



Hope for the Poor

Bandhan

*An innovative approach towards
credit plus intervention*

Bandhan's Targeting the Hard-Core Poor Program

People at the very bottom of the economic ladder are often excluded, or exclude themselves, from microfinance. Their income is usually too low and unreliable to permit repayment of loans or investment in anything but basic food consumption. In 2007, Bandhan launched Targeting Hard-Core Poor (THP), a pilot program to reach out to those below the scope of regular microfinance. This pilot was part of the CGAP-Ford Foundation Graduation Program, a global effort to understand how safety nets, livelihoods and microfinance can be sequenced to create pathways for the poorest out of extreme poverty, adapting a methodology developed by BRAC in Bangladesh. Bandhan's THP program follows the graduation model, a holistic and intensive effort that demands a high level of concerted work. The key is careful sequencing of development services, along with close monitoring and regular interaction between program staff and participants. The impact of Bandhan's THP program is currently being measured through a rigorous randomized assessment implemented by Abdul Latif Jameel Poverty Action Lab and funded by the Ford Foundation. Please check www.cgap.org/graduation/bandhan for updates.

Program Description

In order to ensure only the poorest women are selected, **careful targeting** is at the heart of Bandhan's THP program. The poorest communities are chosen by Bandhan microfinance branch managers, based on their knowledge of the area. Once the program sites have been selected, Bandhan finds out who the poorest people are from the villagers themselves—this allows the THP program to factor-in the local understanding of what it means to be extremely poor. Bandhan encourages households from various religions, castes, and social groups to join a participatory rural appraisal exercise. Together, they draw a social map of the village and conduct a wealth ranking of the community. In order to join the THP program, all households must have a female member that is physically and mentally able to manage an enterprise, have no active loans with a microfinance institution and receive no significant government support. On top of these criteria, participants must also meet two of the following criteria; the household's primary source of income is informal labor or begging, the household owns less than 0.2 acres of land and has no other productive assets, there is no able-bodied male in the household, and the school-aged children are working rather than attending school. Bandhan staff conducts short surveys to verify that the households identified by the communities meet the selection criteria above, usually narrowing down the list of potential participants to 6-10 women per village. To finalize the participant selection, a team from head office visits all the homes and ensures that better-off households have been excluded and only the poorest remain.

Soon after participants are selected into the program, they start receiving a **consumption support** in the form of a small cash stipend of Rs 91 (US\$0.9) per week—the support has recently been raised to Rs 140 (US\$3) because of the surge in food prices. This support gives participants “breathing space” by stabilizing their consumption. Bandhan has chosen to customize the duration of the support to the participants' livelihood choices. Since non-farm activities generate cash sooner than agriculture, those who engage in services and petty-trade receive support for 15 weeks, whereas those who choose to rear livestock get 40 weeks. Discussing the amount and duration of the support with participants builds trust and helps them plan ahead for when the support stops.

Participants start saving following the week of the asset transfer. The prime objective is to inculcate saving habit in the beneficiaries.

During the consumption stipend phase, beneficiaries are encouraged to save Rs 10 (US\$0.2) on an individual account at Bandhan. Once the consumption support ends; they can save any amount in their individual account. Participants can withdraw their savings at anytime to meet emergency needs. In addition to building assets, Bandhan is confident that saving regularly within its microfinance institution helps participants build financial discipline.

A few months after she has been selected, each participant receives an **asset** to help her jump-start an economic activity. Bandhan makes sure that the activity has the potential to be economically viable, is easily manageable and socially acceptable by the communities. Participants can choose from a menu of livelihood options, based on her preference and past experience—family and neighbors are often consulted for advice. Participants can choose livestock (cow, goat or pig rearing), fish or vegetable selling or non-farm activities such as bamboo work, grocery stores, tea stalls, stationery shops and other petty-trade activities. Bandhan has recently widened the set of livelihood options in order to include new activities with high potential such as cottage industries and floriculture. Bandhan's veterinarian is always present to purchase THP program

livestock in order to ensure the animals are healthy. Bandhan's budget for assets is Rs 5,000 (US\$108) for a non-farm enterprise and Rs 6,000 (US\$128) for a farm-based livelihood. After choosing a livelihood, the participant takes an initial 3-6 days training to help her acquire the skills needed to care for an asset and run a small business, and to learn where to go for assistance and services.

Coaching the Poorest

Regular monitoring and coaching of participants by dedicated field agents over two years is crucial. Extremely poor people generally lack self-confidence and social capital. The skills-training builds up their expertise, but doesn't suffice to dramatically boost their self-confidence. In order to foster peer-support, Bandhan organizes weekly group meetings with participants. During these meetings, field agents raise awareness about social concerns such as dowry and human trafficking and educate participants on health issues such as vaccination, family planning, water sanitation and hygiene. After the weekly group meetings, a field agent also visits each participant at home—this is an unparalleled opportunity for individualized coaching of the participant. Bandhan recruits its THP staff above-all for their strong "human" skills; they are compassionate and attentive to the participants' life issues and keen to listen to their concerns and provide specific guidance. Field agents also teach participants to read and write their names, along with basic numeracy skills. Each week, they record participant's cash inflows, outflows and savings in a booklet; they use this exercise an opportunity to discuss the participant's financial life and help her plan for the future. Since the relationship between participants and field agents is so important, Bandhan ensures that all participants interact with the same person throughout the program.

Bandhan also creates "Ati Daridro Sahayak Committees" in each village to foster community support during and after the program. These committees typically include local leaders such as the clergy, teachers, or village elders. The committees ensure security of the participants, give them advice, and even mediate in cases of domestic violence and alcohol abuse. In one case, an Ati Daridro Sahayak Committee intervened to successfully stop the trafficking of a young woman. Committees also liaise with local Panchayat Members to obtain voter and ration cards for program participants. Bandhan is currently seeking to further strengthen the Ati Daridro Sahayak Committees and to encourage local doctors to join them. A contingency fund has also recently been introduced to help meet participant's health emergencies.

What Does Success Look Like?

Bandhan's THP program is highly structured, with graduation into sustainable livelihoods as the end goal. Participants reach "graduation" when they meet a series twelve criteria among which having at least two sources of income, eating at least two meals a day, having at least two fruit or vegetable trees, accessing safe drinking water, having secured housing and maintaining basic hygiene. Other indicators include children immunization and school attendance, access to healthcare, and the fact that a participant is able to write her name. Two more "graduation" criteria were recently added to reflect the program's efforts to help participants claim their rights: the possession of government ration cards and voter cards. Bandhan is of the opinion that credit is not always a suitable next step, but the THP program ensures that when they "graduate" women are creditworthy enough to be able to access a microloan if they can make good use of it.

Scaling-Up

By September 2009, 294 out of 300 participants in the pilot program in Murshidabad had "graduated". The remaining six failed to graduate because of death, illness and migration. Bandhan has already started to expand the THP program, reaching 3,000 households with its own funds and with support from the Ford Foundation and the Michael and Susan Dell Foundation. It plans to reach out to 5,000 households by the end of March 2011. Bandhan's THP program aims to reach 55,000 families by March 2015.

Arfa Bibi's Story



Arfa Bibi, from Beldanga in Murshidabad, West Bengal, was extremely poor. Her husband was an agricultural day labourer and could remain without works for several weeks. They had no other resources to help them support their three children. Arfa joined Bandhan's THP program in 2007. She initially chose goat rearing as a livelihood, but soon started to expand and diversify her activities. From the four initial goats she received, she managed to get eleven animals, from which she sold three to start a small poultry business. Today, she has fifteen chickens and sells meat and eggs in her neighbourhood and on markets earning an average Rs 90 (US\$0.9) each week—on top of ensuring her three children eat eggs regularly. She has also started to lease land for cauliflower and rice cultivation; since this activity is particularly promising she recently decided to take a loan of Rs 3,000 (US\$65) to expand her enterprise. She says: "My life changed entirely in the past 24 months and I own it all to Bandhan." She surely played her part too!

For more information, please contact: thp@bandhan.org
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CGAP-Ford Foundation Graduation Program
www.cgap.org/graduation