

Focus Note 21

Linking Microfinance and Safety Net Programs to Include the Poorest The Case of IGVGD in Bangladesh

1. The Hardcore Poor and Why Conventional Microfinance Fails Them

Most studies of microfinance programs in Bangladesh indicate that the poor, and especially poor women, have been effectively targeted, and that microfinance programs have been successful in opening up economic opportunities for their clients, increasing access to resources and contributing to their confidence and well-being.¹ However the poor are not a homogenous group. Within the ranks of the poor lie groups with lower asset levels, less employment opportunities, greater consumption deficits, and greater vulnerability to periodic economic and social shocks. In Bangladesh, detailed estimates indicate that 27 percent of the rural population, or roughly half of those below the poverty line, are in “absolute poverty”.² Most of these hardcore poor suffer from chronic food deficits. The majority of them are illiterate, own no agricultural land and survive in a situation of endemic insecurity often leading to land eviction, expropriation of assets and physical violence.³ Studies, as well as impressionistic evidence, suggest that these hardcore poor generally remain outside the net of conventional microfinance programs.⁴

There are several supply-side reasons for excluding the hardcore poor from microfinance programs. These include:

- Successful microcredit operations are strongly dependent on strict screening to ensure that money that is borrowed can be repaid. Group members or program staff are very careful to screen out potentially risky clients.
- Preference is given to clients from households with steady incomes, multiple sources of earnings, and some assets (usually the better off of the poor), on the basis that even if program-funded activities do not generate sufficient earnings and profits, such clients would still be able to make repayments.
- A worry exists that destitute households would either consume the loan amount or the resulting income from activities financed by the loan, or would be too poor to make regular repayments from activities that do not generate immediate incomes.

¹ Shahid Khandker, *Fighting Poverty with Microcredit: Experience in Bangladesh*, (New York: Oxford University Press), 1998); Syed Hashemi and Sidney Schuler, “Rural Credit Programs and Women's Empowerment in Bangladesh”, *World Development* (April 1996); Mahabub Hossain, “Credit for Alleviation of Rural Poverty: The Grameen Bank in Bangladesh”, (Washington DC: IFPRI, 1988).

² Absolute poverty is defined here as a maximum consumption of 1740 calories a day. The term “hardcore poor” is used in this paper for those in absolute poverty.

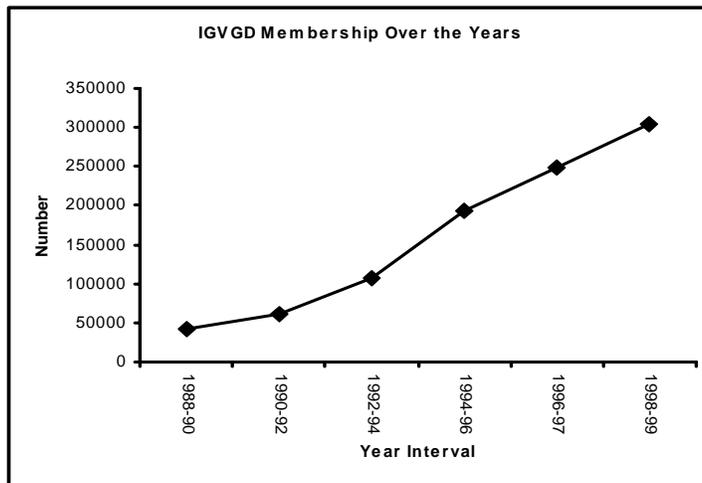
³ Hossain Zillur Rahman and Mahabub Hossain, editors, *Rethinking Rural Poverty: Bangladesh as a Case Study* (New Delhi: Sage, 1995).

⁴ Hassan Zaman, “Microcredit Programs: Who Participates and to What Extent?” and Syed M Hashemi, “Those Left Behind: A Note on Targeting the Hardcore Poor” in Geoffrey Wood and Iffath Sharif editors, *Who Needs Credit? Poverty and Finance in Bangladesh*, (Dhaka: University Press Ltd, 1997).

The drive for high repayments and group discipline, therefore, pushes program staff and group members to screen out the hardcore poor. Interestingly, there are also significant demand-side factors, as the hardcore poor often self-select themselves out. They may not consider themselves to be “credit-worthy”, may not feel they have enough resources to generate sufficient incomes to pay back loans, and often lack the confidence to want to join credit programs.

Yet there are examples of successful programs dedicated to deepening their outreach. This paper will focus on perhaps the most successful of these programs, the Income Generation for Vulnerable Groups Development (IGVGD) program. The IGVGD is a collaborative food security intervention jointly led by the government of Bangladesh, the World Food Program (WFP) and the Bangladesh Rural Advancement Committee (BRAC), Bangladesh’s largest NGO.⁵ Targeted towards destitute rural Bangladeshi women who have little or no income earning opportunities, the IGVGD program has provided food grain assistance and savings and credit services to nearly a million participants over a ten-year period. Two-thirds of these women have “graduated” from absolute poverty to becoming microfinance clients, and have not slipped back into requiring governmental handouts.

Expansion of the IGVGD Program



2. The IGVGD Program : Structure and Operations

2.1 The IGVGD Concept

The IGVGD program is built on a government safety net program that provides free food grain for an 18-month period to destitute, female-headed households that are at the highest risk of hunger. Through its experience, BRAC had discovered that it was difficult

⁵ BRAC works in over 50,000 of the 86,000 villages in Bangladesh. Its Rural Development Program (the microfinance program) has 3.5 million members. BRAC has 35,000 non-formal primary schools providing education to 1.1 million poor children. It also has health and population programs, legal aid programs and agriculture programs. BRAC has 25,000 full-time staff and 35,000 part-time workers.

to include the poorest in its conventional microfinance operations and it was looking for another “entry point” to involve the destitute in its development activities. BRAC understood that food grain donations provided a strong incentive for the hardcore poor to participate in programs.⁶ In the IGVDG program, BRAC uses food grain relief assistance to attract the hardcore poor and cater to their immediate consumption needs, but then adds skills training and savings and credit services to build their development capacity. Hence, when the cycle of free food grain ends, participants are able to engage in income-generating activities and become clients of regular microfinance programs, earning at least the same money equivalent of the wheat they received by way of their newly acquired skills. The IGVDG program started as a pilot activity in 1985 but since then has become a national program covering close to a million women.

2.2 The IGVDG Cycle

The IGVDG program is jointly administered by the Government of Bangladesh and BRAC (through the latter’s microfinance program—the Rural Development Program). There are three essential elements to the program: a food grain safety net, skills training, and financial services in the form of savings and credit. Women entering the program as recipients of free food grain are selected by local elected representatives. This eliminates targeting costs for BRAC as well as protecting it from the politics of selecting food grain recipients. The selection of households is based on three criteria:

1. Headed by widows or abandoned women
2. Own less than half an acre of land
3. Earn less than 300 takas per month (US\$6).

BRAC further selects about 90 percent of the women receiving food relief for its program, excluding only the most physically handicapped.

Once selected for IGVDG, participants begin training from an available menu of training options, including poultry and livestock raising, vegetable gardening, etc. In most cases, this is finished six months after initial enrollment. When the training is completed, participants are enrolled into a pre-existing BRAC center. IGVDG members attend the weekly meetings and are also required to save 25 takas (\$0.50) per month with BRAC. BRAC pays a 6 percent return on these savings. Participants can save more frequently (weekly, for example) if they so desire, so long as each month the 25 taka minimum is met. This requirement is similar to the mandatory 20 taka (\$0.40) savings per month for regular members.

The first loan of 2,500 takas (\$50) is also disbursed on completion of training. Weekly repayments are due immediately. The interest charge is a flat rate of 15 percent; the loan term is 12 months.

On repayment of the initial loan, participants are given a second loan of 4,000 takas (\$80). The 18-month grain distribution cycle will typically end before the second loan is

⁶ For an insightful history of the program see Maya Jessica Tudor, “An Idea, Its Innovation and Evolution: BRAC’s IGVDG Program”, mimeo.

repaid. Upon completion of this repayment, IGVGD “graduates” are channeled into normal microfinance membership (BRAC’s Rural Development Program). This is easier to do in cases where the household economic situation has improved. In practice, 80 percent of IGVGD members stay on for the next cycle while about two-thirds stay on beyond two cycles.

An IGVGD Cycle

Stage 1: Central government identifies the number of women in each thana (the lowest administrative unit) to receive free food grain under the safety net program. The allocation is based on a geographical targeting of food insecure areas.

Thana-level committees of government officials, elected representatives and voluntary organizations determine the further distribution of the numbers of women for each local government unit under each thana (there are generally eight to ten local government units or unions under each thana).

Stage 2: Elected representatives of local government submit the names of women to receive free food grain. Names are approved by thana committee.

Stage 3: BRAC selects IGVGD participants (generally 90 percent) from the approved list of women who are to receive free food grain.

Stage 4: 18-month IGVGD cycle begins: 30 kg of food grain is distributed monthly to participants. IGVGD participants and BRAC choose training subject and training commences.

Stage 5: Training is completed (in most cases) by Month 6 and the first of two loans is distributed. Participants attend weekly meetings and save 25 takas (\$0.50) per month. Loan repayments begin immediately.

Stage 6: Repayment of first loan is completed and second loan is disbursed.

Stage 7: At Month 16, participants may begin withdrawing their savings if they wish.

Stage 8: At Month 18, the cycle is completed and grain distribution is halted. Loan repayments continue if the final loan is not repaid.

Stage 9: IGVGD graduates are encouraged to continue membership in BRAC as regular microfinance program members.

Source: Maya Jessica Tudor, “An Idea, Its Innovation and Evolution: BRAC’s IGVGD Program”, mimeo

2.3 Training and Activity-Specific Linkages

The overwhelming majority (about 85 percent) of IGVD members receive training and support in poultry and livestock raising, vegetable gardening, agriculture, fishery production, or the restaurant and grocery business. The women often already have some skills in these activities, and there is a ready market for such products. Poultry rearing requires very little investment in equipment or infrastructure, and it is primarily for this reason that poultry rearing constitutes the bulk of BRAC's IGVD training program.

In order to promote both income generation for women and the overall growth of the poultry sector, BRAC set up linkages with the livestock department of the government to provide training, vaccinations and veterinary support. One woman from each village or group of villages receives training on vaccinating and treating poultry. She receives between half a taka and a taka for each vaccination she provides. The vaccines and medicine are provided by the government's department of poultry and livestock free of charge.

BRAC also offers different types of training to ensure that every step in the poultry-raising process (from hatching eggs to selling chickens) is integrated to reduce imbalances in the system. Some women receive training on raising newly hatched day-old chickens to two-month-old chickens. They then sell the chickens and buy another round of day-old chickens. Some women receive training on raising chickens for eggs. They initially buy ten hybrid chickens from BRAC for 250 takas. Many women collect eggs and sell them to the hatchery or in the market. Still others sell feed. A few are trained in setting up a hatchery. The training is provided collectively by BRAC and the government's poultry and livestock department.

Besides poultry and livestock rearing, BRAC also decided to pursue some innovative interventions. Sericulture was one such innovation. Silk weaving used to be a traditional art in some parts of Bangladesh but competition from factory-produced cloth and synthetics, and the lack of new designs and marketing resulted in a serious decline of this industry. BRAC decided to set up linkages along the different stages of the silk production process to both revive this indigenous craft and to allow for expanded economic opportunities to large groups of people. BRAC sought permission from the government's roads and highways department and from local governments to plant mulberry trees along roads. IGVD women receiving food grain planted mulberry trees and guarded them from theft and destruction. They picked the leaves and sold them to silkworm rearers. The silkworm rearers, who were also usually IGVD women, raised the silkworm from egg to cocoon. Cocoons were sold to spinners who then sold the thread to weavers. BRAC provided designs, controlled for quality and sold the silk through their large, urban retail outlets, as well as exporting it. BRAC provided a one-day training for tree planters *cum* caretakers and a five-day training for silkworm rearers. Recently, however, the severe 1998 floods destroyed many mulberry trees, and diseases have wiped out large numbers of silkworms, forcing BRAC to scale down the sericulture program.

2.4 Program Monitoring

Continual innovation and careful monitoring of the IGVDG program occur at several levels. The government and WFP assume responsibility for program monitoring through reviews of BRAC's monthly and quarterly reports. BRAC is required to make its documents and papers openly accessible to relevant government and WFP staff. WFP staff also conduct several field visits per year to spot-check program progress. Training and credit funds disbursed to BRAC are subject to an annual audit by chartered accountants appointed by WFP on behalf of donors. In addition, BRAC's independent and internal Research and Evaluation Division undertakes periodic research on various aspects of IGVDG.⁷

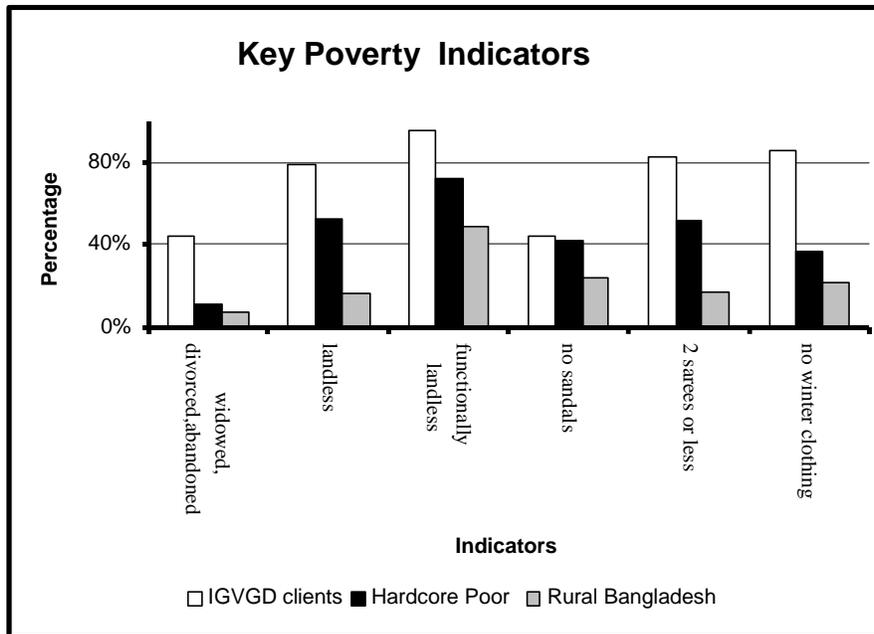
3. IGVDG Success: From Outreach to Graduation

3.1 Targeting the Hardcore Poor

A longitudinal survey of a nationally representative sample of 400 IGVDG members indicate that the program has been extremely successful in targeting the hardcore poor.⁸ A comparison of key indicators in the early 1990s shows that eight percent of households in rural Bangladesh were headed by women, compared to 44 percent for women entering the IGVDG program. About four-fifths of the IGVDG women did not own any

⁷ See, for example, Ghulam Sattar et al, "Food Aid and Sustainable Livelihoods: BRAC's Innovations against Hunger" and Dilruba Ahmed, "Poverty Alleviation of the Hardcore Poor in Bangladesh" (mimeo, BRAC, 2000).

⁸ The survey was commissioned by the World Food Program. A three-stage random sampling design was followed to select 400 respondents nationally. Longitudinal surveys of the same women were conducted at three different times: in 1994, 400 women were interviewed when they had just joined the program; in 1996, 398 of these women were interviewed when they had completed the program; and again in 1999, 345 of the same women were interviewed three years after the end of their participation in the program.



Source: Hossain Zillur Rahman and Mahabub Hossain, , editors, *Rethinking Rural Poverty: Bangladesh as a Case Study* (New Delhi: Sage, 1995) and survey data on IGVDG women.

agricultural land, compared to 16 percent of households in rural Bangladesh and 53 percent of the hardcore poor. Ninety-five percent of IGVDG households were functionally landless (owning less than half an acre of land), in contrast to 49 percent of rural households and 72 percent of the hardcore poor. Around a third of the households entering the IGVDG program did not own a homestead prior to the program. Eighty-seven percent owned no blankets (in comparison to 37 percent for the hardcore poor), and about half did not own any beds. Less than a fifth of the women owned more than two sarees and 44 percent had no sandals or shoes. IGVDG women’s households were generally smaller in size than the average rural Bangladeshi household and had a higher ratio of females to males. Poor households tend to be nuclear and even subnuclear with a high incidence of abandoned women. In over a third of the IGVDG households, women were the principal income earners. A fifth of the women had to beg to be able to eat. Around 90 percent were illiterate while more than half of them could not count to more than 20.

3.2 Economic Improvements

Participatory Appraisal exercises were conducted with over one hundred IGVDG women in ten locations to complement the longitudinal survey. The exercises were conducted in 1996 and in 1999 and included women who had entered the IGVDG program in 1994. The exercises reveal that women had benefited greatly from the IGVDG program by increasing their incomes and their asset ownership. Women said that the provision of food grain under the IGVDG program allowed them to save their little earnings, which they would have otherwise spent on food. The initial money they had received as loans, or the savings they had built up, permitted them to start income-earning ventures. Having access to both food grain and loans at the same time provided them with a breathing space and allowed them to reinvest earnings into their business and meet repayments.

Poultry raising was the most successful activity; some women reinvested their income from selling chickens (or eggs) to buy goats. A few had branched out into other activities, such as rice husking, petty trading and shop keeping.

Most of the women said they had experienced difficulties and worried about how to maintain their livelihood when they stopped receiving food grain at the end of 18 months. Most women, however, also said that, while their consumption levels dropped after the end of the free food grain, they managed to earn a living from their credit-funded activity. They received fresh loans and paid them back and had not fallen into the trap of destitution they had been in earlier. A quarter of the women, on the other hand, said that they could never recover from the loss of the food grain. They sold off their chickens, used up the loan fund for consumption and worried about making repayments. They said they were as destitute as they were before and were praying to get back into the food grain program.

Slightly over half the women in the Participatory Appraisal exercises claimed that their household possessions had increased due to the program. Many said that they had even bought sarees and sandals with their own earnings whereas in the past they had relied on Zakat (charity) and clothing handouts from the wealthy. The majority of the women were eating three meals a day, even in lean periods. A couple of women proudly said that they had added tin roofs to their houses; one woman said she had bought a little homestead land.

Several of the women in the various Participatory Appraisal exercises pointed out that the most shameful aspect of their poverty was the attitude towards them on the part of other (slightly better-off) poor households. They were badly treated and made to feel that they were “failures”. A couple of women said that in the past (prior to the IGVDG program) they had wanted to join BRAC but were told that they were too poor, they did not have the skills to “make it”, they would just waste the loan money and get everyone into trouble. For these women the IGVDG program has meant increased self-confidence and an improvement of status within the village community.

Those who made it ...

Jorimon’s husband died of tuberculosis and left her with two daughters, no assets, and a 5,000 taka debt. She worked for wealthier households in the village, sometimes earning a little something, often begging for food. In 1994 she began receiving 31.5 kilograms of grain each month and joined IGVDG.

Jorimon received a three-day training on poultry raising. She had kept chickens before but she now learned about vaccinations, about keeping the chickens clean, about the right type of feed. She also learned about the importance of savings, about health issues and about how important it was for women to stand on their own two feet. She then received a 1,000 taka loan from BRAC. She spent part of the money buying ‘high breed’ chickens from BRAC, some on local variety chickens, and she also invested with a saree vendor from the village. Jorimon did well with her investments. At the end of the first year Jorimon sold off her old chickens, bought new ones, and with an additional loan, bought two goats.

When the IGVDG cycle ended in 1996, BRAC workers asked her to join the regular BRAC RDP program. She did, and received a loan for a cow. At first, it was difficult to manage without the free grain, but the BRAC loan helped. Jorimon still has some chickens, but she also raises goats that she sells at the Eid market every year. Her cow gives her milk; she sells the morning milk but feeds the afternoon milk to her daughters. Her daughters go to the BRAC school. Last year Jorimon received training in tailoring and a BRAC loan to buy a sewing machine. Jorimon now makes children's clothing and blouses for the women in her village. She's paid off her debts, saves money regularly and dreams of a house for herself. Jorimon is strict about her daughters' schooling. She dreams of good marriages and prosperous lives for them.

... and those who didn't

Rafeza became a member of IGVDG for the 1994-1996 cycle. She had been widowed several years earlier and had four sons and three daughters. Two of the sons and two of the daughters were married, but they were too poor to take care of their mother's household. Rafeza would work for other people and often would beg for food to take care of the two sons and daughter who remained with her. The free food grain was a lifesaver. Rafeza recalls that she finally had enough to eat. She received training in raising poultry and sold some of her grain to buy a few chickens.

At the end of the IGVDG cycle she received 300 takas from her savings. Program workers asked her to buy chickens with the money, but she needed to buy food. It was difficult to be without the free grain. She kept on working for other people but she was getting old and the work was getting too hard. No one from BRAC approached her to join their regular RDP program. Maybe she was too old; maybe she was considered not active enough. She did manage to marry her youngest daughter off. One son left to find work. Rafeza lives with the youngest son who goes to the free religious school. Rafeza works when she can and depends on handouts and the charity of others. She wonders if she can join the food grain program once again.

The longitudinal survey provides quantitative data on changes in specific economic indicators at three points in time—in 1994 at the beginning of the program, in 1996 at the end of the program, and in 1999 three years after the end of the program. While 1994 represents the base year, 1996 in many ways is the high point. Households had just stopped receiving the free food grain but the impact from the loss of the food grain still had not kicked in. In fact they had just received their savings and their second round of credit. The 1999 figures, therefore, represent a period of stabilization and are a more effective measure of the longer-term economic impact of the IGVDG program.

Household Economic Changes

Variables	IGVDG clients		
	1994 (pre-program)	1996 (end program)	1999 (+ 3 years)
% of households without blankets	86	n.a.	75
% of households without beds	42	40	36
Tk. monthly income preceding survey	75	717	415
% of households earning greater than tk. 300	7	64	31
% of households saving with NGOs	11	34	37
% of households begging	18	2	0

% of landless households	78	62	n.a.
% of households with no homestead land	27	13	n.a.
% of functionally landless households	94	72	n.a.

n.a. = not available

The survey data indicates a clear decline in landlessness (in terms of both absolute and functional landlessness—i.e., less than half an acre) and an increase in ownership of homestead land, between 1994 and 1996. It is extremely interesting to note that the percentage of women begging to maintain a livelihood declined from 18 percent in 1994 to 2 percent in 1996 to none in 1999. Ownership of blankets and beds also increased over the five-year period—from 14 percent to 25 percent and from 58 percent to 64 percent respectively. Monthly incomes as well as the percentage of households earning over 300 takas went up drastically from 1994 to 1996 but declined somewhat afterwards. Even with this decline, however, monthly incomes registered a major increase from the initial situation in 1994. Women in the IGVGD program, therefore, seem to have achieved a sustained improvement in their economic conditions, even three years after the end of the program.

3.3 Graduation

A critical premise of the IGVGD program is that participation will enable the hardcore poor to “graduate” to regular microcredit programs, thus putting them on the road to poverty alleviation. The IGVGD program therefore represents in many ways the first rung of a ladder for economic improvement, and its success can be measured in part by the numbers of women who move on to become regular members of microfinance programs.

Graduation to MFI membership

Category	1994 (pre- program)	1996 (end program)	2000 (+ 4 years)
MFI Membership	15%	28%	66%
Distribution of MFI Membership*			
BRAC	n.a.	n.a.	65%
Grameen	n.a.	n.a.	22%
Proshika	n.a.	n.a.	7%
Local NGOs	n.a.	n.a.	16%
Other NGOs	n.a.	n.a.	2%

* Distribution is of the 66% of the 1999 survey clients who had MFI membership. Totals add up to more than 100% due to multiple membership in NGO-MFIs. No data on distribution of MFI membership was available for 1994 and 1996.

n.a. = not available

In April 2000, 92 percent of the women from the original random sample from the 1994-96 cycle were tracked down and interviewed for this study. The chart above shows that about two-thirds of women in the IGVGD program from the 1994-96 cycle have graduated to become full-fledged members of regular microfinance programs. Though most of the graduates are members of BRAC, a significant number join other microfinance institutions (MFIs). BRAC's IGVGD, therefore, performs a very useful client "grooming" service for the entire MFI sector.

4. Subsidy Issues

BRAC estimates that the average cost of training for each woman is 500 takas. BRAC charges a 15 percent flat rate of interest on the loans it makes to the IGVGD women, which is the same as the rate charged to regular BRAC microfinance members (in the RDP program). BRAC estimates that the cost of servicing each client is approximately 600 takas. In the case of their regular microfinance activity this cost is recovered from the interest earnings on even the first loans of 4,000 takas. The IGVGD program, however, provides a first loan of only 2,500 takas, and the interest collected is not sufficient to cover the costs of servicing these clients. BRAC estimates that it pays out 225 takas in subsidy to each IGVGD client for the loans she receives. BRAC's subsidy for both credit and training services, therefore, amounts to 725 takas per client. BRAC currently gets the 18-month food grain for IGVGD members free from the World Food Program. If one were to add in the cost of the food grain (6,000 takas at current prices), the total subsidy provided for each woman would amount to about 6,725 takas (approximately \$135). Both the government and donors feel strongly that this represents a small subsidy, given the overwhelming majority of IGVGD women who graduate out of a need for continuous handouts.

The subsidies upon which IGVGD is based raise some vexing issues, since providing non-financial and financial services within the same institution tends to reduce efficiency and lower sustainability. BRAC largely avoids these problems by functionally separating its different activities. The provision and distribution of free food grain are done by the government as part of an already existing program. BRAC's microfinance program does not involve itself with this activity. Training is conducted jointly with the government. The cost of providing smaller loans is cross-subsidized by BRAC's regular microcredit program, but financial monitoring and accounting are done separately to keep track of these subsidies.

A clear operational separation of activities is however advisable, and in the majority of cases, it is preferable for a microfinance institution to provide financial services only, and to rely on partner relationships with non-financial service providers. Any subsidies should be provided by other partners, not by the microfinance institution, so that the focus on developing a sustainable institution is not diluted. Any cross-subsidization of interest rates should be carefully structured so as to not have a negative impact on the financial viability of the entire program or institution.

5. Conclusion

The BRAC IGVDG program demonstrates that it is possible to bring even the most destitute households to a position where they can access microfinance services. BRAC's principal innovation lies in its creative linkage of microfinance with safety net programs. This, however, should not be read as a one-off example, or as something that only a large NGO can achieve. Smaller local NGOs in Bangladesh (most notably Jagorani Chakra) have also used a similar model and have done so successfully. Others, such as CARE Bangladesh, have successfully linked microfinance to government-guaranteed employment schemes.

BRAC has achieved a successful graduation of two-thirds of the women to regular microfinance programs. Given that about a million women have been enrolled in the IGVDG program since its beginning, two-thirds of a million destitute women have entered microfinance programs, who otherwise probably would not have done so.

A third of the women did not benefit significantly from the program in the long term. BRAC also excludes about 10 percent of the women receiving food grain from IGVDG for being too old or disabled. The program therefore does not represent a panacea for all those in safety net programs. The need for other more continuous social services for the poorest remains.

A critical risk for programs, such as IGVDG, that rely on a limited set of economic activities is their vulnerability to macro and external shocks. Poultry diseases can take on epidemic proportions and wipe out poultry holdings, leaving large numbers of clients in debt. Floods and disease dealt a heavy blow to the sericulture and silkworm-based IGVDG component. Care should be taken therefore to have contingency plans for such events, for example through portfolio diversification.

The success of the IGVDG program points to the need for developing creative opportunities for leveraging microfinance in the battle against poverty. While microfinance is absolutely not a panacea for poverty alleviation, and while microfinance has been the arena for many misconstrued, ill-fated initiatives that have only hurt the microfinance sector, it still carries tremendous potential for the poor. In a prevailing situation where many microfinance practitioners have taken the easy way out by claiming that microfinance is not for the very poor, programs like the IGVDG put the hardcore poor into the center of policy and programmatic discourse. The IGVDG program challenges us to develop efficient, cost-effective mechanisms to include those left out of the conventional microfinance net. The social welfare impacts of assisting people to move out of hardcore poverty are too great to be ignored.

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