



The Daily Star

Pathways to prosperity for EXTREMELY POOR PEOPLE

Palli Karma-Sahayak Foundation (PKSF) and the European Union in collaboration with The Daily Star organised a roundtable titled “Pathways to prosperity for extremely poor people” on October 16, 2024. Here, we publish a summary of the discussion.

Md. Fazlul Kader, Acting Managing Director, PKSF



The theme of this year's International Day for the Eradication of Poverty is 'Ending Social and Institutional Maltreatment: Acting Together for Just, Peaceful, and Inclusive Societies'. Although there has been significant progress in eradicating extreme poverty, inequality continues to rise globally. While studies indicate a reduction in the number of people living below the poverty or the extreme poverty lines, questions around the vulnerability and potential escape from poverty for these people remain.

According to a World Food Programme report published in 2024, around 30 percent of Bangladeshis experience food insecurity, with this figure rising to 36 percent among low-income groups. This highlights the challenge of defining an income threshold that accurately reflects an escape from extreme poverty. Discrepancies in income threshold criteria have led to the development of various composite indicators, but still we want the poor to come out of poverty sustainably.

PKSF started its journey in 1990 with the Rural Microcredit programme with the sole objective of giving the rural poor people the financial means to find gainful employment opportunities. Initially having targeted the rural enterprising poor, we realised that poverty is highly diverse in nature, especially with growing criticism for not addressing the ultra-poor. PKSF has implemented seven projects supported by different development partners, focusing on



People (PPEPP)', funded by the FCDO and the EU. Since 2022, this project is being supported by the EU which has not only been a key development partner but also has supported PKSF to bring about effective, project-related changes. We adopted a push-pull strategy, which involves pushing people through interventions to strengthen their human capacity, enabling them to undertake larger ventures in alignment with market forces.

Learning from our previous projects helps guide our policy and programmatic actions. Additionally, it motivates the government and other multilateral bodies to adopt effective programme approaches.

the interventions of this project—serve as an outstanding example of how diverse livelihood options can flourish, inspiring the broader community. It is heartwarming to see the smiles on people's faces as they share success stories that are direct outcomes of the project's impact. They not only take pride in their achievements but are also enthusiastic about helping their neighbours replicate their success.

Our focus is on strengthening partnerships between the EU, PKSF, and local governments, all working together to tackle poverty and end social exclusion.

We must consider the cost-effectiveness of poverty reduction efforts and the building of resilient livelihoods. Additionally, we are making progress with initiatives aimed at alleviating poverty among ethnic minority communities in North Bengal. Establishing a supportive market hub for the products of targeted poor communities is crucial, and PKSF has already made headway in this regard. Ultimately, we need to recognise that a three-year project offering short-term grant support cannot fully eradicate poverty. A more effective, sustainable approach is required.

Rubaiyath Sarwar, Managing Director, Innovision Consulting Private Ltd. (Keynote Presentation)



The Pathways to Prosperity for Extremely Poor People-European Union (PPEPP-EU) project seeks to eradicate extreme poverty

in Bangladesh through targeted interventions based on extensive data collected over the years.

According to the latest Household Income and Expenditure Survey (HIES), Bangladesh has made notable progress in reducing poverty over the past decade, with the extreme poverty rate officially now at 5.6%. However, this success is marred by rising inequality. The Gini index has risen by 1.1 points. This strain is attributed to weakened private consumption growth and high inflation, according to the World Bank. Despite the overall decline in poverty, it is crucial to determine whether households involved in programmes like PPEPP-EU are better prepared to manage these economic pressures.

Preliminary findings suggest that PPEPP-EU households show greater resilience to inflationary pressures. For example, families of four to five members can consume around BDT 200 worth of food from their own production, helping them weather market fluctuations. They also have improved access to social protection services and local government, facilitating better access to social stipends. Their dignity, social standing, and community engagement have strengthened, with diversified income sources and a more secure asset base, which significantly reduces the likelihood of intergenerational poverty.

This project aims to support livelihoods and income generation (aligned with Sustainable Development Goals 1, 2 and 13), improve nutrition, particularly for women and children

(Goals 2 and 5), and enhance access to social and nutrition sensitive agricultural services within the target communities (Goal 2).

PPEPP-EU adopts a multidimensional approach to poverty alleviation, reaching diverse groups across varied geographic areas through set of tailored interventions. This programme supports households reliant on wage labour, those who are landless or live on government land, and uses flexible targeting criteria drawn from lessons learned in the PRIME project. The average monthly income of targeted households is approximately BDT 2045 (USD 17.11), and they typically reside in thatched or tin-roofed homes with only one earning member.

The project specifically selects households that are female-headed, reliant on child labour, facing consumption rationing, or have members with disabilities. This nuanced approach seeks to improve the financial, human, social, physical, and natural capital of diverse and vulnerable groups through livelihood, nutrition, and community support, and by addressing women's empowerment, disability inclusion, and climate risk. PPEPP-EU provides flexible microcredit, grants, and technical assistance to support households in creating and sustaining pathways out of poverty.

Acknowledging the varied conditions among households, PPEPP-EU classifies them into three groups—vulnerable, transient, and progressive—and offers tailored interventions for each. Vulnerable households face multiple risks, including climatic and health shocks. Transient households have potential but lack financial resources or technical knowledge, while progressive households have resources but need help accessing markets and technical expertise. The interventions—push (project-driven support), pull (market-driven resilience-building), and protect (safety nets and government services)—are designed to meet these specific needs.

PPEPP-EU's flexibility allows it to tailor support based on household needs and regional contexts, offering beneficiaries various combinations of grants, microcredit, and technical assistance. The programme also includes emergency assistance and nutrition-specific services, reflecting a comprehensive approach to poverty alleviation that has yielded significant progress.

Recent data shows impressive results: the number of vulnerable households have fallen from 16% in 2021 to 1%, of transient households decreased from 73% to 38%, and of progressive households increased from 10% to 61% by 2023. The project has expanded households' income sources from 9.3% to 28.5%, improved savings, and enhanced food security. There have also been notable improvements in women's economic empowerment, support for people with disabilities, and access to social safety nets.

Over a four-year period, households receive loans and grants in Year 1, reinvest returns in land and livestock in Year 2, take additional loans for IGAs in Year 3, and by Year 4 achieve self-sufficiency, enhanced nutrition, improved climate resilience, and

elevated social status.

The cost-benefit ratio of PPEPP-EU is 6.58, rising to 19 when considering the consumption value from household production, indicating that each taka invested delivers substantial returns. However, challenges remain, particularly regarding reliance on Partner Organisations and the need for sustained funding.

Looking forward, PPEPP-EU aligns with global poverty alleviation priorities, focusing on poverty, inequality, climate vulnerability, and nutrition. As poverty is a dynamic issue, it requires multi-stakeholder partnerships. The project's push-pull framework underscores the need for coordinated efforts between government and development partners to establish sustainable pathways out of poverty.

Dr Mohammed Helal Uddin, Executive Vice Chairman, Microcredit Regulatory Authority (MRA)



Microcredit faces challenges, primarily due to its heavy dependence on donor funding and limited access to national savings.

Gaps in mainstream banking and among major borrowers hinder poverty reduction efforts and adversely impact the economy. Addressing these issues requires prioritising the credit-worthy extremely poor, which can support poverty alleviation and drive local economic growth.

Large microfinance institutions lend to smaller ones at 15%, or they may borrow from banks at around 15-16%. Consequently, at the stage of lending microcredit to the extremely poor, the service charge increases to 24%. We are working to address this issue. Microfinance institutions should collect savings at 10% and extend loans to the extremely poor. Ultimately, we must focus on income-generating activities—whether farm-based or non-farm—regardless of land use, to harness economic potential beyond agriculture. This shift is essential for meaningful poverty reduction.

Khursid Alam, PhD, Executive Director, Community Development Centre (CODEC)



PPEPP-EU is undeniably a comprehensive and cost-effective programme, with its core strength rooted in the people we engage—they

gain respect and build confidence in their ability to contribute, which truly defines this initiative.

Another key aspect of PPEPP-EU is the formation of small groups, where we work to institutionalise these communities and amplify their voices at union, upazila, and district levels. Achieving progress requires government support, and it is essential for the government to start offering assistance in these areas.

Lastly, poverty cannot be addressed through short-term projects; it demands a sustained, long-term approach. While immediate eradication is not feasible, we must create a lasting, sustainable pathway forward.

A B M Feroz Ahmed, Livelihoods Adviser, Climate Change & Environment Team, FCDO, British High Commission, Dhaka



Bangladesh's economy is expanding, but this growth remains unevenly distributed. The gap between the top 10% and bottom 10%

is widening, and poverty reduction slowed between 2010 and 2020 compared to previous trends. Poverty is not only an income issue but is also shaped by marginalisation, geographic vulnerabilities, and climate threats such as floods and cyclones.

In designing the PPEPP project, we accounted for these challenges, aiming to create a second-generation graduation model based on insights

RECOMMENDATIONS

Pursue a programmatic approach – planned, steered and coordinated at the national level – to expedite extreme poverty reduction.

Address poverty alleviation through sustainable, scalable long-term programmes instead of relying on short-term projects.

Foster stakeholder engagement by involving local governments and communities in designing and implementing programmes.

Expand poverty reduction programmes to new regions affected by climate change fallout, especially following natural disasters.

Educate communities about available government services, including social safety net programme, at the grassroots.

Provide non-financial services such as healthcare, insurance, and nutrition alongside credit to address extreme poverty effectively.

Conduct thorough evaluations of poverty alleviation programmes to assess their long-term impact and sustainability.

Promote inter-agency collaboration to establish market-linked income-generating activities at the grassroots level.

Address macro-economic

policies that impact poverty reduction, ensuring inclusivity in growth strategies.

Establish a dedicated follow-up system to support beneficiaries beyond project completion, particularly in education.

Connect extremely poor households with CMSMES to enable them to access to finance and promote sustainable livelihoods.

Focus on cost-effective strategies for building resilient livelihoods in poverty reduction initiatives.

Shift focus to income-generating activities beyond agriculture to harness broader economic potential.

the extremely poor people. PKSF in 2002 launched the 'Financial Services for the Poorest (FSP)' project supported by the World Bank to more effectively render its services to the extremely poor. This demonstrated the creditworthiness of the ultra-poor, dispelling the myth that they were non-creditworthy.

Building on the success of the FSP, PKSF initiated the Ultra Poor Program (UPP) in 2004 in collaboration with the Government of Bangladesh. Two years later, we started the Programmed Initiatives for Monga Eradication (PRIME) project, a landmark project specifically designed to address the seasonal extreme poverty faced by communities in northern Bangladesh. In this project we specially incorporated primary healthcare services with livelihood opportunities to tackle income erosion. From 2007 to 2011, PKSF further enhanced its efforts through the Microfinance Support Intervention for FSVGD and UP Beneficiaries Project, aimed at ensuring food security and improving living conditions for extremely poor households. Subsequently, the EU-funded UPP-Ujjibito project was implemented from 2013 to 2019, directly serving 3,25,000 extremely poor households. In 2019, with lessons learned from various extreme poverty projects, PKSF undertook a multi-dimensional initiative titled 'Pathways to Prosperity for Extremely Poor

Eradicating extreme poverty is not achievable through ad-hoc projects; it is a long-term commitment requiring sustainable interventions so that people can progress consistently and achieve lasting prosperity.

Meher Nigar Bhuiyan, Programme Manager, Resilient Livelihoods, Delegation of the European Union to Bangladesh



The EU-funded project supports 860,000 people in climate-vulnerable areas of Bangladesh, helping them transition out of extreme poverty by

connecting them with mainstream development and economic opportunities. Such partnerships allow us to contribute directly to improving lives, providing resilient livelihood options and a more secure future.

It is inspiring to witness how small grants and loans, alongside other interventions of the project, are making a genuine difference in people's lives. Despite challenges like salinity ingress, tidal surges, floods, and cyclones, beneficiaries are successfully rearing livestock, cultivating vegetables, and practising fish farming.

The 'Prosperity Houses'— one of