

Why do some extreme poor households fail to make progress even after receiving livelihood support?

Key Policy Messages:

Material Support:

- Social safety-net support is essential for all, but more so for households which lack economic potential (e.g. elderly and physically challenged persons);
- Adequate financial support to mitigate health shocks/provide health insurance;
- Provide necessary support and micro-insurance against outbreaks of animal diseases and damage/loss of agri-farming/small business;
- Emergency support/relief in the face of natural disasters not only to meet immediate basic needs but also to restore livelihoods;

Non-Material Support:

- Household planning and IGA selection based on family and local circumstances in consultation with the beneficiary households;
- Regular interaction with the beneficiary households and close monitoring of IGAs by the implementing agencies;
- Giving assets and training is insufficient. Households must be given human capital support to motivate and encourage them, and counselling to address social issues like dowry, early marriage, restriction on movement of women, etc.

This policy brief outlines reasons why some extreme poor households are unable to make progress even after receiving income generating assets and follow up support. Future policies should take account of these, and protect the moderate non-poor and moderate poor from falling back into poverty or extreme poverty if they encounter similar situations (shocks, etc.). The brief concludes that not all households can be economically active; and for those that can, a combination of material and non-material support is essential to ensure that extreme poor households are not left behind.

There are five broad causes of failure for unsuccessful households of EEP/Shiree. They are: (1) shocks, hazards, and vulnerabilities: these include health shocks, animal diseases, and natural calamities; (2) household demography: this includes high dependency and physical incapacity in the family; (3) inappropriateness in Income Generating Activity (IGA) planning, implementation and monitoring; (4) a culture of dependency/inaction; and (5) political and social instabilities: this includes political unrest, early marriage, dowry, etc.



Introduction

EEP/Shiree has worked with over one million extreme poor people living in over 300,000 households in different poverty pockets in the country since 2008. EEP is primarily an income generating asset transfer programme to help the extreme poor households graduate themselves out of extreme poverty. Under EEP/Shiree, asset/cash transfers are provided, in conjunction with an assessment of households' capacities and needs, household planning, IGA selection, group formation, buying of assets, providing training, linking the beneficiaries with various services, etc. With this package, it might be expected that the beneficiary households would be able to make good progress out of poverty.

The annual panel survey of EEP/Shiree reveals that some households made remarkable progress in respect of most of the economic and social indicators. Average monthly household income has gone up by about 400%; households with cash savings increased from 35% to 98%; school attendance has increased to over 90%; and women have greater influence on household decision making. However, some beneficiary households (about 4%) have not been able to make sufficient progress out of extreme poverty. It is, therefore, important to explore why some of the beneficiary households have not been successful. It is also important to know what else is needed, if any at all, to help those households, and to ensure that those who have improved do not fall back into extreme poverty due to various hazards and shocks.

Why Do Some Households Fail to Make Progress?

Based on the data, we have found five broad areas of issues as the causes of failure for unsuccessful households of EEP/Shiree. They are: (1) shocks, hazards and vulnerabilities; (2) household demography; (3) inappropriateness in IGA planning, implementation and monitoring; (4) culture of dependency/inaction; and (5) political and social instabilities.

(1) Shocks, Hazards and Vulnerabilities

Shocks, hazard and vulnerabilities were reported as the most significant causes of failure. Unsuccessful households were significantly affected by at least one episode of major shocks such as severe/chronic sickness of family members, epidemics among animal population, natural disasters, road accidents, political violence, etc. Whilst the extent and impact of shocks differs from region to region, they tended to have negative impacts on household economic condition and well-being.

Health Shocks/Illness

Health shocks are the most frequent and prevalent causes of failure in all locations, and cause families to lose regular income whilst incurring huge healthcare cost. Of these shocks, chronic diseases pose the biggest threat to all families through loss of workdays and expensive, long-term treatment costs which need to be financed through selling assets or borrowing money. Both of these strategies negatively affect households.

Bibek's story

Bibek, an 11 year old boy in Pirojpur, fell sick one night. Initially, his parents sought care from a traditional village doctor who suggested taking the boy to hospital.

They borrowed BDT 500 from a neighbour to hire a minibus. Bibek required a blood transfusion, and was hospitalised for 7 months.

The family spent nearly BDT 4 lakh on his treatment, and had no alternative but to sell their cattle and borrow from relatives and local cooperatives in order to pay. Bibek's sudden illness thwarted their effort; they are now surviving largely on their relatives' help.

Diseases and Death of Animal Population

Animal disease outbreaks are a common cause of failure in the coastal and CHT districts such as Rangamati, Bandarban, Pirojpur, and Bagerhat. It is unclear whether this is due to the unsuitability of some breeds to local conditions, poor animal quality, or a lack of husbandry skills; however the lack of veterinary services in such areas poses a risk to keeping animals successfully.

Natural Disasters and Political Turmoil

The most vulnerable people often live in the most disaster prone areas. Natural disasters such as river bank erosion, flood, landslide, cyclone and high tidal surge are a cause of failure, and there is significant geographic variation. River erosion is a challenge in the north and haor regions floods are a threat in the south and char regions, and heavy rainfall and landslides a threat in the CHT region.

“Floods are a big threat to shrimp cultivation. The cost of flood is very high and detrimental as it takes shrimp away. Last season, I made a loss of BDT 15,000 - 20,000 due to flood.”

(EEP beneficiary, Shatkhira)

(2) Household demography:

Widowhood, elderliness, and disability are significant causes of failure as such people have limited capacity to operate IGAs. Such households should be given greater social protection. Family composition can also be a cause of failure: a dependency ratio greater than 5:1 (five dependents for every earner) had a negative effect on wellbeing, as families struggled to meet their basic needs.

(3) Inappropriateness in planning, implementation and monitoring

Selection of IGAs must take into account the local context. For example, varieties of crop or stock that are not adapted to the local context are more likely to fail due to susceptibility to disease, or loss following a natural disaster.

Regular monitoring of progress and timely support are two strategies that can be used to reduce the risk of these losses, through providing support to ensure that mistakes are not made. This essential support requires sufficient manpower to be successful.

(4) Culture of dependency/inaction

A culture of dependency can be generated through frequent and intensively managed interventions. It generates the perception that the Government and NGOs will continue their support permanently.

(5) Political and Social Instability

Political Instability

Political turmoil such as *hartals* and blockades affected EEP operations in some areas, and had a greater effect in urban than rural environments, as urban residents are more restricted in their ability to move freely about cities, therefore to generate an income.

Dowry and social disputes:

Cost associated with dowry was frequently reported as a cause of failure, and was more of an issue in the north-west part of the country especially in char areas. Social disputes over land occupancy were common in northern and southern regions of the country: often these disputes incurred significant legal fees, and resulted in negative outcomes.

“One of our group members was doing well. However, she lost almost all her assets including milking cow, goat and cash due to paying dowry...She fell back to her earlier condition because of that.”

(EEP beneficiary, Rangpur)

Policy recommendations

There is no single reason for failure. Policy needs to be developed to ensure that the influence of these factors can be identified and mitigated before interventions with the extreme poor begin. The following actions are proposed:

Material Support:

Social safety-net support, especially for households with elderly and physically challenged persons and the most vulnerable groups

Social safety net support to extremely vulnerable households (widowed, abandoned, high dependency ratio, elderly and physically challenged persons) that have no capacity to be economically active should be prioritised. Additionally, linkages between other local government institutions and such households should help to ensure access to other services.

Adequate support to mitigate health shocks/providing health insurance

A government sponsored health insurance for the extreme poor (which may or may not include a participatory component) would be beneficial. This should include the provision of basic health information and health promotion activities, to reduce demands on (and costs of) the service through early disease identification and treatment.

Providing necessary support and micro insurance against outbreak of animal diseases or damage/loss of agri-farming/small business

Regular animal vaccination and early treatment is necessary. Greater collaboration and coordination is required between the government service providers and veterinary surgeons to reduce the incidence of livestock death. Locally trained service providers or paravets would be beneficial to provide training, support, and first-line treatment in remote communities. In addition, micro insurance against outbreaks of animal diseases and/or damage/loss of agri-farming or business would help to improve the resilience of households to livestock loss or death.

Emergency support/relief in the face of natural disasters not only to meet immediate needs but also restore livelihoods

The poorest citizens are often the most vulnerable to natural disasters. The current relief package focuses on emergency support/relief for basic needs, and should be revised to include support to restore their livelihoods following a disaster.

Non-Material Support:

Household planning and selection of IGAs should be made based on local circumstances and in consultation with the beneficiary households

Greater participation of communities and individuals should be ensured during household planning and IGA selection for the beneficiary households. It must be based on the capacities and interests of the beneficiary households, as well as an assessment of its suitability to local circumstances/conditions. This time-consuming exercise is time well spent.

Regular monitoring and support of IGAs by the implementing agencies

The value of front line support is underestimated. Intensive support helps to build confidence, awareness, and skills and linkages that significantly help in making progress. A wider network of front line support is required to ensure prompt responses: it should initially be supply driven, and shift to demand based as household experience develops.

Awareness, Motivation and Counseling:

Social awareness and motivational initiatives should be promoted to minimise the incidence of dowry, child and adolescent marriage, early pregnancies, and social conflicts. This can be conducted through group activities and social gatherings (day observations, participating in government programmes, organizing events etc.). Implementing agencies should set appropriate expectations that their services will not continue permanently, to help encourage households to take more ownership.