

# Designing Economic Inclusion Programs for Marginalized Populations in Bangladesh

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*The changing poverty landscape in Bangladesh and the COVID-19 pandemic have left marginalized populations, including widows, elderly, persons with disabilities, and ethnic minorities, even more vulnerable than before.*

In recent decades, Bangladesh has achieved rapid economic growth and a significant decline in poverty rates. Annual growth rate in gross domestic product (GDP) increased from around four percent in the 1990s to over six percent in recent years.<sup>1</sup> In addition, the Gross National Income (GNI) per capita increased from US\$ 1,142 to US\$ 3,790 between 2000 and 2016. During this period, human development outcomes improved significantly with increased food and nutrition security, reduced child mortality, and higher life expectancy.<sup>2</sup> The COVID-19 pandemic reversed some of the positive trends in socio-economic development and led to a rise in economic inequality and a four percent increase in poverty rates.<sup>3</sup> Due to disrupted livelihoods and income, populations that were just above the poverty line – the vulnerable non-poor – fell back into poverty, adding pressure on a social protection system that already faces limitations. The decrease in income was accompanied by a decline in human development outcomes including increased school drop-outs and poor child nutrition.<sup>4</sup>

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<sup>1</sup> IMF Country Data. 2022.

<sup>2</sup> World Bank. 2019. Bangladesh Poverty Assessment.

<sup>3</sup> World Bank. 2021. Bangladesh Overview.

<sup>4</sup> Ibid.

The evolving social structure in Bangladesh, followed by the COVID-19 pandemic have increased the vulnerability of marginalized groups such as widows and the elderly. With a decrease in the average household size from 5.2 in 2000 to 4.1 in 2016, more families live in nuclear households.<sup>5</sup> As a result, elderly individuals are more likely to live on their own and be deprived of financial support from their families. Elderly widows, in particular, have few economic prospects and are often restricted to low-paying and exploitative livelihoods in domestic service, agriculture, and begging.<sup>6</sup> Within their households, widowed women have limited to no decision-making power.<sup>7</sup> In their broader communities, they face social stigma and are often treated like a burden on a society. All these challenges were heightened during the pandemic when livelihoods and income were disrupted across the country.

Persons with disabilities are particularly vulnerable to shocks due to their limited access to livelihoods and social discrimination in communities. The 2010 Household Income and Expenditure Survey 2010 estimates the prevalence of disability in Bangladesh at nine percent, which is around eight million people. Persons with disabilities are more likely to live in poverty and suffer from vulnerabilities due to a lack of literacy, limited employment opportunities, low access to credit services, social stigma, and gender discrimination.<sup>8</sup> In addition, disability in a household limits the ability of family members, primarily women, to engage in the labor market due to caregiving responsibilities.<sup>9</sup> Estimates show that 1.74 percent of the GDP in Bangladesh or US\$ 1.18 billion is lost annually due to persons with disabilities being left out of the labor force.<sup>10</sup> The COVID-19 pandemic is likely to increase that cost due to the disproportionate economic impact on households with disability compared to those without.<sup>11</sup>

Despite high labor force participation, ethnic and religious minority groups suffer from wage discrimination and exploitation. In Bangladesh, ethnic minorities account for close to three million people and belong to over 45 ethnic groups.<sup>12</sup> Ethnic populations, including Garo, Santal, Hajong, and religious minorities such as Dalits, face low levels of health, educational attainment, food security, lack of access to land, community exclusion, and social discrimination. Women from ethnic and religious minorities are at a

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<sup>5</sup> World Bank. 2019. Bangladesh Poverty Assessment.

<sup>6</sup> Islam, M. 2020. Socio- Economical Conditions of Aged Widow in Bangladesh. ABC Research Alert, 8(2), 84-98.

<sup>7</sup> Ibid.

<sup>8</sup> NFOWD and HI.2005. Disability in Bangladesh: A Survey. Dhaka: National Forum of Organizations Working with the Disabled (NFOWD) and Handicap International (HI).

<sup>9</sup> General Economics Division, Planning Commission, Government of the People's Republic of Bangladesh. 2015. National Social Security Strategy of Bangladesh.

<sup>10</sup> Ali, Zulfikar. 2014. Economic Costs of Disability in Bangladesh. Bangladesh Development Studies, Bangladesh Institute of Development Studies (BIDS), Vol. 37(04), 17-33.

<sup>11</sup> Khan, S.S., and Khan, S. A. 2021. Addressing COVID-19's Uneven Impacts on Vulnerable Populations in Bangladesh: The Case for Shock-Responsive Social Protection. UNDP Development Futures Series.

<sup>12</sup> Barman, D. and Neo, M. 2012. Human Right Reports 2012 on Indigenous Peoples in Bangladesh. Kapaeeng Foundation.

higher risk of sexual and gender-based violence than their male counterparts.<sup>13</sup> Due to the high prevalence of poverty, employment among minority households is higher than the national average,<sup>14</sup> but livelihoods are restricted to the informal agriculture and service industries, leaving households susceptible to reduced income and exploitation. The wage differential is significant with minorities earning five times less than average monthly wages in the rural population.<sup>15</sup>

*While the current policy framework in Bangladesh prioritizes social protection for marginalized populations, targeted programs are limited in coverage and scope.*

Since 1973, GoB has prioritized social protection support for vulnerable groups in its Five-Year Plans (FYP) and National Social Security Strategy (NSSS). The current NSSS prioritizes the consolidation of programs along life cycle risks, with a focus on increasing investment for widows and persons with disabilities. In the coming years, the Ministry of Social Welfare (MoSW) will expand programs for persons with disabilities and tailor them to life risks. This includes the Child Disability Benefit for those under the age of 18, Disability Benefit program for those aged 19-59, and the Old Age Allowance that targets individuals above 60 years. The Working Age Disability program, which currently reaches 290,000 people, will expand coverage, and introduce complementary measures such as access to vocational education and small business schemes to facilitate labor market participation.<sup>16</sup>

Despite increased investment in social protection, a large portion of marginalized populations remains disconnected from government support. Between FY2013-14 and FY2017-18, GoB spent about BDT 1,500 billion (US\$ 18.7 billion) on social protection programs.<sup>17</sup> Over 72 percent of the expenditure was allocated to cash/food transfers and pension programs for the elderly. The Widow Allowance (WA), implemented by the Department of Social Services (DSS) under the MoSW is one of the few programs targeted explicitly towards widows. It provides cash transfers to 1.75 million vulnerable widowed women to improve their socio-economic development. However, the monthly transfer of BDT 500 (US\$ 6) is insufficient and represents only seven percent of the beneficiaries' average income. Similarly, the Disability Allowance (DA), which provides monthly transfers of BDT 700 (US\$ 8.5) to 1.64 million persons with disabilities, is insufficient to

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<sup>13</sup> Shakil, M. 2013. Systematic Persecution of Religious Minorities: Bangladesh Perspective. IOSR Journal of Humanities and Social Science (IOSR-JHSS) 7 (3): 9–17

<sup>14</sup> Bangladesh Bureau of Statistics. 2017. Bangladesh Quarterly Labor Force Survey 2015-16.

<sup>15</sup> Toufique, K., Mondal, A., Yunus, M., Chakma, S., and Farook, S. 2016. Baseline Assessment of Skills and Employment of Indigenous and Tribal Peoples in Bangladesh. Bangladesh Institute of Development Studies.

<sup>16</sup> General Economics Division, Planning Commission, Government of the People's Republic of Bangladesh. 2015. National Social Security Strategy of Bangladesh.

<sup>17</sup> World Bank. 2021. Bangladesh Social Protection Public Expenditure Review.

cover their basic income. Interventions for persons with disabilities remains limited, representing only 2 percent of social protection expenditures.<sup>18</sup> The low budget allocation and the lack of an exit strategy prevent the intake of new beneficiaries, greatly limiting the coverage of national cash transfers.

Labor market interventions remains limited for widows and persons with disabilities who are of working age. While many widows and persons with disabilities will need long-term cash support through programs such as the WA and DA, those who have productive capacity and are of working age (15-64) can benefit greatly from additional support through labor market interventions that improve earnings, productivity, and skills development. In Bangladesh, majority of the persons with disabilities are of working age (40 to 65 years). However, investment in labor market interventions represent only 8-13 percent of total social protection expenditures, despite an increase between FY2013-14 and FY2017-18.<sup>19</sup> Economic inclusion programs constitute majority of the labor market interventions (65-80 percent) but, they are small in scope, have limited focus on skills development, and provide only short-term support.

*Based on global evidence, economic inclusion interventions can provide marginalized populations in Bangladesh a pathway to build resilience by addressing the multidimensional barriers they face, promoting income generation, and strengthening economic and social linkages.*

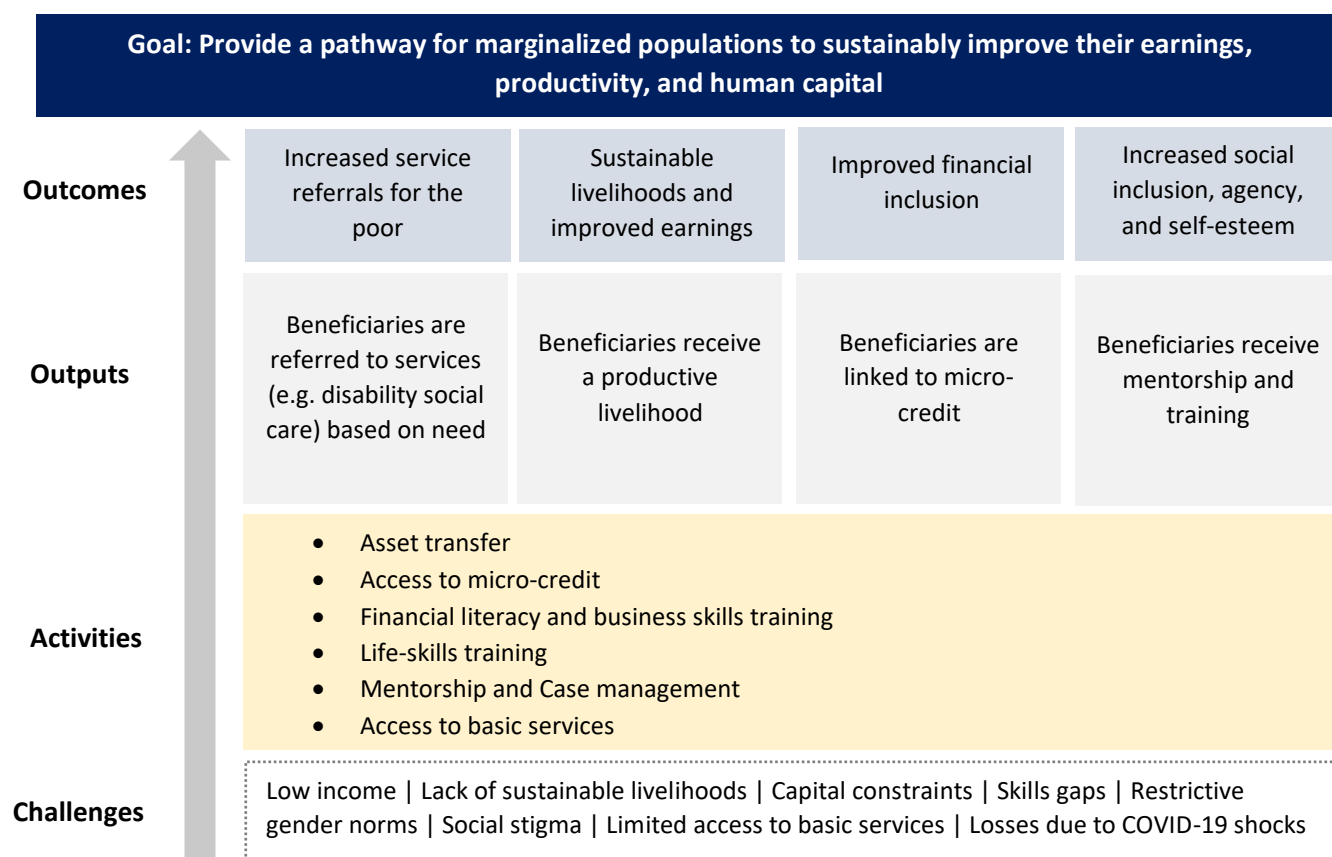
Economic inclusion programs will align with the priorities identified by GoB's NSSS. The NSSS highlights the importance of economic inclusion interventions that meet the socio-economic needs of the poor. To date, there are no government-implemented economic inclusion programs that work towards this objective. An economic inclusion approach can fill that gap and also provide an exit strategy for households that are currently on cash transfers but face low economic prospects and earnings. This will, in turn, improve the coverage of cash transfers by creating space for new beneficiaries, who are currently restricted from enrolling unless existing beneficiaries leave due to circumstances such as death or relocation. Figure 1 illustrates the potential pathway for widows and persons with disabilities in economic inclusion programs.

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<sup>18</sup> Ali, Zulfiqar. 2014. Economic Costs of Disability in Bangladesh. Bangladesh Development Studies, 37(4): 17-33.

<sup>19</sup> World Bank. 2021. Bangladesh Social Protection Public Expenditure Review.

**Figure 1 | Economic Inclusion Theory of Change**



Global evidence indicates that economic inclusion interventions are effective in building long-term productive capacity and resilience of households compared to single-instrument interventions. Economic inclusion programs that integrate livelihood support, skills development, and social empowerment interventions, can provide a clear exit strategy for cash transfer beneficiaries by providing them with higher earnings and employability prospects. Economic inclusion programs in 37 countries demonstrate a greater impact on socioeconomic development and women’s empowerment than single-instrument interventions.<sup>20</sup> In South Sudan, an impact evaluation compared the progress of cash transfer recipients to those participating in a Graduation program. The latter received livelihood support accompanied by business skills and life-skills training, and food transfers to ensure food security. The evaluation shows that both the cash transfer recipients and Graduation beneficiaries had greater food security, savings, and land ownership relative to the control group.<sup>21</sup> However, Graduation participants had higher asset accumulation and social capital compared to the cash transfer recipients. In addition, Graduation participants demonstrated positive coping mechanisms to

<sup>20</sup> The World Bank Group. 2021. The State of Economic Inclusion Report.

<sup>21</sup> Chowdhury, R., Collins, E., Ligon, E., and Sulaiman, M. 2021. Impact evaluation of asset and cash transfers in South Sudan. AEA RCT Registry.

overcome the economic losses incurred during the 2014 civil war compared to cash transfer recipients. Similarly, in Uganda, participants of a Graduation program experienced improved consumption, assets, income, and nutrition.<sup>22</sup> In comparison, beneficiaries who received only a cash transfer had short-term and inconclusive impacts on their assets.

Globally, economic inclusion programs demonstrate positive economic and social impacts on widows, who constitute a significant portion of extreme poor populations. The Amal program in Egypt targets disadvantaged widows and female-headed households in rural Minya and provides them with vocational and business skills training, micro-credit, and support to launch micro-enterprises. At the end of the program, beneficiaries experienced a significant increase in monthly income by 48 percent and a three-fold increase in monthly savings.<sup>23</sup> The evaluation reported positive social outcomes such as increased sense of independence, positive vision for the future, and improved community relations. Similarly, in Tamil Nadu, a local NGO, Kalangarai, launched a program that included self-help groups and micro-credit for widows with the goal of helping them build sustainable livelihoods such as livestock management, operating food stalls, vegetable cultivation, etc. An evaluation of the program indicates that beneficiaries experienced greater social inclusion as a result of improved economic conditions.<sup>24</sup> In addition, being part of a group that promoted peer support led to women feeling more included and empowered in their communities.

By providing livelihood and social empowerment support, economic inclusion programs have demonstrated the ability to lift persons with disabilities out of poverty and social discrimination. In Bangladesh, Humanity and Inclusion is currently implementing phase 3 of a disability-inclusive Graduation model that was initially funded by DFID/SHIREE in 2011-2014. The program provides consumption support, asset transfers, savings support, skills training, and coaching to persons with disabilities. In addition, beneficiaries receive access to rehabilitation and adapted tools to improve their productivity. An impact evaluation shows that 98 percent of beneficiaries graduated from extreme poor to poor status through increased income.<sup>25</sup> Beneficiaries were able to build resilience to shocks by diversifying their income source and multiplying their assets. The majority (96 percent) of beneficiaries reported increased self-esteem, which was measured by the ability to

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<sup>22</sup> Sedlmayr, R., Shah, A., and Sulaiman, M. 2019. Cash-plus: Poverty Impacts of Alternative Transfer-based Approaches. *Journal of Development Economics*: 102418.

<sup>23</sup> Ibrahim, B., and Ibrahim-Leathers, H. 2016. A Key Study of the Benefits of Economic Empowerment and its Links to Sustainable Development. A study commissioned by UK AID, Alfanar, Future Eve Foundation, and the Global Fund for Widows.

<sup>24</sup> Lombe, M., Newransky, C., Kayser, K., and Raj, P. 2012. Exploring Barriers to Inclusion of Widowed and Abandoned Women through Microcredit Self-Help Groups: The Case of Rural South India. *The Journal of Sociology & Social Welfare*: Vol. 39 : Iss. 2 , Article 8.

<sup>25</sup> Vijghen, John. 2018. Disability-inclusive Poverty Graduation of Extreme Poor and Poor Households in Bangladesh. *Humanity and Inclusion*.

solve problems, engage community members, access basic services and employment opportunities, and support their families. These impacts are expected to sustain over time, based on results from the first pilot, where 85 percent of beneficiaries graduated from extreme poor to poor and non-poor.

*By drawing on global best practices, GoB can design effective economic inclusion interventions that build on existing social protection systems to build the resilience of marginalized populations.*

An inclusive approach is critical in the design of an economic inclusion intervention that targets marginalized populations. Community sensitization and engaging persons with disabilities in the design process will ensure that the target population has ownership of the program when it is implemented. In addition, recognizing that widows and persons with disabilities have heterogeneity in characteristics and needs is key in ensuring that interventions provided to beneficiaries are tailored and inclusive. The following section outlines design considerations for economic inclusion interventions in the Bangladesh context.

### **Asset transfer**

A key feature of successful economic inclusion programs is an asset transfer or grant that enables beneficiaries to improve earnings and build sustainable livelihoods. While cash transfers play an important role in helping households meet their basic needs, they do not fulfill the long-term objective of improving the productive capacity of households and resilience to shocks. The provision of income-generating assets can build on the benefits of cash transfers and enable households to establish livelihoods without sliding back into poverty. By receiving a productive livelihood, beneficiaries of BRAC's Ultra-Poor Graduation program in Bangladesh had greater occupational choice to shift from casual labor into livestock rearing.<sup>26</sup> Not only did this shift increase beneficiary earnings, consumption, and assets, it also removed the social stigma of working as a domestic help. This effect was evident four years after the program began, with beneficiaries working 26 percent fewer hours in domestic services compared to the control group.<sup>27</sup> In addition, earnings from livestock rearing increased by 21 percent and per capita consumption increased by 11 percent.

Designing an asset transfer component requires localized market assessments to identify suitable livelihood options that are viable and can generate income in a short time. The assessments must be informed by information on skills, interests, mobility requirements, access to markets, and social norms, particularly for women. Other factors should be

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<sup>26</sup> Bandiera, O., Burgess, R., Das, N., Gulesci, S., Rasul, I., and Sulaiman, M. 2017. Labor markets and poverty in village economies. *Quarterly Journal of Economics*, 132 (2). pp. 811-870. ISSN 0033-5533

<sup>27</sup> Ibid.

taken into account such as motor skills required for tailoring or similar livelihoods.<sup>28</sup> In addition, the availability and capacity of household members who can provide support to beneficiaries with severe disabilities should be considered. Beneficiaries can be matched with appropriate livelihoods based on an assessment of their functional abilities using questionnaires from the Washington Group on Disability Statistics<sup>29</sup> or the World Health Organization Disability Assessment Schedule 2.0 instrument.<sup>30</sup>

Providing multiple options for livelihood support can address the heterogeneous needs of marginalized populations. An inclusive program should offer asset transfers, cash grants, or access to micro-credit, depending on the profile and needs of the beneficiary. Global evidence indicates that micro-credit is more effective when individuals have prior business experience.<sup>31</sup> In programs that target vulnerable youth, support with wage employment, that include guidance on job applications and interviews or subsidies to employers to provide accommodations for persons with disabilities, can be effective.

The cost of the asset transfer should be contextualized and fall in line with global examples ranging from US\$ 200-\$600. The value of the asset transfer must be carefully designed to ensure that beneficiaries can compete in local markets, build viable livelihoods, and generate rapid returns. The cost is informed by a market assessment that examines livelihoods that would be suitable for the target population, inputs required, projected returns, level of competition, market access, etc. Based on this information, livelihood options are developed within project cost parameters. The cost can vary depending on the local context, ranging from as low as US\$ 124 in India to as high as US\$ 613 in Afghanistan. Existing programs in Bangladesh, such as BRAC's Ultra-Poor Graduation allocates US\$ 250 to asset transfers and can provide a contextualized reference for costing.

### **Life-skills training and business skills training**

Integrating interventions such as life-skills training and business skills training with livelihood support can strengthen socio-economic outcomes among vulnerable households. The CGAP-Ford Foundation Graduation pilot in Ghana demonstrates the importance of providing training, coaching, and savings support to accompany livelihood inputs relative to stand-alone asset transfers. A randomized controlled trial of the pilot indicates that households that received integrated interventions had higher income, consumption, and assets compared to those who received only the asset (goats in this

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<sup>28</sup> Trickle Up. 2013. Disability, Poverty, and Livelihoods.

<sup>29</sup> Washington Group on Disability Statistics. Short Set on Functioning.

<sup>30</sup> Ustun et al. 2010. Measuring Health and Disability: Manual for WHO Disability Assessment Schedule (WHODAS 2.0). WHO.

<sup>31</sup> Meager, R. 2019. Understanding the Average Impact of Microcredit Expansions: A Bayesian Hierarchical Analysis of Seven Randomized Experiments. American Economic Journal: Applied Economics 2019, 11(1): 57-91.



case) from the program.<sup>32</sup> Similarly, personal initiative training, when combined with traditional business skills training, can have a stronger impact on beneficiaries. Personal initiative skills are those that focus on developing a mindset of self-starting behavior, innovation, identifying and exploiting new opportunities, goal setting, planning and feedback cycles, and overcoming obstacles. A personal initiative mindset focuses on entrepreneurial behaviors and teaches entrepreneurs to look for ways to make their businesses stand out, overcome adversities and setbacks, and plan effectively for opportunities and the future of the business. In Togo, a World Bank-financed program targeting female-owned micro-enterprises tested the impact of personal initiative training relative to traditional business skills training which includes financial management, marketing, and resource management. The evaluation indicated that profits increased by 30 percent among the first group compared to 11 percent (statistically insignificant) in the second group.<sup>33</sup> In Ethiopia, mindset-oriented entrepreneurship training that focuses on building personal initiative was more effective than traditional entrepreneurship training programs in increasing monthly profits, which was particularly critical for female micro-entrepreneurs who face unique constraints compared to their male counterparts.<sup>34</sup>

Adaptation of training content and delivery to meet the unique needs of widows and persons with disabilities can ensure increased retention and application of training knowledge. A rigorous assessment can determine skills gaps and capacities of the target population, which will inform the development of training curricula. At a minimum, business skills topics should include record-keeping, price setting, marketing, and budgeting, while life-skills should include confidence-building, negotiation skills, and addressing social stigma. All training materials must be adapted so that they are easily accessible for people with visual impairments. Careful consideration should be taken to ensure that training workshops address mobility constraints for persons with disabilities by providing accessible venues and necessary transportation. Group training should be prioritized for persons with disabilities, recognizing the power of peer support and knowledge exchange for marginalized populations.<sup>35</sup>

### **Mentorship, case management, and monitoring**

Mentorship will be critical in addressing the social, emotional, and physical constraints that widows and persons with disabilities face. Mentorship provides tailored support to

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<sup>32</sup> Innovations for Poverty Action. Graduating the Ultra Poor in Ghana.

<sup>33</sup> Campos, F., Frese, M., Goldstein, M., Iacovone, L., Johnson, H., McKenzie, D., and Mensmann, M. 2018. Is Personal Initiative Training a Substitute or Complement to the Existing Human Capital of Women? Results from a Randomized Trial in Togo. AEA Papers and Proceedings, 108: 256-61.

<sup>34</sup> Alibhai, S., Buehren, N., Frese, M., Goldstein, M., Papineni, S., and Wolf, K. 2019. Full Esteem Ahead? Mindset-Oriented Business Training in Ethiopia. Policy Research Working Paper: No. 8892. World Bank, Washington, DC.

<sup>35</sup> Trickle Up. 2013. Disability, Poverty, and Livelihoods.

beneficiaries to overcome these barriers and strengthen their confidence, self-esteem, and capacity to build sustainable livelihoods and yield human development outcomes. In Niger, a government-implemented economic inclusion program demonstrates that cash transfers combined with psychosocial interventions such as mentorship and training had greater impacts on consumption, food security, profits, and psychosocial well-being among female entrepreneurs compared to standalone cash grants.<sup>36</sup> Similarly, in the Philippines, the mentorship component in a Graduation pilot implemented by the Department of Labor and Employment was particularly important in encouraging beneficiaries to maintain a positive mindset and address growing concerns around gender-based violence during the COVID-19 pandemic.<sup>37</sup>

Case management can complement mentorship by ensuring regular follow-up and monitoring of beneficiary progress. Case management enables frontline staff to adjust their mentorship and guide beneficiaries through challenges. It involves referring beneficiaries to additional services, such as disability social care services. It also includes monitoring beneficiary performance along a set of key economic and social indicators, such as food security, earnings, savings, application of financial literacy and business skills training at regular intervals. The use of a digital platform for monitoring can facilitate real-time data analysis and streamline consolidation with other national databases.

Frontline staff who are responsible for mentorship and case management should have strong communication skills, empathy, and prior experience working with vulnerable populations. Frontline staff will be responsible for carrying out various tasks including mentoring beneficiaries, conducting regular household visits for monitoring, reinforcing training messages, and coordinating with community stakeholders. In addition, they must be able to detect the heterogeneous needs of the target population and adjust their support accordingly. Due to the diverse job responsibilities, frontline staff must be equipped to work with vulnerable populations, particularly persons with disabilities. All staff should also receive gender sensitization and disability awareness training during the onboarding process. A mentor typically manages a case load of 40-120 beneficiaries, depending on local factors such as population density, geographic terrain, cost of travel, level of vulnerability, among others.<sup>38</sup> In Bangladesh, where population is dense and labor costs are low, 120:1 is a reasonable target for the beneficiary-staff ratio.

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<sup>36</sup> Bossuroy, T., Goldstein, M., Karlan, D., Kazianga, H., Pariente, W., Premand, P., Thomas, C., Udry, C., Vaillant, J., and Wright, K. 2021. Pathways out of Extreme Poverty: Tackling Psychosocial and Capital Constraints with a Multi-faceted Social Protection Program in Niger. Policy Research Working Paper 9562. World Bank, Washington, DC.

<sup>37</sup> Schelzig, K and Jilani, A. 2021. Assessing the Impact of the Graduation Approach in the Philippines. Asian Development Bank Briefs. No. 169.

<sup>38</sup> Moqueet, N., Zaremba, J., and Whisson, I. 2019. Ultra-Poor Graduation Handbook. BRAC and World Vision International.

## Evaluating impact

An economic inclusion program that explicitly targets widows and persons with disabilities in Bangladesh, will be critical in demonstrating impact, influencing social protection policy, and contributing to the global research agenda. An impact evaluation can supplement the data from the monitoring and case management components. Based on global evidence, recommendations for the evaluation are as follows.

- A costing analysis can shed light on the cost-effectiveness of adding complementary interventions such as asset transfers and training to existing cash transfers. It should include benefit-cost ratios, internal rate of returns, and break-even points to inform national scalability and whether the program will be sustainable in the long run.
- While there are studies that examine differences in the impact of individual interventions, comparing various combinations (e.g. asset transfer, asset transfer + training, cash transfer + training) for widows and persons with disabilities can add to the global literature that is currently limited for this population.
- Given the deep social stigma and exclusion that widows and persons with disabilities face in their communities, the evaluation should focus on the impact of mentorship on social empowerment indicators such as confidence-building, self-esteem, psychological well-being, use of community resources, participation and leadership in local committees, and decision-making at household and community levels.