economic categories of the community. Service providers and cluster platforms critically linked the private sector to development activities from which the extreme poor could also profit. The cluster platform could mobilise the community towards social and economic initiatives for the extreme poor and will remain a driver for their further development.

After only two years of this approach, 40% of extreme poor households (55,000 persons) graduated to higher socio-economic categories. Even those still considered extreme poor stated that their lives had improved and particularly mentioned the increased self-esteem. The positive life changes included: diversification of livelihoods, improved food intake and health, increased incomes and assets, participation and recognition, and access to services, goods and resources.

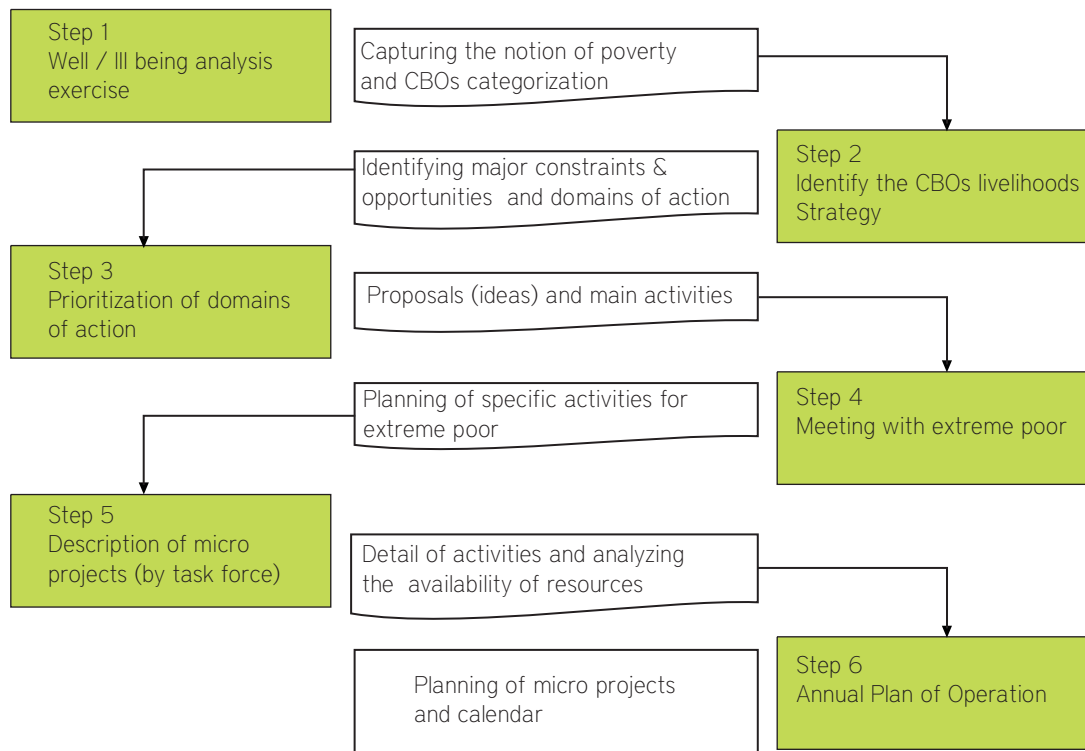
Obviously, some challenges remain ahead. The assets and economic activities of the extreme poor remain fragile and could be suddenly annihilated by any major crisis or upheaval. The prevalence of such incidents could increase in the future with the global climate change having severe repercussions in Bangladesh. Many of the poor and extreme poor still depend on rare opportunities with little resilience to negative forces. For those, the access to financial services, working capital and technical innovations that can boost their economic activities to a secure level of income remains a critical issue. Though still believing in the value of flexible micro-credit for the extreme poor, IC is also interested to test innovative, clever asset transfer approaches in the future.



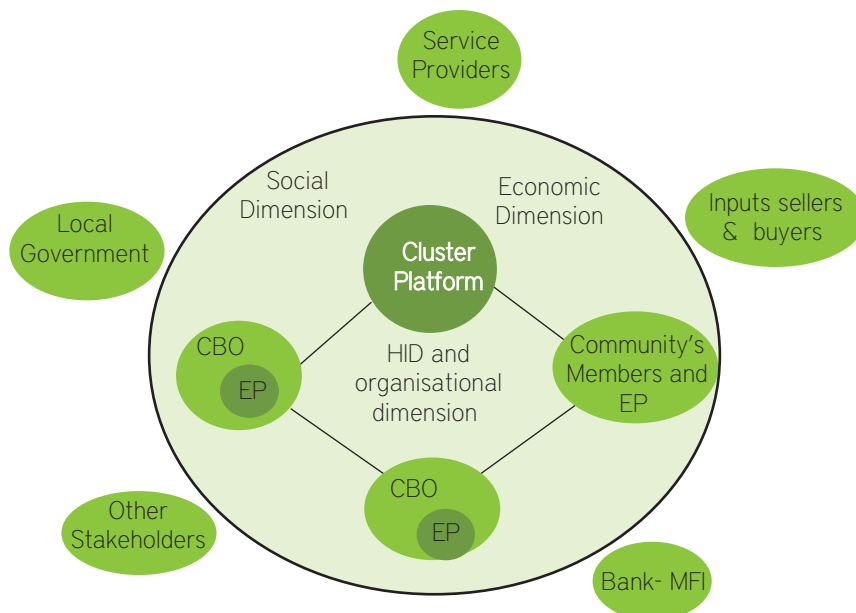
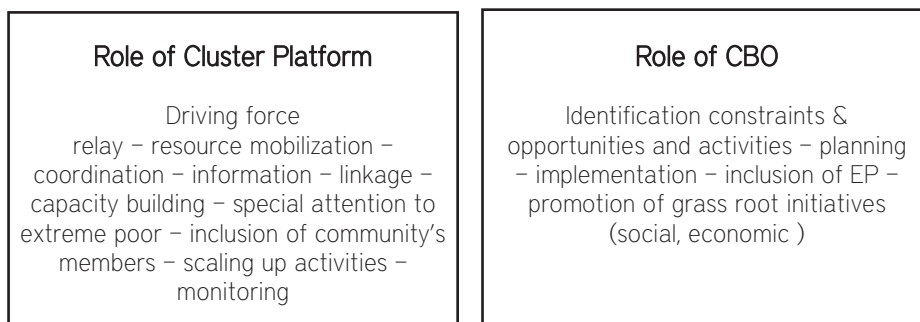
## The IC strategy to fight poverty and extreme poverty



## Steps of groups and cluster platforms planning process



## Relation and Roles Between Different Stakeholders



**Role of partner's NGOs supported by IC** Facilitation  
 – capacity development – access – linkage –  
 strengthening of people's organization

Intercooperation is a leading Swiss non-profit organisation engaged in development and international cooperation. Intercooperation is registered as a foundation and is governed by 21 organisations representing the development community, civil society and the private sector. Intercooperation is a resource and knowledge organisation, combining a professional approach with social commitment. Intercooperation's expertise is grouped around three broad working domains:

- Natural resource management (Agriculture, Forest and Environment)
- Rural economy (Finance, Enterprises and Markets)
- Local governance and civil society (Municipal and Local Development).

Intercooperation supports partner organisations in more than twenty developing and transition countries on mandates from the Swiss government and other donors. In South Asia, Intercooperation is present in Bangladesh, India, Pakistan, Nepal and Afghanistan.

Intercooperation started work in Bangladesh as a project management and implementation partner of SDC (Swiss Agency for Development and Cooperation) in 2000. Intercooperation works with government, technical and research organisations, NGOs and Community Based Organisations (CBOs) on initiatives related to sustainable livelihoods, local governance and natural resource management. The current fields of work in Bangladesh comprise:

- Livelihoods development
- Human and institutional development
- Value chain and market development
- Decentralisation and local governance
- Collaborative natural resource management
- Agro-forestry

In all its work, Intercooperation seeks to support gender balanced, equitable development, focusing on the rights and empowerment of the poor and marginalised.

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