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## **The Poorest of the Poor and the Social Programs of the NGOs: Exposing Some Evidence on Exclusion\***

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[**Abstract:** Recently there has been a growing concern that the poorest of the poor are not reached by the NGO interventions. This recognition has led to a number of recent studies that have studied the issue of participation in NGO programs. However, although some of NGOs have several social programs side-by-side their micro-credit interventions, all the studies so far have only considered the issue of non-participation of the poorest households in credit programs. As a result, from the existing literature it is not possible to know the nature of participation in the social programs, let alone the question of less representation by a particular group within the target population. The present article, probably for the first time, studies the extent of participation of the extreme poor in the social programs of the NGOs based on some primary data gathered from field survey. It is found that the social programs of the NGOs are also less participated by the extreme poor like its counterpart credit operations. An attempt has been made in this article to present some of the evidence of the extent of this exclusion and to understand the internal dynamics of participation in such programs.]

### **I. Introduction**

The alleviation of poverty has been the central policy objective the 1960s and after the emergence of the independent Bangladesh the issue has continued to occupy the focal point of every successive development plans. Bangladesh has been exposed to numerous poverty eradicating plans and programs both by the government and the non-government organizations (NGOs) as well. Despite these efforts the number of people living below the poverty line has remained almost unchanged over the last 100

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years.<sup>1</sup> It is in this context, the renowned economist Rehman Sobhan observes "over the last quarter of a century Bangladesh has emerged as the test case of both the government's and donor's capacity to alleviate if not eliminate poverty."<sup>2</sup>

There is no denying the fact that poverty has many dimensions and hence its alleviation requires diverse measures. The traditional policy of poverty alleviation mostly relied on the *trickle down* approach, which was untargeted intervention such as the Green Revolution and industry-led growth under the aegis of import substitution strategy. However, those trickle-down strategies could not reach the poor. In this backdrop, a new strategy was introduced to address the needs of the poor directly. This new 'bottom-up' approach has been in place for quite sometime now along with the policies of attaining higher growth rates. The emergence of Grameen Bank as a model of targeted credit program strengthened the rationale and momentum for considering policies directly targeted towards the poor. With the apparent success of the Grameen Bank and a few other large NGOs, which includes, *inter alia*, BRAC, PROSHIKA, ASA, etc, the concept of bottom-up approach was considered to be a viable strategy of poverty alleviation.

The NGOs in Bangladesh have evolved to their present position through a series of events and by now they have become an integral part of the national strategy of poverty alleviation. In the early years of independence the NGOs emerged mainly to undertake the relief and rehabilitation works to mitigate the sufferings of the war-torn people.<sup>3</sup> The welfare and the charity orientation of the NGOs continued till 1974. During that time the NGOs also initiated integrated community development programs with the expectation that standard of living of the poor would improve with the overall development of the country. However, since the experience of the *trickle-down* mechanism had been frustrating, the NGOs eventually led to a new concept of participatory development approach. Learning from their own

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<sup>1</sup> Sen and Begum (1998) find that an early estimate of poverty is due to J.C. Jack who in 1910 estimated that 51 percent of rural population of Eastern Bengal (Faridpur) lived in absolute poverty. The comparable figure for 1994 (as obtained from the 62-village survey of BIDS) was 52 percent.

<sup>2</sup> Sobhan (1996), "The Elimination of poverty in Bangladesh: Putting Governance First" paper presented at the International Conference on Poverty and Emerging Challenges, held on 9-11 February 1996, in Dhaka, Bangladesh.

<sup>3</sup> See the report of the Task Forces on Bangladesh Development Strategies, Vol.II, 1991, pp.374-75.

experiences the NGOs adopted programs which went beyond their welfare concerns and concentrated on areas such as, group formation, credit, training, education, health, etc. The initial strategy of the major NGOs was social development but following the success of Grameen Bank, the micro-credit intervention became popular (Rahman and Mustafa 1995). Thus although the NGOs are now mostly recognized for the micro-credit operation, most of them have been pursuing social development activities long before their credit programs. Almost all the large NGOs still give a lot of emphasis on social programs with exposures to education and health. Since in most of the cases NGOs are treated as lending agencies it is necessary to distinguish between their credit programs and social programs. While credit programs provide credit to the poor there are a number of activities that raise awareness among the poor (e.g., awareness about human rights, voting rights, social injustice, etc.). Some of the NGOs also operate various educational, health and other mobilization programs that benefit the poor. Taking into cognizance of the importance of these activities Rahman et.al. (1998) probably have legitimately argued that if access to credit can generate economic empowerment for the poor, the social empowerment is enhanced through the social programs of the NGOs.

There is hardly any scope of gainsaying the fact that participation in the NGO programs, be it social or credit, improves the living condition of the poor. The question is then who participate in such programs and who do not. Since the activities are targeted towards the poor, at the outset, one could hardly think of the possibility of exclusion of a particular segment of the poor from the NGO interventions. Indeed, in recent times a consensus has been reached that the poor are not homogenous and two broad categories amongst them have been identified. The relatively better-off segment is known as the 'moderate' poor or 'absolute poor' while the poorest of the poor is being termed as 'extreme poor' or 'hardcore poor'. Now if poor are heterogeneous, a question can spring up: Are NGO programs equally participated by all types of poor? In fact, of late there has been a growing concern that the hardcore poor are left out of the NGO programs or, in other words, the NGO interventions do not reach the poorest of the poor households. That the poorest of the poor was not reached through the existing programs was first highlighted by NOVIB at its Bangladesh country policy document, in January 1996.<sup>4</sup> The NOVIB report on Bangladesh finds "The NGOs have not yet taken a pro-extreme poor approach to poverty

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<sup>4</sup> See NOVIB report on 'Bangladesh Country Policy Document: Summary proceedings of the Mid-term Review Workshop' 1996.

alleviation".<sup>5</sup> The same report also points out "The existing saving and credit program is designed for the moderate poor as because they have to repay loans on weekly basis".<sup>6</sup> Since then a number of studies have been carried out by the NGOs to evaluate their own positions about targeting the extreme poor and all such studies have come up with the same finding that the participation of the poorest in their respective programs are very low.<sup>7</sup>

Although some of the leading NGOs have several social programs side by side their micro-credit interventions, all the studies have only considered the issue of non-participation of the poorest households in credit programs. As a result, from the existing literature it is not possible to know the nature of participation in the social programs let alone the question of less representation by a particular group within the target population. Under such circumstances, it is very necessary to know the extent of participation of the extreme poor in the social programs and the present article is being attempted motivated by this apparent research gap. In this paper we have found that the social programs of the NGOs are also less participated by the extreme poor like its counterpart credit operations. We have made an attempt here to present the evidence of the extent of this exclusion and to understand the internal dynamics of participation in such programs. The findings of this paper are based on some field surveys that were undertaken in January-March 1998. The paper is organized as follows. After this introduction section II is focussed on research methods that elaborates procedures involving the field surveys, defines some of the concept, particularly how we distinguished the extreme poor from the moderate poor, and briefly explains the nature of social programs of the NGOs under investigation. While in section III we have documented the extent of exclusion of the poorest of the poor from the survey data, section IV compares various socio-economic characteristics of program participants vis-a-vis non-program participants. In order to understand the participation behaviour a probit model has been developed and the results are described in Section V. Finally, section VI provides some concluding observations.

## **II. Research Method**

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<sup>5</sup> *ibid*, p.6.

<sup>6</sup> *ibid*, p.8.

<sup>7</sup> See, for example, (1) BRAC Programmes 1990-1995: A status Report, (2) Dewan, A.H. (1997) and (3) ASA (1997),

### ***Study Areas***

The study is based on primary data, which was gathered by a field survey. For the field survey two Thanas were selected purposively, namely, Kotiadi and Kuliarchar thana in Kishoregonj district. These fields were selected on the basis of Thana Distress Level Map (1997) prepared by the World Food Programs and Economically Depressed Upazilla MAP by the planning commission Task Force. It is believed that in the depressed areas the hardcore group would be more visible and their attitude towards and participation in NGO programs would become more revealing. In Kotiadi Thana BRAC runs the Non-Formal Primary Education Program (NFPE) and the Essential Health Care (EHC) programs. In order to investigate these two programs separately, two villages under Kotiadi Thana, namely Aushtagaria and Darir Charia Kona, were chosen. In Aushtagaria BRAC was running the NFPE schools and in Darir Charia Kona the EHC programs were being operated by the same NGO. Apart from these two programs of BRAC, we also chose one social program run by the PROSHIKA in Uttar Salua under Kuliarchar Thana. This program was known as the group formation or setting up village organization.

### ***The Social Programs***

As mentioned above three different social programs were found in operation in the selected study areas. In Aushtagaria and Darir Charia Kona, BRAC was conducting the NFPE and EHC programs while in Uttar Salua PROSHIKA's village organization (VO) was in operation. The NFPE is an innovative scheme of BRAC that has been in operation in Bangladesh since 1985. Children from two age group usually come under the NFPE; 8-10 years old and 11-14 years old. The aim of this program is to prepare the children for the conventional schools once they graduate from the BRAC schools. Some important feature of these programs include flexible school timing, active parental and community involvement and easy accessibility, and no direct financial cost to families. On the other hand, BRAC's EHC is a comprehensive unit that includes provision for temporary family planning methods, basic curative care, latrines and tubewells for safe water and sanitation, health and nutrition education and mobilization for immunization. The purpose of the EHC is to make preventive and basic curative health services available to the rural poor. Finally, PROSHIKA under the VO program is supposed to form

group from the landless and marginal and small peasants. The objectives of the of the group formation is essentially based on the strategies of income generation combined with 'conscientisation' programs aimed at developing the potential of the poor people "to challenge the existing inequalities through education, organization and mobilization". According to the needs of the group PROSHIKA also undertakes a number of training programs.

These three programs are being considered since in the surveyed villages they were available at the time of study without any bias of preference on the part of the authors. It needs to be mentioned here that our findings in the present study should not be considered as an evaluation of the whole programs run by the respective NGOs since we have focussed on only one particular issue, i.e., the participation of a subset of poor.

### ***Household Survey and the identification of Moderate and Hardcore poor***

Having chosen the study areas, the work on field survey started with the enumeration of all the households in the selected villages. This census survey was based on a small questionnaire, which kept provision for household information on income, family size, and occupation of the household head. Besides, this household census enabled us to gather information on whether a particular household was participating in the NGO programs or not. In order to work out the participation rate of different types of households it was then necessary to use some kind of criterion (or yardstick) so that poor can identified from the non-poor and, more importantly, the former can further be distinguished between moderate and extreme poor. The identification of such a criterion can be very difficult largely due to the fact that there are numerous ways in which one can define poverty as Orshansky (1969) quite rightly observes, "Poverty, like beauty, lies in the eye of the beholder".

In the present study without going into any academic debate on poverty we chose to use the income measure to classify our households in different poverty status. According to Hossain Z. (1996), in 1994 the per capita per annum poverty line income for the moderate poor and extreme poor was respectively Tk.6287 and Tk.3757. There was no updated figure for the poverty line income for 1998, when the study was undertaken. In order to get an indirect estimate for the poverty line of 1998 we worked out the ratio of rural consumers' price index of 1997 to that of 1994. The obtained number was then

multiplied with the poverty line income of 1994 to get the updated figure. Accordingly the rural poverty line income for the moderate poor was worked out to be Tk.6879 while the comparable figure for extreme poor was Tk.4111. The poverty lines thus estimated allowed us to separate the moderate poor from the extreme poor, and on the whole poor from non-poor.

### ***Selection of Sample Households for Detail Investigation***

After classifying the households into the extreme poor, moderate poor and non-poor we decided to study the behaviour of the households at length. Since it was effectively impossible to consider all the households for interviews we randomly selected 25 households from the hardcore category and the same number of households who were actually participating the programs. This kind of selection strategy was undertaken so that we could overcome the systematic errors in small samples. The interview of selected household was based on a large questionnaire, which was pre-tested before carrying out the original interviews. Accordingly, from each program area we interviewed 50 households and in total we had a sample size of 150. For the present study we used both the census data as well as sample data.

### III. Extreme Poor and the Social Programs of the NGOs

#### *The Extent of Exclusion*

The household census, which was carried out at the beginning of the field investigation, generated valuable information on households' monthly income, family size, occupation of the household head, and whether the household participated in the NGO programs. From these, it was possible to work out the number and proportion of the poor households in each of the surveyed villages and the number of households participating in the social programs disaggregated by the type of households. Thus a complete picture of the three villages under study in terms of poverty status of the households and participation in the social programs was derived from the Census data. These findings are explained in the following paragraphs.

**Table - I:  
Total Population and Family Size of the Surveyed Villages By Poor and Non-Poor households**

Name of the Village	Name of the Program Under consideration	Hardcore Poor		Moderate Poor		Non-poor		All	
		Total Population	Average family size	Total Population	Average family size	Total Population	Average family size	Total Population	Average family size
Aushtagharia	Non-formal Primary Education (NFPE) (BRAC)	292 (62)	4.7	282 (60)	4.7	366 (80)	4.5	940 (202)	4.7
Darir Charia Kona	Essential Health Care(EHC) (BRAC)	338 (64)	5.3	355 (71)	5.0	354 (68)	5.2	1047 (203)	5.2
Uttar Salua	Village Organization (VO) (Proshika)	478 (88)	5.4	571 (116)	4.9	242 (65)	3.7	1291 (269)	4.8
Total		1108 (214)	5.2	1208 (247)	4.9	962 (213)	4.5	3278 (674)	4.9

Note: Figures in parenthesis represent total number of households  
Source: Household Census.

**Table - II:  
Percent of Poor Households and Population in the Surveyed Villages**

Indicators	Aushtagharia	Darir Charia Kona	Uttar Salua
Extreme poor households as % of total	30.6	31.5	32.7
Moderate poor households as % of total	29.7	35.0	43.1
Poor households as % of total	60.3	66.5	75.8
Non-poor households as % of total	39.6	33.5	24.2
% of population living in extreme poor households	31.0	32.4	36.8
% of population living in moderate poor households	30.0	33.9	44.0
% of population living in poor households	61.0	66.3	80.8
% of population living in non-poor households	39.0	33.7	20.2

Table I summarizes some of the household characteristics. It is found that the total number of population in these 3 villages is 3278 with Uttar Salua being the largest in terms of number of inhabitants. This Table also provides the village-wise breakdown of the number of households and population among the extreme poor, moderate poor, and non-poor as classified by the income method discussed in the previous section. On the other hand, Table II provides information on the proportion of poor households and its population which has been derived from Table I. Thus it is observed that 30.6, 31.5, and 32.7 percent of the household fall into the category of extreme poor in Aushtagharia, Darir Charia Kona, and Uttar Salua respectively. These figures imply that the proportion of hardcore poor households in the selected villages are higher than that of national average, since in 1994 the hardcore group constituted 22.7 percent of rural households.<sup>8</sup> Because our villages fall under the category of "distress" area it is not unlikely that the proportion of the poorest of the poor households would be higher than the national average. The comparable figures for moderate poor households are 29.7, 35, and 43.1 percent respectively in Aushtagharia, Darir Charia Kona and Uttar Salua. The highest proportion of non-poor households was found in Aushtagharia (39.6%) followed by Darir Charia Kona (33.5%) and Uttar Salua (24.2%).

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<sup>8</sup> As mentioned in Hossain Z.(1996).

Table II also compares the percent of population living in poor and non-poor households. It shows that a highest number of about 37 percent of population of Uttar Salua belong to the hardcore poor households. It is also the village that comprises the largest proportion of population from the moderate poor households. These two incidents together make Uttar Salua as the most poverty stricken village as almost 81 percent of its population is living below the poverty line. Although the corresponding figures for Aushtagaria (61.0%) and Darir Charia Kona (66.3%) fall far behind of Uttar Salua they all exceed well over the national figures for rural poor living below the poverty line.<sup>9</sup>

Through the household enumeration an attempt was made to know the proportion of household, across the groups, viz. hardcore, moderate, and non-poor, that actually participated in the NGO's social programs. These findings are presented in Table III.

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<sup>9</sup> A BIDS survey of 62 villages estimates that in 1994 52 percent of rural population lived below the poverty line. See, Sen, B. and S. Begum (1998), "Methodology for identifying the poorest at local level", forthcoming in "Macroeconomics and Health" Series, World Health Organization, Geneva.

**Table - III:  
Distribution of NGO participation in the Surveyed Villages**

Name of the Village	Hardcore poor		Absolute Poor		All Poor		Non-Poor		Total	
	No. of HH	HH with NGO	No. of HH	HH with NGO	No. of HH	HH with NGO	No. of HH	HH with NGO	No. of HH	HH with NGO
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
Aushtagharia	62	10 (16.1)	60	25 (41.0)	122	35 (28.6)	67	15 (22.4)	202	50 (24.7)
Darir Charia Kona	64	15 (23.4)	71	26 (36.6)	135	41 (30.3)	68	13 (19.1)	203	54 (26.6)
Uttar Salua	88	30 (34.1)	116	61 (52.6)	204	91 (46.6)	65	23 (35.4)	269	114 (42.4)
Total	214	55 (25.7)	247	112 (45.3)	461	167 (36.2)	200	51 (25.5)	674	218 (32.3)

Note: Figures in parenthesis indicate percentages.

Table III gives the distribution of participation in the NGO programs by households. It is evident that the hardcore poor are not covered significantly by these programs as only 16, 23, and 34 percent of them are covered by the NGO programs. However the most striking feature that emerges from Table III is that a large number of households from the non-poor group is also participating in these programs. The participation of the non-poor household is found to be the highest in Uttar Salua (35.4%), followed by Aushtagharia (22.4%) and Darir Charia Kona (19.1%).<sup>10</sup> As expected, it is also revealed that the NGO programs were largely dominated by the proportion of moderate poor households. The proportion of moderate poor households participating in NGO programs at Aushtagharia, Darir Char Kona and Uttar

<sup>10</sup> This high magnitude of the non-poor household's participation in the NGO programmes should not be taken as a surprise. In one study Dewan (1997) has found that 30.5 and 33.1 percent members of BRDB-RPP and BRAC-RDP fall beyond the definition of poor.

Salua are 41, 37, and 53 respectively.

**Table - IV:  
Effective Participation Rate of the Households**

Name of the Village	Effective Participation Rate (%)		
	Hardcore Poor	Moderate Poor	Non-Poor
Aushtagharia (BRAC NFPE)	20	50	30
Darir Charia Kona (BRAC EHC)	27.8	48.1	24.1
Uttar Salua (PROSHIKA VO)	26.3	53.5	20.2
Total (all three villages)	25.22	51.38	23.4

Source: Estimated from the Household Survey Data.

However, the proportion of each type of household participating in the programs may not always be a good indicator when one wants to consider the participation of one particular type of households. That's why the effective rate of participation for different types of households has also been computed in Table IV. Effective participation for any group of households is being defined here as the ratio of the number of the households from the group in question to the total number of households actually participating in the NGO programs. The figures thus calculated may be quite surprising. The participation of the hardcore group, on the whole, is limited to only 25 percent, in contrast, the participation of the non-poor is found to be as high as 23.4 percent. In one of the villages (Aushtagharia), the effective participation rate of the non-poor households is even greater than that of the extreme poor households. The overall participation rate for the moderate poor was worked out to be 51.38 percent, conspicuously higher than that of the extreme poor.

While drawing inferences on the basis of above findings one has to entertain two very important and legitimate concerns. First of all, there may be grounds to argue that today's non-poor participants were once poor households and through the intervention of NGOs their conditions have improved and they have eventually crossed the poverty line. But there are a number of counter arguments that can be put

forward to, at least, weaken the claim, if not reject altogether. First, there is no doubt that the NGO intervention improves the living standards of the participants but higher order of claims (in our case 23.4 percent) regarding members' crossing over poverty line are yet to find support in the empirical literature, at least as applied to Bangladesh.<sup>11</sup> Second, as mentioned earlier, in recent times almost all the NGOs themselves have reached a consensus that their programs have by-passed the hardcore poor.<sup>12</sup> Finally, considering the case of Aushtagharia where there is no credit intervention programs one can hardly infer that the participation in the NFPE alone has caused to improve income of the households substantially to enable them to cross the poverty line.

The second concern is about the small sample area covered in this study. It might be argued that in the study area the participation of the poorest of the poor is extra-ordinarily low while in other places a different picture could be found. While we can not reject such a possibility altogether but a comfortable amount of support on the findings of table IV is based on the fact that we chose to select the villages of distress area where the number of hardcore households are relatively higher than other regions.<sup>13</sup> If this is the case there is a possibility that the regions where the hardcore poor households are at par with the average national estimates (which is about 23 percent) the participation of the poorest of the poor in the NGO programs may even be worse.

### ***The E- and F-Mistakes in NGO Targeting***

Cornia and Stewart (1992) have identified two types of mistakes in intervention programs. The first type is known as the F-mistake, which is a measurement of not being able to reach the target population. The second type is the E-mistake that occurs when the intervention reaches the non-target population.

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<sup>11</sup> Sen, B. "Politics of Poverty Alleviation", in Rehman Sobhan (ed) **The Crisis of Governance: A Review of Bangladesh's Development 1997**, UPL, Dhaka, 1998

<sup>12</sup> For example (1) BRAC Programs 1990-1995: A Status Report, p. 3, 1996 (2) Alamgir, Dewan A.H. (1997), (3) ASA, Hardcore Poor in Microcredit, September, 1997. Besides, in the discussion meeting, which was organized at BIDS on 21-3-97 for the purpose of the present study, the NGO representatives agreed that so far their micro-credit and other social programs now cover only 20 percent of the hardcore poor.

<sup>13</sup> As it was shown earlier that the proportion of hardcore households in all the surveyed villages is higher than that of national estimates.

Cornia and Stewart (1992) have provided measurement of these two mistakes for a number of public intervention programs in different countries. Considering the nature of E and F mistakes, two extreme theoretical cases are possible, which can be shown with some modification so that the poor group can be disaggregated further. Suppose, total population is N which is composed of poor (P) and non-poor (NP). The group of P is further divided into Extreme Poor (EP) and Moderate Poor (MP). If subscripts C and NC stand for 'covered' and 'not-covered' in the interventions we can write:

$$P + NP = HP + MP + NP = N_C + N_{NC} = HP_C + MP_C + HP_{NC} + MP_{NC} + NP_C + NP_{NC} = N$$

Following Cornia and Stewart in the ideal case E-mistake = F-mistake = 0, then

$$P_C + NP_{NC} = HP_C + MP_C + NP_{NC} = N$$

On the other hand, in the case of total mistargeting:

$$NP_C + HP_{NC} + MP_{NC} = N$$

Keeping aside these extreme cases we can estimate the E- and F-mistake in our studied programs by defining the F-mistake as the proportion of poor households not covered in target population (i.e.,  $P_{NC}/P$ ) and E-mistake as the proportion of non-poor households covered in non-target population (i.e.,  $NP_C/NP$ ). These estimates are presented in Table V where the F-mistakes for all the poor, hardcore poor and moderate are computed separately (column 2, 3, and 4). It is now obvious that the F-mistakes in the case of extreme poor are greater than that of the total mistakes for all poor in all the three programs. On the other hand, the corresponding figures for moderate poor are always lower than the total F-mistakes for all poor. These figures demonstrate that there has been a systematic mistake in targeting the poorest of the poor in the social programs. Table V shows more than 25 percent of the non-poor are being targeted which is a huge mistake by any standard particularly when it is observed that often as high as 84 percent of hardcore poor (the F-mistake) are excluded from the programs.

**Table V:  
The E and F Mistakes of Social Programs in the Surveyed Villages**

Name of the Village	F-Mistake (without considering the capacity constraint)			E-mistake <sup>4</sup>	F-mistake with capacity constraint <sup>5</sup>
	All Poor <sup>1</sup>	Hardcore Poor <sup>2</sup>	Moderate poor <sup>3</sup>		

Aushtagharia (BRAC-NFPE)	71.31	83.87	58.33	22.39	30.0
Darir-Charia-Kona (BRAC-EHC)	69.63	76.56	63.38	19.12	24.10
Uttar Salua (PROSHIKA-VO)	55.40	65.90	47.41	35.38	20.20
All	63.77	74.29	54.65	25.50	23.40

Note: <sup>1</sup> $P_{NC}/P$ , <sup>2</sup> $HP_{NC}/HP$ , <sup>3</sup> $MP_{NC}/MP$ , <sup>4</sup> $NP_C/NP$ , <sup>5</sup> $(1-P_C)/K$ , where K is proxied by the total number of households actually participating in the programs.

The estimates in Table V reveal the extent of exclusion of poor from the social programs and as such the magnitude of the task ahead if it is considered that all target population should be brought under the social programs. However, for quite legitimate reasons there is some justification to believe that the figures of F-mistake are actually over-estimated. This is because the figures in column 2, 3, and 4 in Table V are derived on the assumption that the present objective is to cover the whole target population and the NGOs are currently having the capacity to bring all poor under their existing programs. Since it is well understood that the NGOs currently do not have adequate resources at their disposal to cover the whole target population, it is necessary to take into cognizance of the capacity constraint on the part of the NGOs. Now, if the nature of capacity constraint is such that given the resources at their disposal the NGOs are actually operating at the frontier, the F-mistake will be zero if:  $1-P_C/K = 0$ , where K is the maximum number of poor people that can be accommodated in the existing programs. If K is to be proxied by the number of people currently in the NGO programs it goes without saying that F-mistakes will be equal to the E-mistakes and is given by the last column of Table V.<sup>14</sup> For obvious reason these are also the same figures of last column in Table IV.

So far we have been able to demonstrate that in the social programs of the NGOs the extreme poor are relatively less represented compared to their counterparts of moderate poor. On the whole about 75 percent of the poorest of the poor are excluded from these programs while comparable figure for moderate poor is 45 percent. Although a huge number of poor (both extreme and moderate) are currently out of reach, more than 25 percent of the non-poor are being covered by the existing programs. This kind of intervention will have some serious implications in terms of wastage of resources

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<sup>14</sup> In that case the E and F mistake will be computed as  $NP_C/K$ . It is obvious that under such circumstances, these mistakes can not be disaggregated further into mistakes due to hardcore poor and moderate poor.

and increased welfare inequality between poor and non-poor.

#### **IV: Participants VS Non-participants: A Comparison of Socio-Economic Characteristics**

Although we have used income criterion to distinguish hardcore poor from moderate poor and poor from non-poor it has been argued that often it is very difficult to make distinction between different kinds of poor. Due to this problem of identification there is a chance that the poorest of the poor might be excluded from various interventions. Having considered this problem Sen and Begum (1998) have attempted to detect the indicators that can be used to identify the poorest more accurately. With this view in mind, a number of indicators, namely, possession of minimum clothes, access to safe drinking water and sanitation, gender of the household head, educational attainment, landholding, housing structure, and occupation, were tried to see how much each of them could identify the extreme poor. The authors found that no single indicator contained sufficient information to fulfill the objective. Then, a combination of some selected indicators was used and it was observed that there would be considerable targeting success if one combines the poorest categories as per the three key indicators, viz., occupation, housing structure, and land holding.

This implies that the differences in the socio-economic characteristics are likely to distinguish hardcore poor from moderate poor or non-poor. Having recognized the above-mentioned point we wanted to examine how these characteristics differ between the program participants and non-participants in our surveyed villages. Since so far our findings suggest that the programs are over-represented by the moderate poor and non-poor households, a comparison of hardcore poor and the program participants should exhibit significant differences in terms of various socio-economic characteristics. However, as it was impossible to interview all the program participants and hardcore poor households, we adopted a sampling strategy and 25 hardcore poor and 25 program participants were randomly chosen for study on the basis of a detail questionnaire. Table 6 gives the distribution of randomly selected households.

**Table - VI:  
Distribution of Households Selected for Interview**

Sl. No	Indicators	BRAC NFPE	BRAC	Proshika
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		EHC		
		Aushtagharia	Darir Charia Kona	Uttar Salua
1.(a)	<b>Number of hardcore household interviewed</b>	25	25	25
1.(b)	- of which participating in the social program	6	8	11
2.(a)	<b>Number of program participants (PP) interviewed</b>	25	25	25
(b)	- of which belong to hardcore poor group	7	6	11
(c)	- of which belong to moderate poor group	14	16	11
(d)	- of which belong to non-poor	4	3	3
3.	Total number of program participants (1b+2a)	31	33	36
4.	Total number of non-participating households (1a-1b)	19	17	14
5.	Total number of hardcore poor households (1a+2b)	32	31	36
6.	Total number of moderate poor households (2c)	14	16	11
7.	Total number of non-poor households (2d)	4	3	3

It is seen that out of 25 randomly selected hardcore poor households in each of the three villages, Aushtagharia, Darir Charia Kona and Uttar Salua, 6, 8, and 11 are participating in the social program.<sup>15</sup> In the same fashion, among the selected program participants 7, 6, and 11 belong to the hardcore poor respectively in Aushtagharia, Darir Charia Kona and Uttar Salua.<sup>16</sup> It needs to be acknowledged here that the way the sample was drawn the proportion of hardcore poor was over-represented largely due to the problem of small sample bias. The advantage of this bias is that it would effectively prevent us from overstating the difference of socio-economic characteristics between the program participants (PP) and non-program participants (NPP) since at the end we made the comparison between the PP and NPP. Combining the hardcore poor and the program participants in our sample we have 31 program

<sup>15</sup> However, these numbers should not be used to calculate the proportion of extreme poor households in the social program. In fact our sample do not represent the true participation rate, as shown in Table III and IV. This is attributable to small sample bias.

<sup>16</sup> This implies that according to our sample the hardcore poor in Aushtagharia, Darir Charia Kona and Uttar Salua constitutes respectively 28, 24, and 44 percent of the program participants as compared to the true population participation rate of 20, 27.7 and 26.3 percent respectively (Table IV). Thus in the case of Dariar Charia Kona our sample is downward biased while for other villages the sample is upward biased. Obviously, this biasedness can be explained by the small size of the sample.

participants and 19 non-program participants in Aushtagharia. The corresponding figures for Darir Charia Kona and Uttar Salua are respectively 33 and 17 and 36 and 14.

Once we have obtained all the necessary information about the program participants and the non-program participants it is possible to compare a number of socio-economic characteristics between the two groups. First of all, we compare two economic characteristics of per-capita monthly income and average landholding of these two groups in order to see whether these vary significantly between the groups. The results of these exercises are reported in Table VII and VIII. Table VII shows that the per capita family income of the program participants are 1.85, 1.70 and 1.69 times higher than the non-program participants in Aushtagharia, Darir Charia Kona and Uttar Salua respectively. The absolute t-ratio testing the hypothesis that the per capita income of the NPP is not significantly different from that of the PP is significant at the conventional level and hence the hypothesis is being rejected for each of the villages. A close look at the figures presented in Table VII reveals that in the case of the program participants the standard deviation for per capita income is much higher than that of the non-program participants. The reason for it can be explained by the fact that the non-program participants are by definition the hardcore poor and income of these families do not deviate much from the mean income. In contrast, the NPP constitutes households from hardcore, moderate poor, and non-poor groups and it is quite possible that income of these families will deviate a lot from the mean income of the group as a whole.

In the same fashion From Table VIII, it is observed that in each of the villages the average land holdings of the program participants is much higher than the non-program participants. In fact, from this Table one can calculate that, on an average, the average total landholding of the program participants in BRAC-NFPE, BRAC-EHC and PROSHIKA-VO villages are respectively 345, 245, and 86 percent higher than the non-program participants.

**Table - VII:**  
**Per capita monthly income of program participants vis-a-vis the non-participants**

Name of the Village	Participants	Non-participants	t-ratio	Total
Uttar Aushtagharia (BRAC - NFPE)	Tk. 441.75 (252.29)	Tk. 238.00 (72.11)	2.83*	Tk. 364.33 (225.52)

Darir Charia Kona (BRAC - EHC)	Tk. 425.77 (185.77)	249.65 (53.41)	3.20*	365.89 (174.85)
Uttar Salua (PROSHIKA - VO)	Tk. 437.86 (254.40)	257.64 (52.79)	3.41*	387.40 (231.62)

Note: Figures in parenthesis indicate standard deviation.\* implies significant at less than five percent level.

**Table - VIII:  
Total and agricultural land holding by interviewed participants and non-participants households**

Name of the Village	Participants		Non-participants		All	
	Total amount of land per household	Agricultural land per household	Total amount of land per household	Agricultural land per household	Total amount of land per household	Agricultural land per household
Uttar Aushtagaria (BRAC NFPE)	0.4997 (.6655)	0.3661 (.5778)	.01137 (.1273)	0.0516 (0.0915)	0.3530 (0.5594)	0.2466 (.4809)
Darir Charia Kona (BRAC EHC)	0.2026 (.3815)	0.0864 (.3085)	0.0832 (.1165)	0.0379 (.0966)	0.1620 (.3205)	0.0699 (.2564)
Uttar Salua (PROSHIKA VO)	0.6767 (.0357)	0.5492 (.0335)	0.3629 (.4083)	0.2321 (.3993)	0.5888 (.9114)	0.4604 (.8279)

Note: Figures in parenthesis indicate standard deviation

Next, we have attempted to compare a number of other characteristics between the program participants and non-program participants by using chi-square analysis which assesses differences between observed and expected values of these characteristics. The results of the characteristics analysis are presented in Table IX. Most often it is the case that the poor household, particularly the hardcore ones, do not possess the minimum clothing.<sup>17</sup> In our case as well we find the possession of minimum clothes vary significantly (as  $p < .00$ ) between the program participants and the non-program participants which would imply that the non-participating hardcore poor are most likely not to have minimum clothing.<sup>18</sup> From the data it is seen that possession of land do not vary significantly between the program and non-program participants (chi-square is not significant in item number 2 of the Table 8). But when tried with landholding with less than 0.15 acres or greater than equal to less than 0.15 acres it

<sup>17</sup> For example, Sen and Begum (1998) report that 57 percent of rural population without a minimum of two clothes are extreme poor compared to 24 percent of those who have such access.

<sup>18</sup> Since in our sample the non-program participants are the hardcore poor.

is found that significantly more non-program participants possess less than 0.15 acres of land.<sup>19</sup>

It might be argued that participation in social programs would vary significantly according to the access to NGO loans. That is, participation in the credit program will enhance the probability of participating in the social programs. Our results tend to support this hypothesis as it is seen from item number 4 in Table IX that chi-squares are significant in Darir Charia Kona and Uttar Salua. But in Aushtagharia participation do not vary according to the access to the loan facilities. The reason for it might be that the NFPE program in this village is run by BRAC but at present it does not have its credit program in operation in this village. As a result, most of the households in our sample do not have access to micro credit in Aushtagharia.

Education of the household head and the female-headed household do not seem to vary significantly with program participation. Although chi-squares estimated for education is significant at 10 percent and 12 percent level only in Aushtagharia and Darir Charia Kona such estimates for female headed household are not significant in any villages.<sup>20</sup> This is because the incidence of extreme poverty is higher for the illiterate group and so is for moderate poverty. On the other hand, there is no denying the fact that female headed households display much higher incidence of poverty compared to their male headed counterparts but it is their low weight within the total households that prevent it from being statistically significant. Our result tends to support the hypothesis that housing condition can be a good indicator in identifying the hardcore poor households.<sup>21</sup> In all the three villages it is found that non-program participant are significantly more likely to live either in jhupri or thatch.

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<sup>19</sup> This finding supports the definition of hardcore poor given in Rahman, Z.(1996) which mentioned that the hardcore poor possess land less than 15 decimals on an average.

<sup>20</sup> Sen and Begum (1998) also found that education of the household head and female headed household may not adequately identify the hard core poor households.

<sup>21</sup> *ibid.*

**Table - IX:  
Characteristics of Households by Participates and Non-Participants Group, by Villages**

Characteristics	Aushtagharia		Darir Charia Kona		Uttar Salua	
	NPP	PP	NPP	PP	NPP	PP
1. Whether family members possess minimum clothing Yes No Significance ( $\chi^2$ )	4 15 p<.00	20 11	2 15 p<.00	18 15	3 11 p<.00	27 9
2. Whether Possess land Yes No Significance ( $\chi^2$ )	17 2 not significant	30 1	14 3 not significant	28 5	10 4 not significant	33 3
3. Land holding less than 0.15 acres Greater than or equal 0.15 acres Significance ( $\chi^2$ )	15 4 p<.00	24 7	14 3 p<.00	27 6	10 4 p<.00	27 9
4. Whether receiving loans from any NGOs Yes No Significance ( $\chi^2$ )	3 16 not significant	6 25	0 17 p<.00	33 0	5 9 p<.00	31 5
5. Education of the household head illiterate literate Significance ( $\chi^2$ )	18 1 p<.10	22 9	15 2 p<.12	18 11	11 3 not significant	23 13
6. Female headed household Yes No Significance ( $\chi^2$ )	5 14 not significant	2 29	4 13 not significant	4 29	2 12 not significant	2 34
7. Housing Structure Jhupri/thach Others Significance ( $\chi^2$ )	14 5 p<.00	8 23	13 4 p<.00	4 29	12 2 p<.00	2 29
8. Whether NGO workers encouraged to participate in the program Yes No Significance ( $\chi^2$ )	5 14 p<.00	26 5	7 10 p<.00	33 0	1 13 p<.00	33 3

Note: The estimated chi-squares have been corrected for continuity since each characteristics has only two categories.

Finally, we made an attempt to understand whether there has been any systematic bias in the efforts

made by the NGO workers to motivate households for participating in the social programs. Such motivation is particularly important for the poorest of the poor as our field findings revealed that most of the extreme poor households regarded the NGOs as the credit giving agencies only. Since these households regarded themselves as not credit worthy, in the absence of encouragement from the NGO workers they were most likely not to participate in the social programs. And indeed, one of the most striking findings was that the NGO workers were alleged not to encourage the hardcore poor to join the program (the chi-square is significant in item number 8). Most of the program participants reported that the NGO workers encouraged them to participate in the program while most of the hardcore poor reported that such initiative was absent from the NGOs.<sup>22</sup> Our field findings also revealed that in most social programs are exclusively linked with the credit programs and in order to ensure a good recovery rate of the distributed loans the NGO workers in most of the cases formed group with only the relatively better-off poor. It is only then this group of people was encouraged to participate in the social programs.<sup>23</sup>

## **V. Modeling Participation Behaviour: A Probit Approach**

We have revealed that the hardcore poor do not represent the NGO programs adequately and there are some significant differences between the program participants and the non-program participants in terms of various socio-economic characteristics (such as land holding, per capita income, etc.). Besides, two more findings are very important in understanding the participation in the programs: (1) most of the program participants are likely to receive credit from the NGOs and (2) NGO workers encouraged most of the program participants to join. All these factors may help us construct a simple model of participation in the social programs.

The event to be modelled is the probability that a household is currently participating in social programs of the NGOs. We denote this event for household  $i$  by a dichotomous variable ( $PART_i$ ) which equals

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<sup>22</sup> In a discussion meeting most of the NGO representatives admitted that often it is very difficult to motivate the hardcore poor for participation since they are floating in nature. Besides, since income is very low the extreme poor households do not have any incentive to join the social programmes.

<sup>23</sup> Discussion on this issue can be found in Rahman et. al. (1998).

one if the event occurs and zero otherwise. The Probit approach, however, introduces a latent continuous dependent variable ( $Y_i^*$ ) such that:

$$Y_i^* = \mathbf{b}_0 + \sum \mathbf{b}X_{ij} + u_i$$

Where,  $X_j$  implies  $j$  characteristics of  $i$ th household and  $u$  is the error term with classical assumptions. Although the  $Y_i^*$  is not observed what we actually observe is the actual participation behaviour. In probit model it is assumed that if  $Y_i^* \geq 0$  then  $PART_i = 1$  and if  $Y_i^* < 0$  then  $PART_i = 0$ . Thus, in this way we can replace a discrete dependent variable by a continuous dependent variable. Now given the normality assumption and symmetric distribution of  $u$  it is possible to show that:

$$P_i = \text{Pr ob}[PART = 1] = \Phi\left(\mathbf{b}_0 + \sum_{j=1}^k \mathbf{b}X_{ij}\right)$$

Where,  $\Phi(\bullet)$  is the cumulative distribution function of a standard normal. A convenient way of interpreting the probit model in our case would be to assume that each household has a specific index determined as a linear function of a set of explanatory variables. The value of this index is then compared to the household's own critical values. In the probit model these critical values are assumed to be distributed normally among the households. Some households will have very low critical value and will thus need little inducement for participation whilst others have very high critical values and thus need a lot of encouragement. For practical implementation of the model the maximum likelihood estimates of the parameters are obtained by choosing such values that maximizes the log likelihood function of the probit model. For the present study the set of explanatory variables chosen are:

LNDH	= Total land holding of the household in acres
LPCI	= Log of per capita income
EDNHH	= Education of the household head (1 if literate, 0 otherwise)
RCLOAN	= Whether receiving loans from the NGOs (1 if yes, 0 otherwise)
CONT	= Whether NGO workers contacted to encourage participation (1 if yes, 0 otherwise)
C	= Constant term

**Table - X:  
Results of the Probit Model**

Variables	Estimated Coefficients		
	Aushtagharia (BRAC - NFPE)	Darir Charia Kona (BRAC - EHC)	Uttar Salua (PROSHIKA - VO)
Constant	-2.37* (-2.48)	-17.04* (-2.03)	-21.8* (-2.10)
LNDH	2.47* (2.17)	0.48 (0.44)	1.275 (0.76)
LPCI	0.173 (0.43)	2.51* (2.19)	3.37* (2.15)
EDNHH	1.36 (1.59)	0.81 (1.02)	0.26 (0.35)
RCLOAN	0.28 (0.22)	3.17** (4.02)	0.33 (0.20)
CONT	1.85** (4.63)	-0.22 (-0.17)	2.14 (2.11)*
Mc Fadden R <sup>2</sup>	0.63	0.78	0.82
Sample size	50	50	50

Note : (1) Figures in parenthesis are 't' statistics (2) \*\* implies significant at 1 percent level (3) \* means significant at 5 percent level

Table X gives the results of the estimated probit coefficients. The results suggest that total amount of land holding and the NGO workers' contact significantly positively influence the participation in Aushtagharia, (i.e., in the BRAC-NFPE program). The former is significant at 5 percent level while the later is significant at 1 percent level. For participation in the BRAC-EHC program per capita income (LPCI) and whether receiving loan (RCLOAN) were found significant. Finally, in the PROSHIKA-VO program at Uttar Salua, per capita income and NGO workers' contact were found to be significantly influencing the participation decision. The constant term was found to be significant in each of the programs. However, it is not practically useful merely to report the coefficient from probit as in this

model the derivative of the probability with respect to the explanatory variable varies with the levels of these variables. In fact, the interpretation of the probit coefficient for continuous variables requires the estimation of marginal effect and while that of the binary or dummy variables require the estimation of impact effect. In the present case, in each of the programs one continuous and one dummy variable were found to be significant. This implies that we need to estimate marginal effect for the continuous variables and impact effect for the dummy variables.

In probit model the marginal effect is given by  $\beta_j\phi(Z_i)$ , where  $\phi(\bullet)$  is the density function of the standard normal variable and  $Z_i = \mathbf{b}_0 + \sum_{j=1}^k \mathbf{b}_j X_{ij}$ , i.e., the regression model used in the analysis. In this study we

construct the Z index by considering only the significant variable. Thus in the case of Aushtagharia we evaluate the marginal effect of landholding (LNDH) for a household with average landholding of 0.31 acre. The Z is being constructed as  $-2.37+2.47(0.31) = -1.60$ . And hence the marginal effect is:  $2.47\{\phi(-1.60)\} = 0.2717$ . This implies that a unit increase in LNDH for a household with current possession of 0.31 acre increases the probability of participation by 0.2717 or by 27.17 percentage points.<sup>24</sup> Similarly the marginal effect of LPCI for extreme poor households (with current per capita income of Tk.342 per month) in Darir Charia Kona and Uttar Salua were estimated to be respectively 0.047 and 0.1334. That is, a unit increase in LPCI of the extreme poor households increases the probability of participation by 4.7 and 13.34 percentage points respectively in Darir Charia Kona and Uttar Salua.

However, in the present model probably more interesting would be the results of the impact effects. The impact effect ( $\Delta$ ) in probit model is estimated as:  $\Delta = \Phi(\beta_0 + \beta X_i + \delta) - \Phi(\beta_0 + \beta X_i)$ , where  $\delta$  is coefficient of the dummy variable. The estimated impact effects for the three programs are:

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<sup>24</sup> Strictly speaking the interpretation is in terms of percentage points and not percent.

$$(1) \text{ BRAC-NFPE: } \Delta = \text{Prob} [\text{PART}=1 | \text{CONT} =1 ] - \text{Prob}[\text{PART}=1 | \text{CONT} =0] = 0.5439$$

$$(2) \text{ BRAC-EHC } \Delta = \text{Prob} [\text{PART}=1 | \text{RCLOAN} =1 ] - \text{Prob}[\text{PART}=1 | \text{RCLOAN} =0] = 0.7449$$

$$(3) \text{ PROSHIKA-VO: } \Delta = \text{Prob} [\text{PART}=1 | \text{CONT} =1 ] - \text{Prob}[\text{PART}=1 | \text{CONT} =0] = 0.4802$$

Our estimates suggest that in Aushtagharia a household with an average landholding if contacted by the NGO (i.e., if is encouraged to participate) has a probability of 0.5987 (or 59.87 percent chance) to participate in the NFPE program. On the other hand, if no contact is made by the NGO workers the typical household has a probability of only 0.0548 (or 5.48 percent chance) to participate in the same program. As a result the impact effect of the dummy variable "whether the NGO workers encouraged to participate" in equation (1) is estimated to be  $0.5987 - 0.0548 = 0.5439$ . That is, NGO workers' contact increases the probability of participation of a typical household with an average amount of landholding of 0.31 acre by 54.39 percentage points. In Darir-Charia Kona the impact effect is to be estimated is that whether the household is currently receiving loans from the NGOs. It was found that a typical extreme poor household with an average per capita monthly income of Tk.342 has less than one percent chance (probability is less than 0.01) to participate. However, if the same household receives loans from the NGO, its chance of participation increases to 75.49 percent. That is the impact effect of receiving loans increases the participation of extreme poor in social programs by 74.49 percentage points as shown in (2). Finally, the impact effect in Uttar Salua is the effect of "whether NGO workers encouraged participation (CONT)". Our result suggests: in the absence of NGO workers' contact a typical extreme poor household has only 49.6 percent chance of participation. However, if the NGO workers encourage the same household to participate this chance increases to as high as 98.42 percent. Thus, the NGO workers' contact increases the probability of participation of the extreme poor household by 0.4802 or by 48.02 percentage points. These findings are remarkable as they illustrate how effective the NGO workers contact or loans from the NGOs can be in motivating the extreme poor households to take part in the social programs. Does not it mean that a large number of poorest of the poor households are not actually participating due lack of encouragement or motivation? These findings seem to suggest that NGO workers' contact can be very instrumental in ensuring the participation of the hardcore poor.

## VI. Concluding Observations

Although the distinction between the moderate poor and the extreme poor is a recent phenomenon there seems to be a consensus among the development practitioners that such differentiation is very important in understanding the internal dynamics of poverty and devising an effective poverty alleviation strategy. Our analysis shows that such a distinction among the poor is also necessary to evaluate whether there has been any systematic exclusion of a section of the poor from the NGO interventions. The information gathered from the field survey, as presented in this article, clearly reveals that the poorest of the poor are less-represented in the social programs of the NGOs which is in line with the finding of other studies that the same class of poor has also been out of reach in the credit programs as well.

However, it needs to be acknowledged that there are certain limitations of our study. Most importantly, we had to work with a very small sample and we looked into only three social programs of the NGOs. Moreover, it is also true that in understanding the participation behaviour probably we should have incorporated a few other factors as well. Thus the results should be treated as suggestive of actual tendency. However, despite the problem of small sample size the findings of this study, by and large, were supported by the NGO representatives who attended a discussion meeting at the BIDS on this particular issue of participation of the hardcore poor in the social programs.<sup>25</sup> Although the NGOs think that their social programs are 'open for all' Rahman et. al. (1998) find that the social program is closely linked with the credit programs which creates a problem for participation in the social program by the extreme poor. This is because this group of poor in most of the cases does not want to take part in the credit program and as a result they also feel excluded from the social programs of the NGOs. Again at the field level the NGO workers try to ensure 100 percent recovery of credit program and as a result they are more interested in forming the groups with relatively better-off poor. When the group is formed the NGO workers only then motivate the group members to participate in the social programs. Since in the group the hardcore poor are already excluded this further acts as a hindrance to their participation in the non-credit programs.

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<sup>25</sup> A summary of proceedings of this discussion meeting is available in Rahman et. al.(1998)

To conclude this paper we would suggest that the NGOs should devise an appropriate strategy so that the participation of the hardcore poor can be ensured in the social as well as credit programs. They should realize that the poorest of the poor might be less interested to take part in the credit program although they might be willing to participate in various non-credit programs. Under such circumstances, the NGO workers can play an effective role in motivating and encouraging the participation of the extreme poor. It should be emphasized that the participation in the social programs can change the perception of hardcore poor by providing them with a confidence about their ability which, in turn, will encourage and thus ensure their participation in the credit programs as well. It is high time the NGOs should take initiatives to introduce themselves to the poorest of the poor as an agent of social development and not merely as money-lender.

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