

In Practice

# Moving Up the Ladder

**Economic Inclusion of Safety Net Recipients in Bangladesh**

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# About the *In Practice* Series

The Partnership for Economic Inclusion introduces the *In Practice* series featuring accessible, practitioner-focused publications that highlight learning, good practice, and emerging innovations for scaling up economic inclusion programs.

## Guide to navigation

The *In Practice* series is interactive and provides built-in technical features to assist readers as they progress, including a navigation bar, progress bar, and the ability to jump to endnotes and back to the text throughout.

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### Chapter navigation

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### Progress bar

The progress bar tracks your progress through each chapter and throughout the document.

### Jump notes<sup>1</sup>

1. Notes throughout the text are linked to allow easy navigation between endnotes and the main text.

# Abbreviations

<b>DA</b>	Disability Allowance
<b>FY</b>	fiscal year
<b>G2P</b>	government-to-person
<b>HIES</b>	Household Income and Expenditure Survey
<b>ISPP</b>	Income Support Program for the Poorest
<b>NGO</b>	nongovernmental organization
<b>NSSS</b>	National Social Security Strategy
<b>OLS</b>	ordinary least squares
<b>PSM</b>	propensity score method
<b>SSN</b>	social safety net
<b>UPG</b>	Ultra-poor Graduation
<b>WA</b>	Widowed, Deserted, and Destitute Women Allowance



# Introduction

## Cash Transfers as the First Rung on the Ladder

Bangladesh made substantial progress in increasing per capita income and reducing poverty over the past few decades, despite some backsliding during the COVID-19 pandemic. Annual GDP growth averaged 5 to 7 percent in 2000–10 and 2011–19 (World Bank 2019). Per capita income rose from US\$1,017 in 2011 to US\$1,593 in 2020, and the poverty headcount fell from 49 percent in 2000 to 24 percent in 2016 (World Bank 2019).

During this period, human development outcomes improved significantly. Food and nutrition security increased, child mortality declined, and life expectancy rose (World Bank 2019). Bangladesh also met several targets of the Millennium Development Goals (MDGs), including reducing the prevalence of underweight children, narrowing gender gaps in primary and secondary education, reducing under-five mortality and HIV infection rates, and increasing cure rates of tuberculosis (GED 2015a). The COVID-19 pandemic reversed some of the positive trends in socioeconomic development, leading to a rise in economic inequality and a 4 percent increase in poverty rates (World Bank 2021a).

The government of Bangladesh played a critical enabling role during this period by expanding the provision of social safety nets (SSNs) targeting the poor and vulnerable. In its FY2021–22 budget, social protection and labor market programs net of budget allocations for the noncontributory civil service pensions were equivalent to 2.3

percent of GDP (13 percent of the total budget) (Ministry of Finance 2022).<sup>1</sup> These programs include various types of cash and in-kind transfers, microcredit and microfinance programs, stipends, humanitarian support, and skills development initiatives.

In 2015, the government crafted the National Social Security Strategy (NSSS), to provide coherence and long-term planning to the social protection and labor landscape for further poverty reduction and human development progress. It articulates an ambitious goal of eliminating extreme poverty, facilitated by a more inclusive social protection system that mitigates life cycle risks and reduces leakages. It also envisions expanding coverage of core programs for the extreme poor and the country's most vulnerable people, focusing on mothers, children, adolescents, youth, seniors, and people with disabilities.

SSNs are, and will remain, prominent in the government's social protection portfolio.

**Table 1.1** Largest social safety net programs in Bangladesh, FY22–23

Program	Number of Beneficiaries		Budget	
	Millions	Percent of population	Total (Taka (Tk) billions)	Per beneficiary (Tk)
Vulnerable Group Feeding	18.0	10.6	9.9	551
Student Stipend for Primary Education	14.0	8.3	19.0	1,357
Food Friendly Program	6.3	3.7	25.4	4,038
Old Age Allowance	5.7	3.4	34.4	6,043
Stipends for secondary, higher-secondary, and madrasah education	5.3	3.1	19.8	3,735
Gratuitous Relief	3.3	1.9	5.9	1,788
Allowances for Widowed, Deserted, and Destitute Women	2.5	1.5	14.9	5,982
Allowance for Financially Insolvent Disabled	2.4	1.4	24.3	10,122
Work for Money	1.8	1.1	15.0	8,333
Mother and Child Benefit Program	1.3	0.8	12.4	9,562
Vulnerable Women Benefit Program	1.0	0.6	18.4	17,695
Food for Work	1.0	0.6	8.8	8,942
Employment Guarantee Program for Poorest	0.5	0.3	18.3	35,328
Test Relief	0.4	0.2	14.5	39,295
Honorarium for Heroic Freedom Fighter	0.2	0.1	46.5	232,668

Sources: Ministry of Finance 2022; World Bank 2020.

The 10 largest social protection and labor programs are cash transfers, public works, in-kind transfers, and poverty-targeted stipends (table 1.1).

The evidence on the benefits of cash transfers in supporting the consumption of the poor is substantial. When appropriately targeted, such programs have reduced both the incidence and the severity of poverty (Molyneux, Jones, and Samuels 2016; Fiszbein

et al. 2009). Cash transfer programs have also been shown to improve education, health, and nutrition indicators (Afzal, Mirza, and Arshad 2019; Cotto 2018; and Fiszbein et al. 2009). The well-studied poverty-targeted conditional cash transfer programs of Mexico (Oportunidades) and Brazil (Bolsa Familia), for example, had substantial effects on food consumption and lasting impacts on educational outcomes and women’s empowerment.

Standalone cash transfer interventions alone will not be sufficient to operationalize the vision of the NSSS or meet Bangladesh's future development needs, however. These transfers, which are intended to either provide revenue for low-income families or support human capital gains, often have mixed outcomes on labor market performance.

A cross-country review of conditional cash transfers that targeted households with children in utero or at school age shows significant long-term impacts on educational attainment but mixed impacts on employment and earnings and limited effects on cognitive skills, learning, and socio-emotional skills (Millán et al. 2019). Bangladesh's Female Secondary Education Stipend Program (FESP) had substantial effects on female educational outcomes but mixed impacts on female labor market outcomes. The program increased female labor force participation but lowered wages by 17 percent, as stipend recipients often ended up in low-productivity self-employment activities (Shamsuddin 2015). An evaluation of Mexico's Oportunidades finds that the cash transfers were not associated with improvements in wages, employment, or intergenerational mobility (Rodriguez-Oreggia and Freije 2012).

Some households and individuals who need cash transfers may be able to benefit from other services that could help them protect, insure, or invest in their human capital and boost their livelihoods. Most households at the bottom of the income distribution need consumption support because they are vulnerable to shocks, at risk of poverty, face liquidity constraints, and have limited precautionary savings, all of which may limit their ability to boost their livelihoods even if they have more education or skills. Moving up the distribution, there may be low-income individuals who have the capability and aspirations to improve their earnings if provided an appropriate combination of

services, such as training, microfinance, and other services.

Programs to support productivity and labor market outcomes for the poor and vulnerable are increasingly packaging services to increase their effectiveness. These programs are often referred to as economic inclusion programs. When built around a cash transfer, these programs are called cash plus programs. Economic inclusion programs that integrate livelihood support, skills development, and social empowerment interventions can provide an exit strategy for cash transfer beneficiaries by providing them with higher earnings and employability prospects.

Evidence on programs from 37 countries suggests that comprehensive economic inclusion programs have a greater impact on socioeconomic development and women's empowerment than single-instrument interventions (Andrews et al. 2021). Impact evaluations of several labor market programs supported by the Inter-American Development Bank in Latin America find that comprehensive and demand-driven programs can be effective when focused on poor (or otherwise disadvantaged) youth who have difficulty entering the labor market (Ibarrarán and Shady 2009). World Bank investment lending for youth employment projects increasingly integrates interventions. The Kenya Youth Employment and Opportunities Project, for example, offers a package of services that includes providing training and work experience in the formal and informal sectors, improving the productivity and job creation potential of existing microenterprises and self-employed youth, and supporting new innovative approaches to improve job and earning opportunities among hard-to-serve youth (World Bank 2016).

Bangladesh has a history of effective economic inclusion programs, but they are implemented primarily by civil society organizations. BRAC's long-running Ultra-Poor Graduation

(UPG) program provides households living below the poverty line with a sequenced set of interventions, including asset transfers, business and life skills training, mentorship, access to financial services, and linkages to community and market resources. A longitudinal evaluation shows that program beneficiaries experienced a 37 percent increase in annual income, a 10 percent increase in consumption expenditure, and a significant increase in savings and access to land, which they sustained seven years after exiting the program (BRAC 2019).

Government-implemented initiatives are critical for scale. The NSSS notes that the government's social protection portfolio will require progressive but substantive scaling up of graduation or economic inclusion programs that target the poor to complement its safety nets. Labor market interventions in Bangladesh primarily include active labor market programs. These programs account for 8–13 percent of the social protection expenditure, depending on the year, and tend to be small (World Bank 2021b). There are no government-implemented economic inclusion programs in Bangladesh that meet the socioeconomic needs of the poor on a large scale. The government can leverage its strong and expansive SSN system to develop ladders for poor and vulnerable households.<sup>2</sup>

This report examines three groups of SSN beneficiaries—working-age widows, people with disabilities, and households with young children—in order to understand their

potential to benefit from economic inclusion programming. The first two groups receive support from the Widowed, Deserted, and Destitute Women Allowance (WA) and the Disability Allowance (DA) cash transfer programs, implemented by the Department of Social Services under the Ministry of Social Welfare. The Local Government Division's Jawno (Income Support Program for the Poorest (ISPP)) program caters to the third group of beneficiaries. While many widows and people with disabilities need long-term cash support through SSNs; people who are of 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.

The report is organized into six sections. Section 2 describes the socioeconomic characteristics of the three low-income groups and identifies gaps in their access to and coverage by the government's main social protection programs. Section III profiles a subset of SSN beneficiaries and presents findings on their potential to benefit from economic inclusion programming. Section IV describes packages of services that could help beneficiaries access services and improve their economic livelihoods. Section V examines the factors that need to be in place for economic inclusion programs to succeed. Section VI provides recommendations on how the government can build capacity to implement economic inclusion at scale in Bangladesh.

# Readiness of Safety Net Beneficiaries to Move up the Ladder

Marginalized populations in Bangladesh are stigmatized and often lack access to government support, increasing their vulnerability. One of these groups is widows, people with disabilities, and mothers with children under five. According to the 2016–17 Household Income and Expenditure Survey (HIES), 6 percent of households in Bangladesh are headed by widows. The 2016–17 Labor Force Survey indicates that 61 percent of widows who are of working age are not in education, employment, or training. Those who are working are often restricted to low-paying and exploitative livelihoods in domestic service, agriculture, and begging (Islam 2020).

Widows in the poorest quintile have lower than average consumption per capita, limited access to land (13 percent), and a high dependency ratio (0.85), according to the HIES. Their economic vulnerabilities are linked with social constraints in the household, where they have limited to no decision-making power, and in their broader communities, where they face social stigma and are considered burdens to society (Islam 2020).

People with disabilities are vulnerable to shocks because of their limited access to livelihoods and the social discrimination they face. The 2016–17 HIES estimates that 13 percent of households in Bangladesh have at least one member of working age (15–64) with a disability. People with disabilities are more likely to live in poverty and suffer from vulnerabilities because of lack of literacy,

limited employment opportunities, low access to credit services, social stigma, and discrimination (NFOWD and HI 2005). Like households headed by widows, households with people with disabilities have high dependency ratios and low consumption per capita. Wage work accounts for 76 percent of household income in households with a person with a disability, but employment of these people tends to be exploitative, irregular, and informal.

Mothers with children under five face various constraints, including lack of childcare options and restrictive gender norms that prevent them from engaging in the labor market. Young mothers with children under two represent 13 percent of households in Bangladesh. Twenty percent of them are in the poorest consumption quintile, according to the HIES. Findings from the 2016–17 Labor Force Survey indicate that

the negative impact of marriage on female labor force participation is diminishing in rural areas but that urban women are still 6.4 percentage points less likely to work after marriage than before (Solotaroff et al. 2019). Women who have never been married are 35 percentage points more likely to work than married women, and mothers with children under the age of five are 15 percent less likely to engage in the labor force than women with no children (Kotikula, Hill, and Raza 2019). Kotikula, Hill, and Raza attribute the low labor force participation to lack of childcare options, low mobility (because of the lack of safe transportation options), and restrictive gender norms.

Widows, people with disabilities, and young mothers are covered by a few cash transfer programs, but the level of support is often too low to transform their economic conditions or improve their productivity and employability. Between FY2013/14 and FY2017/18, the government spent Tk 1,500 billion (US\$15 billion) on social protection programs, most of which was allocated to cash or food transfers for seniors (World Bank 2021b).

The WA is one of the few programs that targets widows (table 2.1). It provides an unconditional monthly transfer of Tk 500 (US\$5), less than 8 percent of the average income of beneficiaries living in extreme poverty (Ali 2014). The DA, which provides monthly transfers of Tk 750 (US\$7.50) to people with disabilities, is insufficient to cover basic needs. In FY2020, the government's Coordination Committee on Safety Nets increased the coverage of the DA by making it a universal safety net. However, there was no increase in the transfer amount. Estimates show that redistribution of benefits from people in the top 80 percent of the welfare distribution to people in the bottom 20 would reduce extreme poverty from 22 percent to 4 percent (Khondker and Jalal 2019). Only 1.6 percent of social protection expenditure is allocated to children under five, who represent 9 percent of the total population and 13 percent of the poor population. Programs such as the Maternity Allowance, the Allowance for Urban Lactating Mothers, Shombhob, and ISPP have promoted maternal and child health, but they have had a limited impact on the economic empowerment of young mothers.

**Table 2.1** Overview of Bangladesh's Widowed, Deserted, and Destitute Women Allowance (WA), Disability Allowance (DA), and Income Support Program for the Poorest (ISPP) programs

Item	WA (1998-Present)	DA (2005-Present)	ISPP (2015-22)
<b>Implementing Agency</b>	Department of Social Services, Ministry of Social Welfare	Department of Social Services, Ministry of Social Welfare	Local Government Division, Ministry of Local Government, Rural Development and Cooperatives
<b>Objectives</b>	<ul style="list-style-type: none"> <li>Promote socioeconomic development</li> <li>Improve widows' status in the family and society</li> <li>Enhance morale</li> <li>Improve nutrition and health status</li> </ul>	<ul style="list-style-type: none"> <li>Promote socioeconomic development</li> <li>Ensure inclusion in social protection programs</li> <li>Comply with legal and constitutional commitments related to disabilities</li> <li>Incorporate issues related to people with disabilities in the national workplan</li> </ul>	<ul style="list-style-type: none"> <li>Increase mothers' use of child nutrition and cognitive development services</li> <li>Enhance local capacity to deliver safety nets</li> </ul>

Table 2.1 continued

Item	WA (1998-Present)	DA (2005-Present)	ISPP (2015-22)
<b>Target Group</b>	2.5 million widows (2022-23) Eligibility criteria: <ul style="list-style-type: none"> <li>• Age: 18+</li> <li>• Annual income: Less than Tk 12,000 (US\$112)</li> <li>• Priority to people who have no family support, are unable to work because of illness, or are landless</li> </ul>	2.4 million people with disabilities (2022-23) Eligibility criteria: <ul style="list-style-type: none"> <li>• Registered as a person with a disability under the People with Disabilities and Protection Act 2013</li> <li>• Age: 6+</li> <li>• Annual income less than Tk 36,000 (US\$360)</li> <li>• Prioritization of seniors, people with multiple disabilities, children with intellectual disabilities, women, landless people, and people living in remote areas</li> </ul>	600,000 pregnant women and mothers with children under five Eligibility criteria: <ul style="list-style-type: none"> <li>• Poor based on criteria related to land ownership, income source, annual household income (less than Tk 10,000 [US\$100]), housing conditions, and ownership of durable assets</li> <li>• Household with a pregnant woman and/or at least one child under the age of four</li> </ul>
<b>Transfer Amount</b>	Tk 500 (US\$5) per month	Tk 750 (US\$7.5) per month	Tk 700-Tk 1,500 (US\$7-US\$15), conditional upon fulfilling co-responsibilities, including completing antenatal care visits, monitoring the growth of children, and attending child nutrition and development counseling sessions.

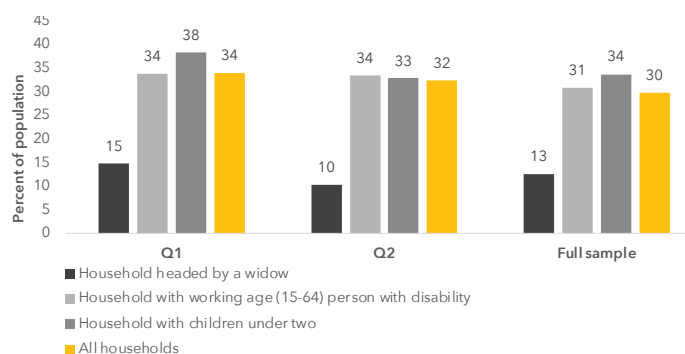
Sources: Ministry of Social Welfare 2022; Ministry of Finance 2022; and World Bank 2021b.

Many households with widows, people with disabilities, and young mothers lack access to finance and other services that can support their livelihoods. Many of these households (especially in the poorest wealth quintile) receive some form of social assistance, either food or cash transfers; they receive less

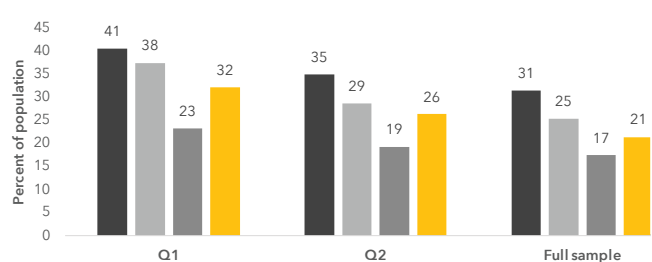
coverage under labor market programs, such as microfinance. Only 13 percent of households headed by widows reported receiving microcredit, far fewer than the 30 percent of households nationally (figure 2.1, panel a). The share of households with at least one working-age member with a disability and households

**Figure 2.1** Microcredit and social assistance coverage, by wealth quintile

a. Microcredit



b. Social assistance



with at least one child below the age of two receiving microcredit is higher, at 31 percent and 34 percent, respectively, but still low. Even in the bottom wealth quintile, just 23–41 percent of vulnerable groups receive social assistance (figure 2.1, panel b).

Evidence from economic inclusion programs in other countries suggests positive economic and social impacts on widows. The Amal program in Egypt targets disadvantaged widows and female-headed households in rural Minya, providing them with vocational and business skills training, microcredit, and support to launch microenterprises. By the end of the program, monthly income of beneficiaries had risen 48 percent and monthly savings had tripled (Ibrahim 2016). The evaluation reports positive social outcomes, such as increased sense of independence, a positive vision for the future, and improved community relations.

In Tamil Nadu, India, a local NGO (Kalangarai) launched a program that included self-help groups and microcredit for widows. The goal was to help them build sustainable livelihoods through activities such as managing livestock, operating a food stall, and cultivating vegetables. An evaluation of the program indicates that beneficiaries experienced improved economic conditions and greater social inclusion (Lombe et al. 2012). Being

part of a group that promoted peer support also made women feel more included and empowered in their communities.

Economic inclusion programs have lifted people with disabilities out of poverty and reduced the social discrimination they face. In Bangladesh, Humanity and Inclusion is implementing the third phase of a disability-inclusive graduation model that was initially funded by the UK Department for International Development (DFID) and the Stimulating Household Improvements Resulting in Economic Empowerment (SHIREE) program in 2011–14. The program provides consumption support, asset transfers, savings support, skills training, and coaching to people with disabilities. Beneficiaries also receive access to rehabilitation and adaptive tools to improve their productivity. Ninety-eight percent of beneficiaries graduated from extreme poor to poor status through increased income (Vijghen 2018). 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, as measured by the ability to solve problems, engage community members, access basic services and employment opportunities, and support their families.



# Profiles of Potential Economic Inclusion Target Groups

A profiling survey was conducted on a random sample of beneficiaries from each program; for comparison purposes, a sample of nonbeneficiaries from the same *upazilas* (subdistricts) was also surveyed. The survey collected information on household socioeconomic and demographic characteristics; access to services; and perceptions, attitudes, and views on potential opportunities to improve respondents' conditions.

This granular level of information on beneficiaries is typically not included in nationally representative household surveys. The survey thus provides a unique opportunity to identify the constraints facing the most vulnerable segments of the population in Bangladesh and opportunities for and pathways to sustainable livelihoods and gradually exit from SSN programs. Box 3.1 describes the survey sampling methodology and location of respondents.

On average, SSN beneficiaries live in households with high dependency ratios. A large share of households have at least one member who falls outside of working age (15–64). By definition, all sampled ISPP households have dependents, as the program targets low-income families with pregnant women and mothers with young children. About 73 percent of DA households and 69 percent of WA household have a dependent in the household. Most households have more young dependents than older dependents,

and the majority of dependents between the ages of 6 and 14 in these households attend school. The average household size is 3.62 members for WA households, 4.60 members for DA households, and 4.36 members for ISPP households. In comparison, the average household size in Bangladesh is 4.06 members (according to the HIES 2016–17).

On average, beneficiary households have one member in paid employment, but labor income forms less than a fifth of monthly household income (figure 3.3). Only a small proportion of households has two or more members engaged in paid employment (figure 3.2). As wage income alone is not sufficient to cover all household expenditures, households tap other sources of income (figure 3.3). Wage income accounts for 14 percent of total household income for WA beneficiary households and 13 percent for DA households. The majority of nonwage income appears to come from loans (30 percent for WA and 24 percent for DA households), and international

### Box 3.1 Quantitative survey sampling methodology

Bangladesh has 8 divisions, which are divided into 64 districts, which are subdivided into 492 subdistricts or upazilas. WA and DA beneficiaries (who fall between the ages of 18 and 50) were randomly sampled from the list of beneficiaries located in three divisions: Dhaka, Khulna, and Rajshahi. Random sampling was done at the level of upazilas within each district, with a target of 200 WA and DA beneficiaries each per district. WA and DA beneficiaries were randomly sampled from 12 upazilas in Kishoregonj, 7 in Manikganj, 5 in Rajbari, 4 in Gopalganj, 1 in Khulna, and 1 in Natore. In total, data were collected from roughly 2,400 WA and DA beneficiary households.

ISPP beneficiaries (who fall between the ages of 18 and 50) were randomly sampled in the Rangpur and Mymensingh divisions. Beneficiaries were randomly sampled from four upazilas in Mymensingh and two in Rangpur. In total, data were collected from 2,500 ISPP beneficiary households. Most sampling locations were selected for a specific purpose. For example, the team sought to select a mix of areas that are rural and urban, physically contiguous, have high poverty rates, are close to Dhaka, and are far from Dhaka.

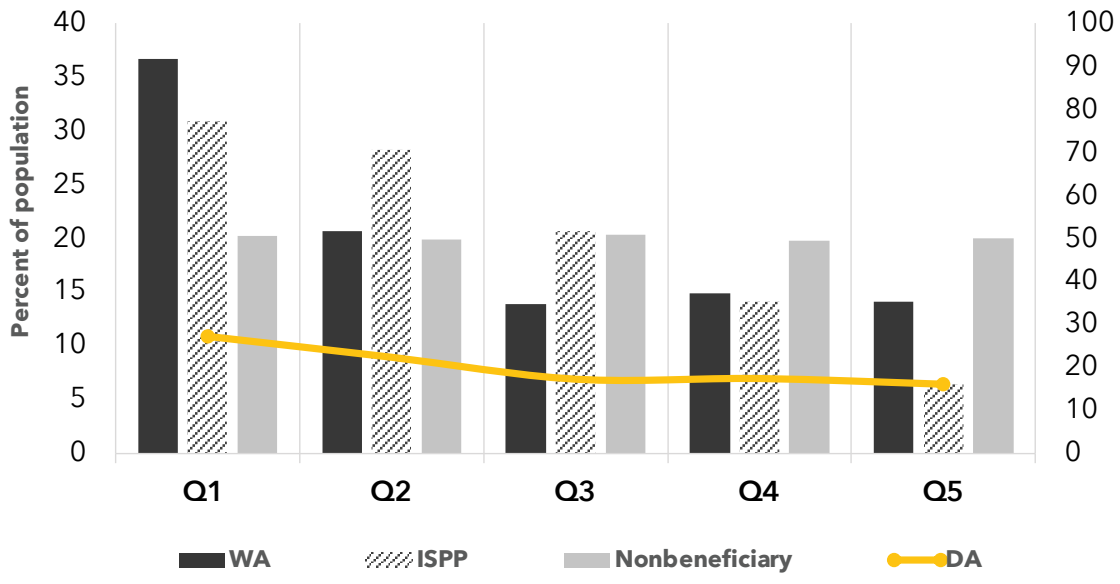
A sample representing the general population was drawn from the same upazilas in which WA and DA beneficiaries are located, in order to establish a comparison group against which to measure outcomes (box table 3.1.1). Two hundred households were randomly sampled per district. Population-based probability-proportional-to-size (PPS) sampling (using the Bangladeshi census) was used to sample nonbeneficiary households across upazilas within each district in which WA and DA beneficiary households were sampled with the exception of Khulna and Natore, where only one upazila was selected from each program. In total, 1,200 households were sampled from 120 sampling clusters, using the random walk approach. Sampled households were selected to be interviewed on the condition that there was least one adult (18+) member in the household and that no one from the household was receiving either WA or DA support. (These nonbeneficiary households were also not benefiting from ISPP, given that they live outside the implementation locations.)

**Box Table 3.1.1** Description of sample of beneficiary and nonbeneficiary households, by division and district

Division	District	Number of Beneficiary Households			Number of nonbeneficiary households
		Widowed, Deserted, and Destitute Women Allowance (WA)	Disability Allowance (DA)	Income Support Program for the Poorest (ISPP)	
Dhaka	Gopalganj	200	200	0	200
	Kishoreganj	204	200	0	200
	Manikganj	206	206	0	200
	Rajbari	204	204	0	200
Khulna	Khulna	200	203	0	200
Rajshahi	Natore	203	200	0	200
	<b>TOTAL</b>	<b>1,242</b>	<b>1,218</b>	<b>0</b>	<b>1,200</b>
Mymensingh	Mymensingh	0	0	1,700	0
Rangpur	Kurigram	0	0	800	0
	<b>TOTAL</b>	<b>0</b>	<b>0</b>	<b>2,500</b>	<b>0</b>

Sources: Alaref, Azam, and Saha 2023.

**Figure 3.1** Distribution of social safety net beneficiary households, by wealth quintile



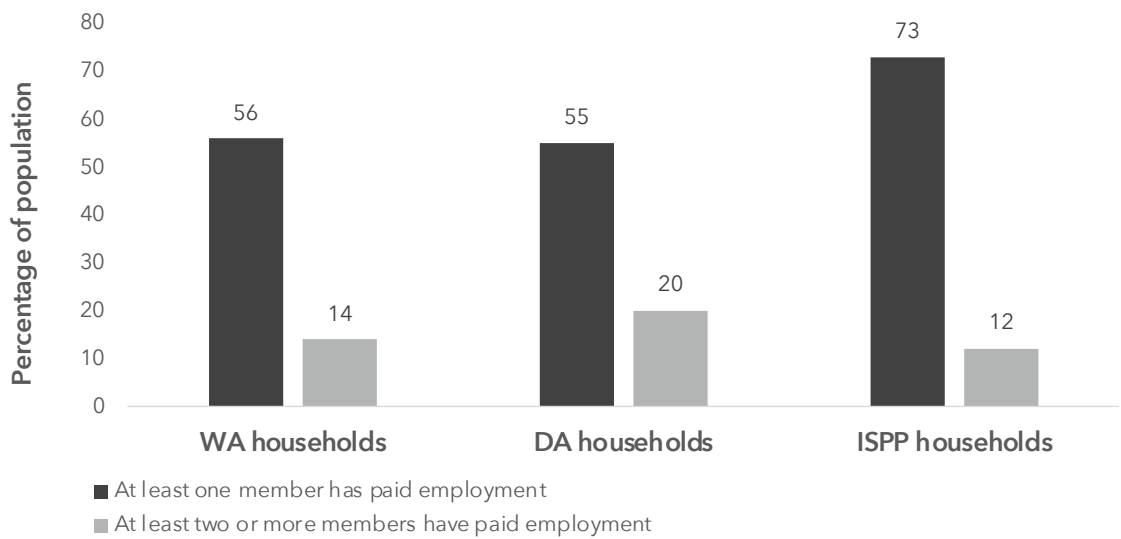
Note: The cut-off points for the five wealth quintiles are based on the wealth distribution of nonbeneficiary households (as proxied by owned assets). Sample sizes: WA = 1,242, DA = 1,219, ISPP = 2,500, nonbeneficiary households = 1,200.

remittances. At 17 percent, the share of wage income is slightly higher among ISPP beneficiary households, but their main sources of income are international remittances, savings, and the sale of assets. Safety net transfers from either the government or nongovernmental organizations (NGOs) make up just 3 percent of household income

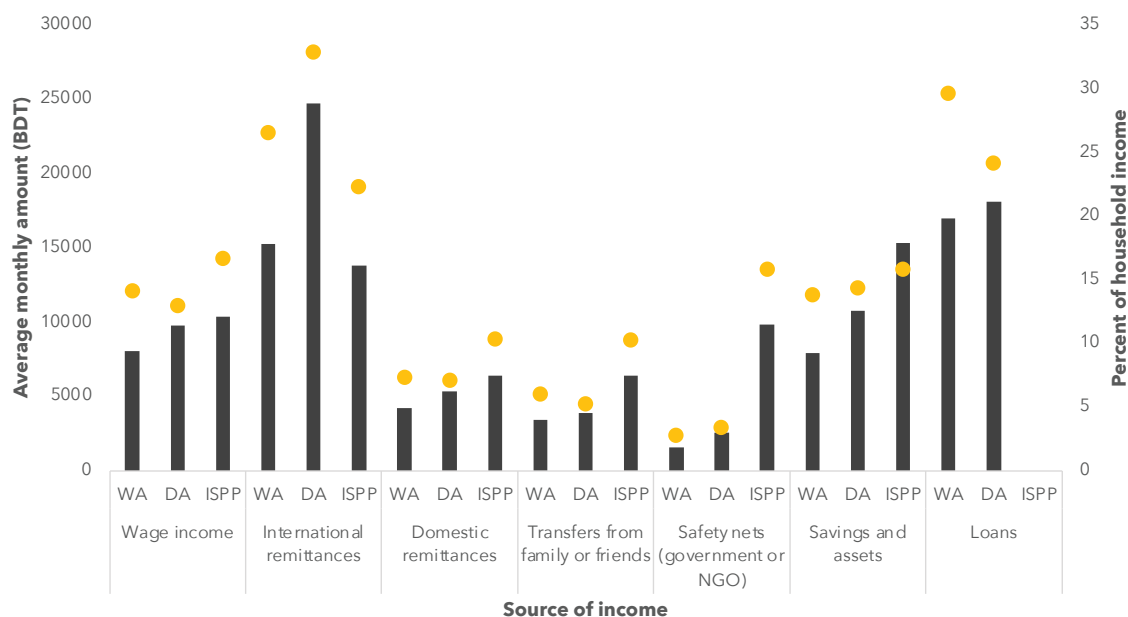
for WA and DA; the figure is higher for ISPP beneficiaries (16 percent).

The largest group of working-age members of SSN households (about a quarter) is involved in either unpaid family work on a family business or farm or household work. The second-largest share is wage employment

**Figure 3.2** Shares of households receiving social safety net support that are in paid employment

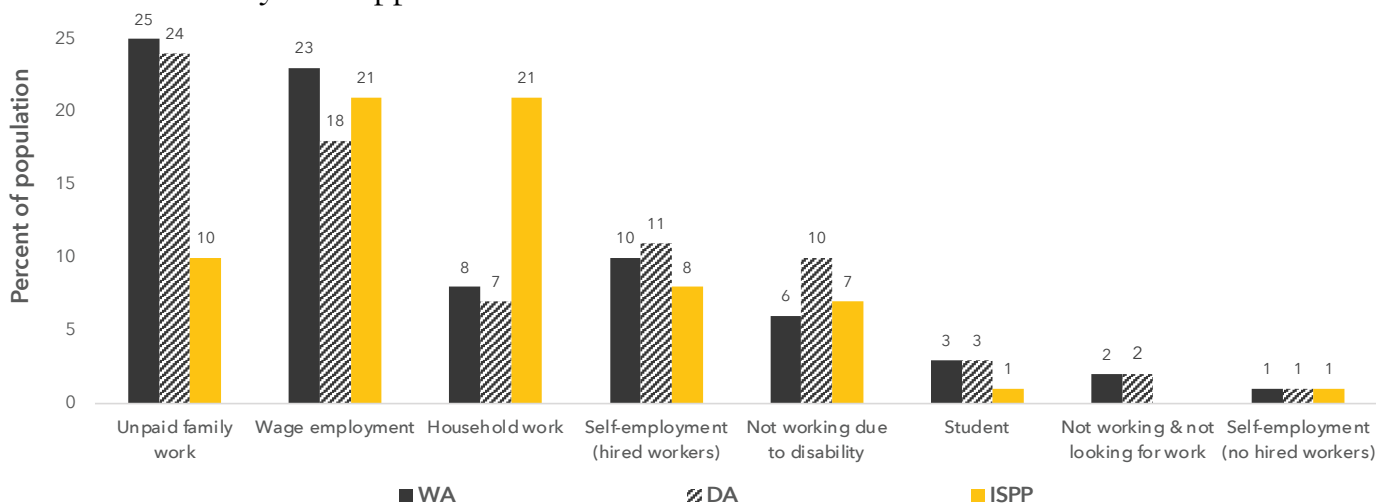


**Figure 3.3** Sources of income of households receiving social safety net support



Note: Figures are reported only for households that reported receiving income for each source. Sample sizes: WA = 1,242; DA = 1,218; ISPP = 2,500.

**Figure 3.4** Work and study activities of household members receiving social safety net support

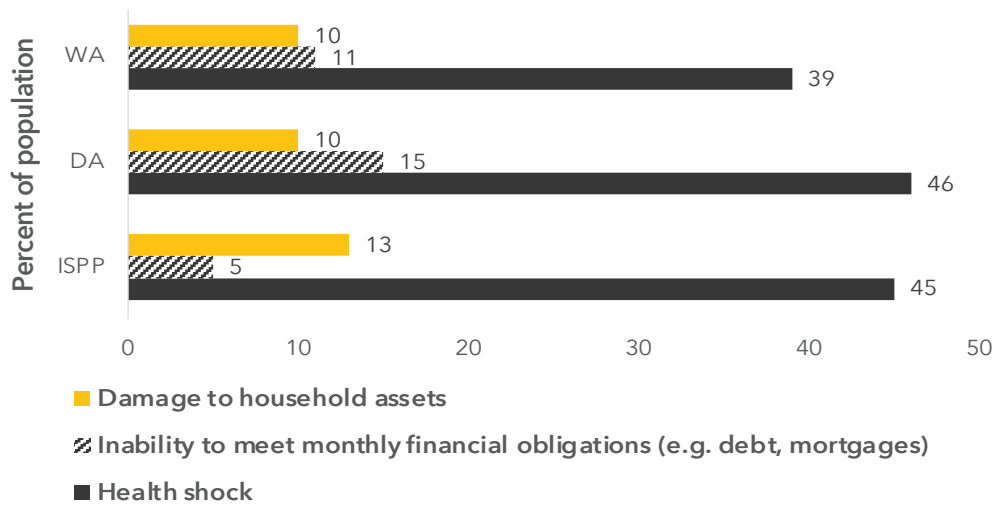


Note: Sample sizes: WA = 1,231; DA = 1,213; and ISPP = 2,500.

(18–23 percent). The share of households in unpaid family work is larger in WA (25 percent) and DA (24 percent) households than in ISPP households (10 percent) (figure 3.4). In contrast, the share of households engaged in household work is larger in ISPP households (21 percent) than in WA (8 percent) and DA (7 percent) households.

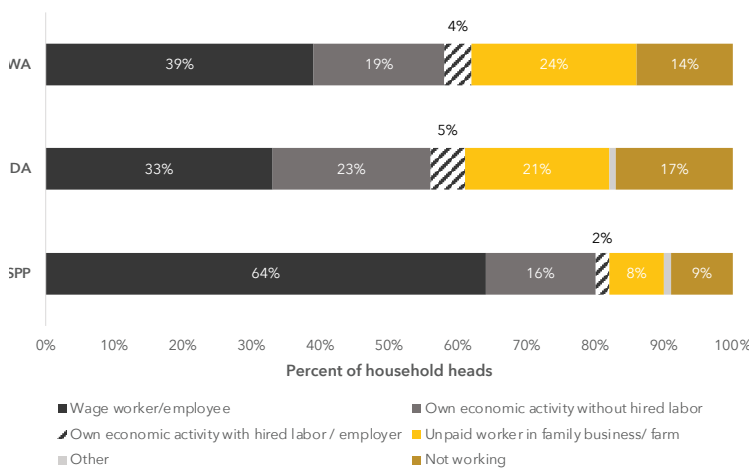
More than half of households across the three program types reported experiencing a shock in the last year. The three most frequently experienced shocks were health shocks, inability to meet monthly financial obligations, and damage to household assets (figure 3.5). Other reasons reported included natural disasters, accidents, theft, and lawsuits.

**Figure 3.5** Share of social safety net beneficiaries facing a shock in previous 12 months

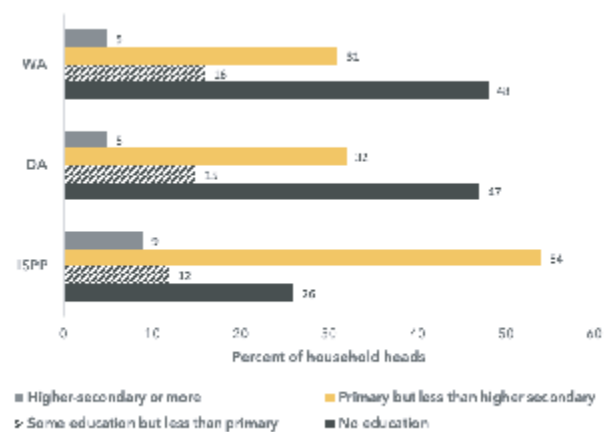


**Figure 3.6** Work and education status of head of households receiving social safety net support

a. Work status

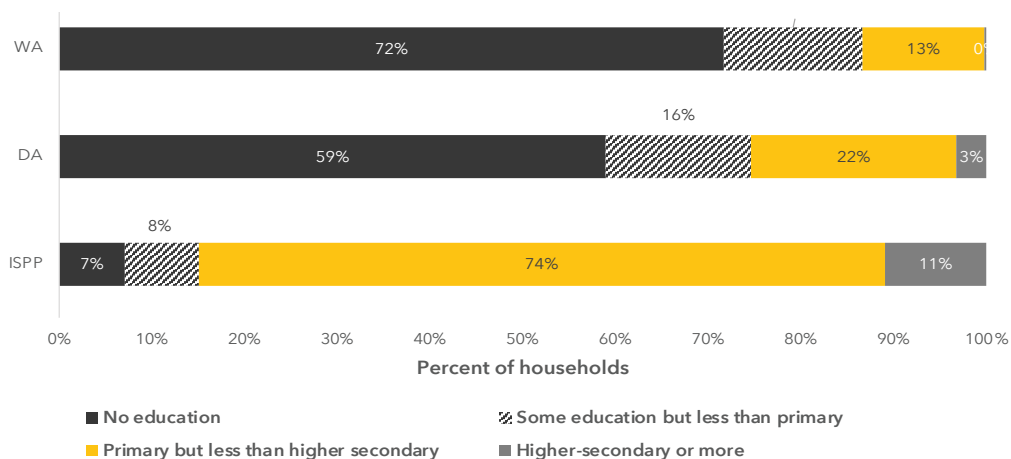


b. Education status



Note: Sample sizes: WA = 1,242; DA = 1,218; ISPP = 2,500.

**Figure 3.7** Education status of social safety net beneficiaries



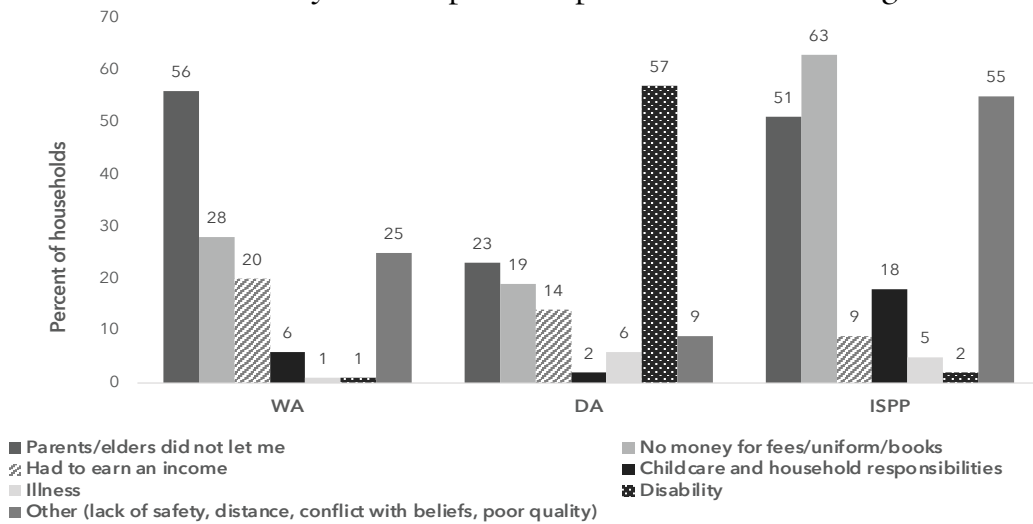
Note: Sample sizes: WA = 1,233; DA = 1,166; ISPP = 2,468.

### VARIATION IN OUTCOMES AMONG SOCIAL SAFETY NET BENEFICIARIES

Sixty-four percent of ISPP household heads are salaried workers (figure 3.6, panel a). On average, they have more years of education than heads of households receiving other SSN support (figure 3.6, panel b). They are also younger, as they include young families who receive cash benefits for children.<sup>3</sup>

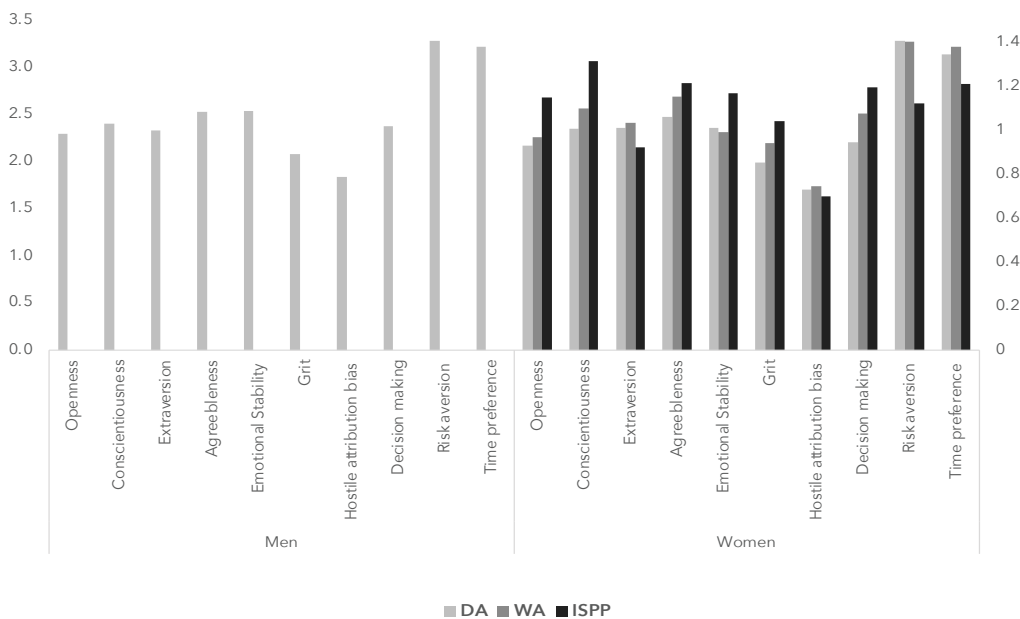
ISPP beneficiaries have more years of education than other SSN beneficiaries. Among all ISPP beneficiaries, 93 percent report the ability to read and write in one language, far more than the 18 percent of WA beneficiaries and 31 percent of DA beneficiaries. Three-quarters of ISPP beneficiaries completed primary school and have some secondary education but did not complete higher-secondary education

**Figure 3.8** Reasons social safety net recipients report for not attending school



Note: Sample sizes: WA = 788; DA = 561; ISPP = 171.

**Figure 3.9** Scores of male and female social safety net recipients on the Big Five personality traits



Note: Higher scores correspond to higher individual traits. Sample sizes: WA = 1,242 individuals; DA = 1,218 individuals; ISPP = 2,500 individuals. Appendix B shows the questions for each measure.

(figure 3.7). In comparison, 72 percent of WA beneficiaries and 59 percent of DA beneficiaries have no education. Very few beneficiaries of any of these programs attend vocational institutions.

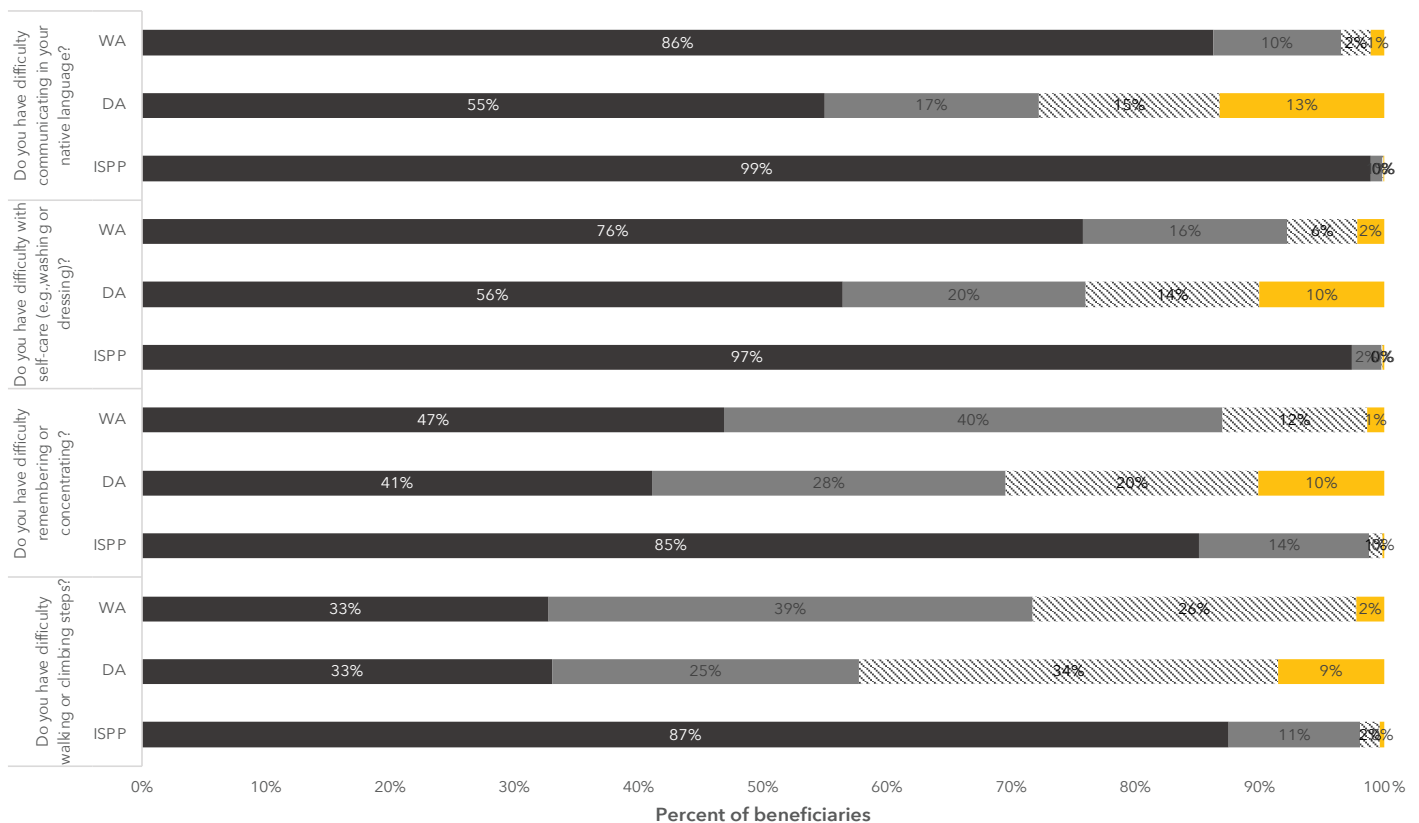
Among WA beneficiaries who never attended school, 56 percent cite lack of permission from parents or elders as the main reason for not doing so (figure 3.8). Among DA beneficiaries, 57 cite having a disability. Among ISPP beneficiaries, 63 percent cite lack of money for tuition fees, uniforms, or books.

ISPP beneficiaries score higher than WA and DA beneficiaries on assessments of noncognitive socio-emotional skills associated with employability (figure 3.9). Empirical evidence from high-income countries shows that the Big Five personality traits (openness,

conscientiousness, extraversion, agreeableness, and emotional stability) correlate with earnings, employment, and other labor market outcomes. Emotional stability and conscientiousness, in particular, are strong predictors of job performance and wages (Macours, Laaja, and Hernández 2019).

Growing evidence suggests that these skills also affect labor market outcomes in Bangladesh.<sup>4</sup> Emotional stability has a consistently positive correlation with wages (Nomura and Adhikari 2017). Female workers who are better at adapting to changes or are self-disciplined are more likely to engage in wage employment (Kotikula, Hill, and Raza 2019). Women who are persistent and persevere through challenges are more likely to be self-employed (Kotikula, Hill, and Raza 2019).

**Figure 3.10** Level of difficulty across four measures of functional disability



Note: Sample sizes: WA = 1,242; DA = 1,218; ISPP = 2,500.

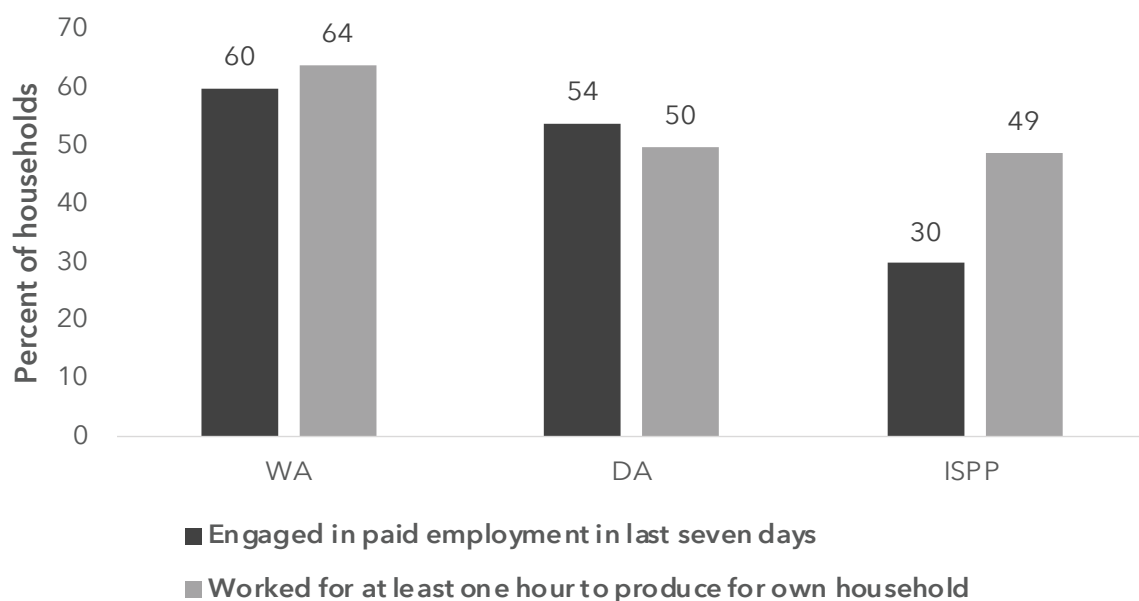
Around 41 percent of WA and DA beneficiaries report having illnesses that prevent them from working; among ISPP beneficiaries the figure is 15 percent. During the last reported four weeks, WA and DA beneficiaries could not carry out their usual activities for an average of eight and nine days, respectively. The average for ISPP beneficiaries was six days. More than 10 percent of DA respondents report that they face difficulties performing or cannot perform an activity at all across four functional activities (figure 3.10). Over 80 percent of ISPP beneficiaries report having no difficulties performing these activities. 30 percent of DA beneficiaries reported feeling that employers are unwilling to hire people with disabilities and that workers are unwilling to work with them. This belief is stronger among WA and DA beneficiaries than ISPP beneficiaries.

ISPP beneficiaries have better health and education outcomes than female WA and DA

beneficiaries, but only 30 percent are engaged in paid employment, and most of these women perform household or agricultural sector work. Paid employment is much more prevalent among WA beneficiaries (60 percent) and DA beneficiaries (54 percent); more than half of WA and DA perform subsistence work (either solely or in conjunction with paid work) (figure 3.11). Most ISPP recipients who work (for pay or not) are self-employed, with a larger share working as family helpers, usually part-time (figure 3.12). The average number of weekly hours worked is 28 hours for WA beneficiaries, 33 hours for DA beneficiaries, and 22 hours for ISPP beneficiaries.

Most WA and DA beneficiaries work in low-quality, often precarious conditions, usually in small (two- to four-person) informal home-based enterprises in the agricultural sector (figure 3.12). They rely on daily pay and receive no employment benefits. The average weekly income for WA and DA

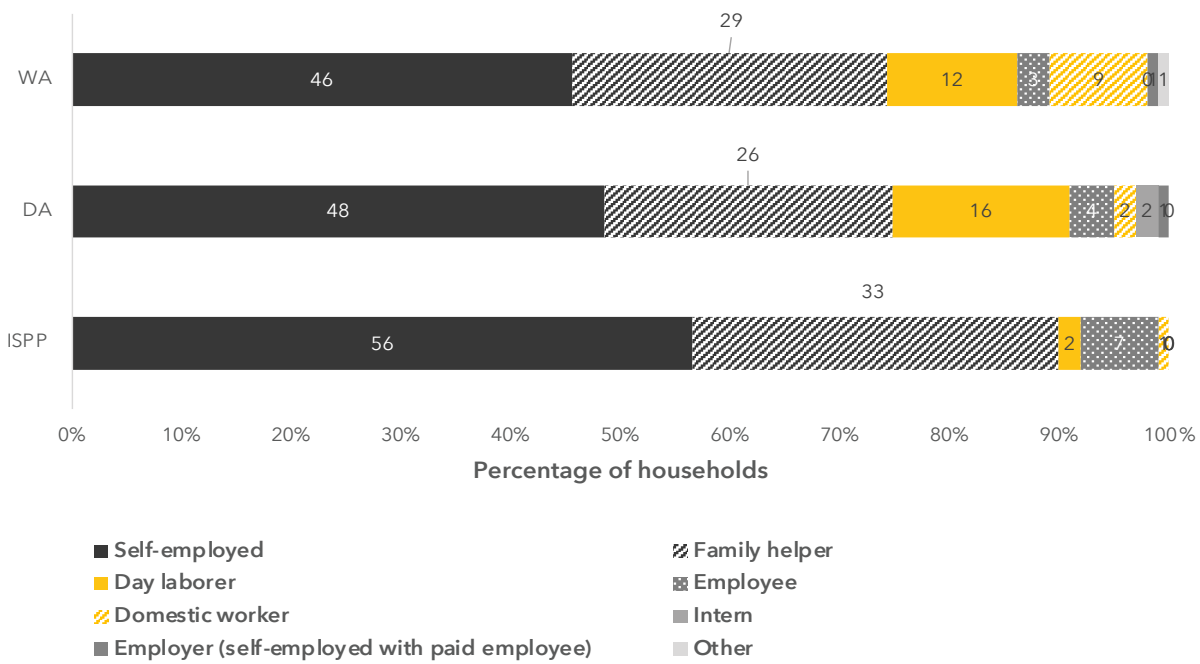
**Figure 3.11** Work status of social safety net beneficiaries in last seven days



Note: Sample sizes: WA = 1,242; DA = 1,218; ISPP = 2,500.



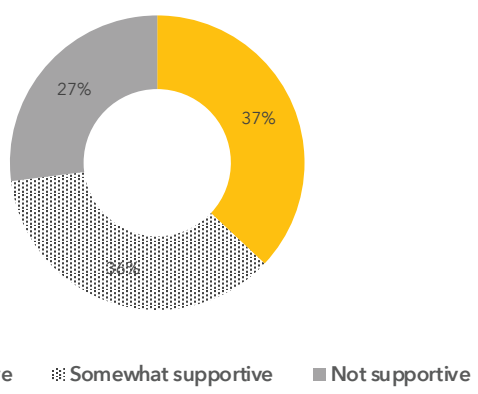
**Figure 3.12** Type of work performed by social safety net recipients



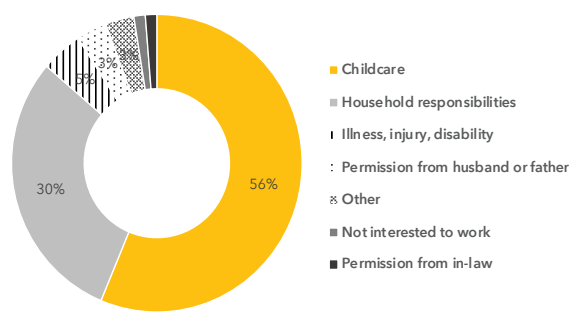
Note: Sample sizes: WA = 900; DA = 744; ISPP = 1,306.

**Figure 3.13** Family support of and constraints to working among ISPP beneficiaries

a. Degree of family support



b. Constraints



Note: Sample size: 1,263

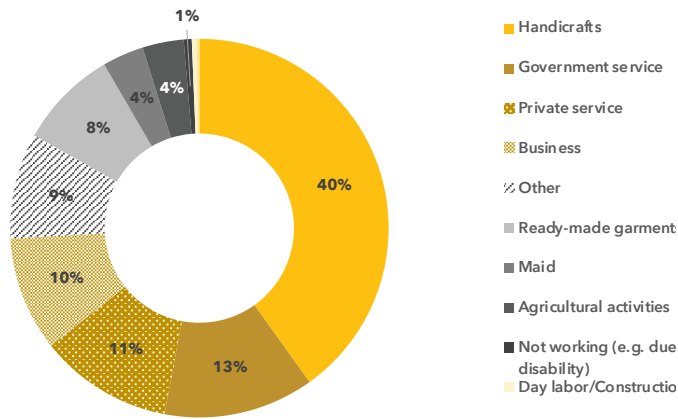
beneficiaries was Tk 1,870 (US\$18) and Tk 3,663 (US\$35), respectively. The small group of ISPP beneficiaries who work for pay are engaged in better-quality jobs. Their average monthly income was Tk 5,070 (US\$48). The share of people working for pay who have written contracts was 39 percent among ISPP beneficiaries and 5 percent of WA and DA beneficiaries. Among people working for pay,

64 percent of ISPP, 25 percent of WA, and 16 percent of DA beneficiaries are paid monthly.

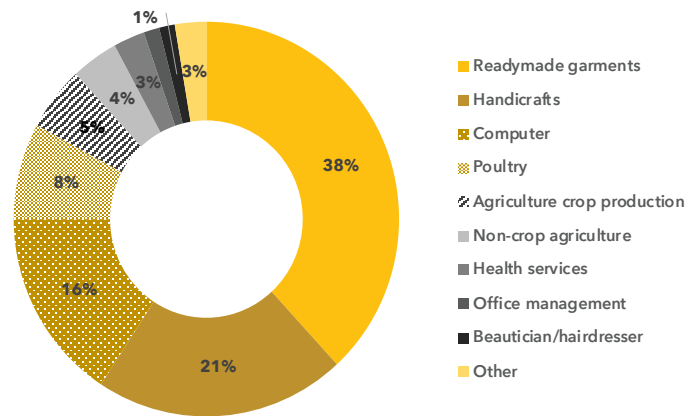
Over 72 percent of ISPP beneficiaries believe their families would be somewhat or very supportive if they decided to work; 86 percent reported being constrained by childcare responsibilities (56 percent) and household work (30 percent) (figure 3.13). When asked

**Figure 3.14** Sector and job preferences cited by ISPP beneficiaries

a. Sector preference for training



b. Job preference



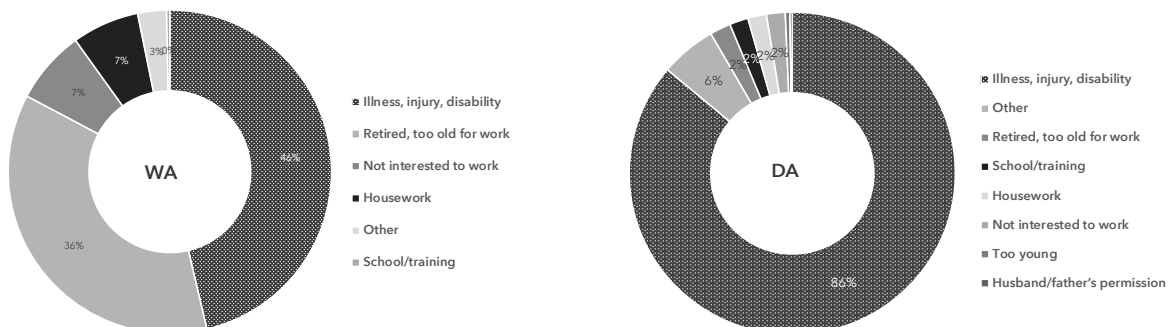
Note: Sample sizes: Panel a: 1,800; panel b: 2,499.

about the enabling environment that could allow them to pursue their dream job, 58 percent cited the need for higher qualifications and skills training, 28 percent cited the need for support to find appropriate jobs, and 24 percent cited the need for suitable transportation to and from the workplace. Three-quarters (76 percent) of ISPP beneficiaries cited interest in training opportunities. Training in ready-made garments (38 percent) and handicrafts (21 percent) would allow them to operate a small business from their home (figure 3.14, panel a). Forty percent of beneficiaries reported an interest in working in the handicrafts sector. Government service was the second-most cited type of job (13 percent) (figure 3.14, panel b).

In contrast, WA and DA beneficiaries reported limited interest in looking for additional work or training. Over 85 percent of DA beneficiaries cited illness, injury, or disability as the main reason for not being able to work, and over 80 percent of WA beneficiaries cited disability and old age (figure 3.15). Perception of family support of their working were also lower, with 78 percent of WA beneficiaries and 53 percent of DA beneficiaries indicating that their families would not be supportive of their looking for additional work.

Much has been written about the worsening psychological well-being and depressive symptoms of the poor and its implications

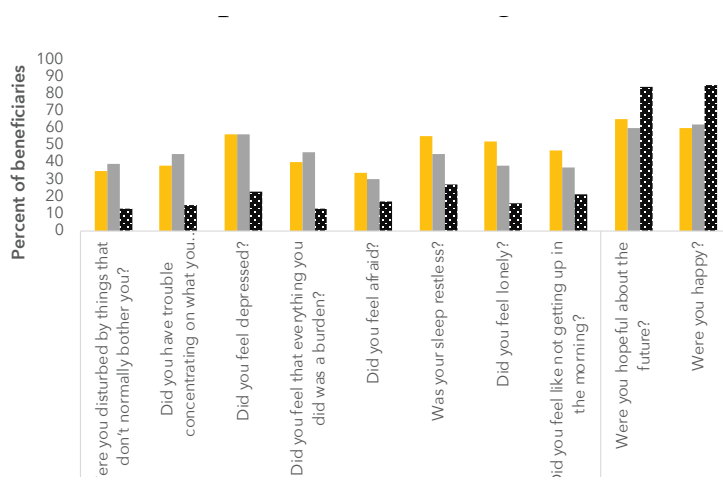
**Figure 3.15** Constraints to finding additional work cited by WA and DA beneficiaries



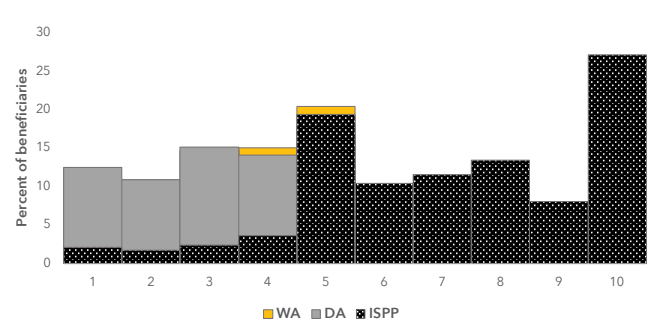
Note: Sample sizes: Panel a: 1,800; panel b: 2,499.

**Figure 3.16** Self-reported measures of psychological well-being and life satisfaction among social safety net beneficiaries

a. Self-report of well-being



b. Self-report of life satisfaction



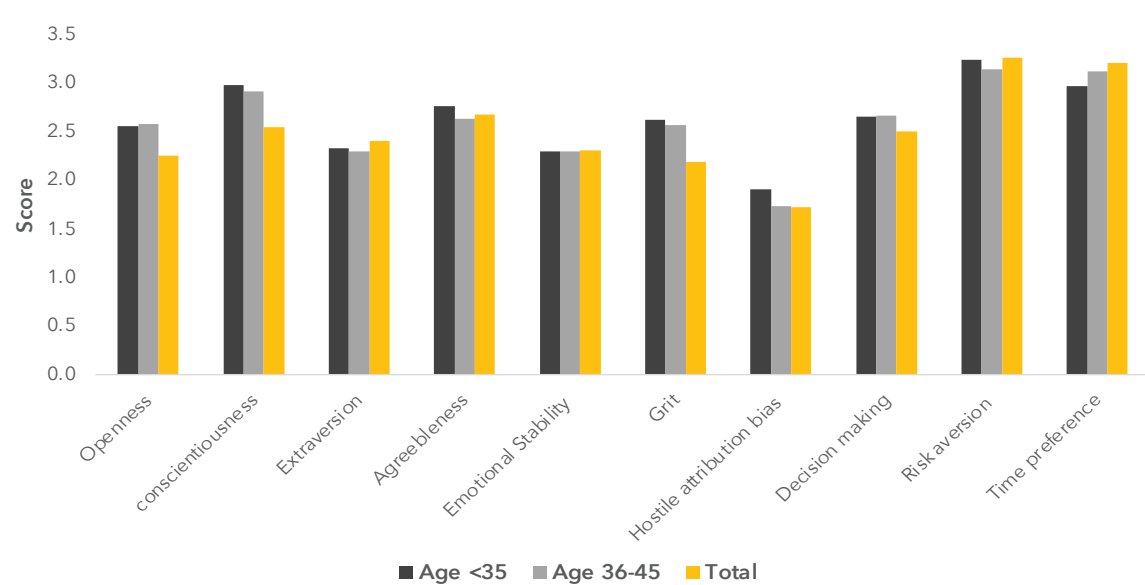
Note: Sample sizes: WA = 1,242; DA = 1,218; ISPP = 2,500. In panel b, Score: Lowest = 0, Highest = 10.

on employability and economic reintegration prospects (Haushofer 2019). WA and DA beneficiaries are more likely than ISPP beneficiaries to report feeling disturbed, to have trouble concentrating, to feel depressed, to feel everything is a burden, to feel afraid, to have restless sleep, to feel lonely, and to feel like not getting up in the morning (figure 3.16,

panel a). ISPP beneficiaries are more likely to feel hopeful about the future and to report happiness and life satisfaction (figure 3.16, panel b).

Young WA beneficiaries have stronger human capital outcomes and face fewer constraints to boosting their livelihoods than the average WA

**Figure 3.17** Scores of WA beneficiaries on Big Five personality traits, by age range



Note: Sample size: 1,242.

beneficiary.<sup>5</sup> For example, 54 percent of WA beneficiaries below the age of 35 and 43 percent of beneficiaries 36–45 report knowing how to read and write—about twice the 18 percent for the average WA beneficiary.

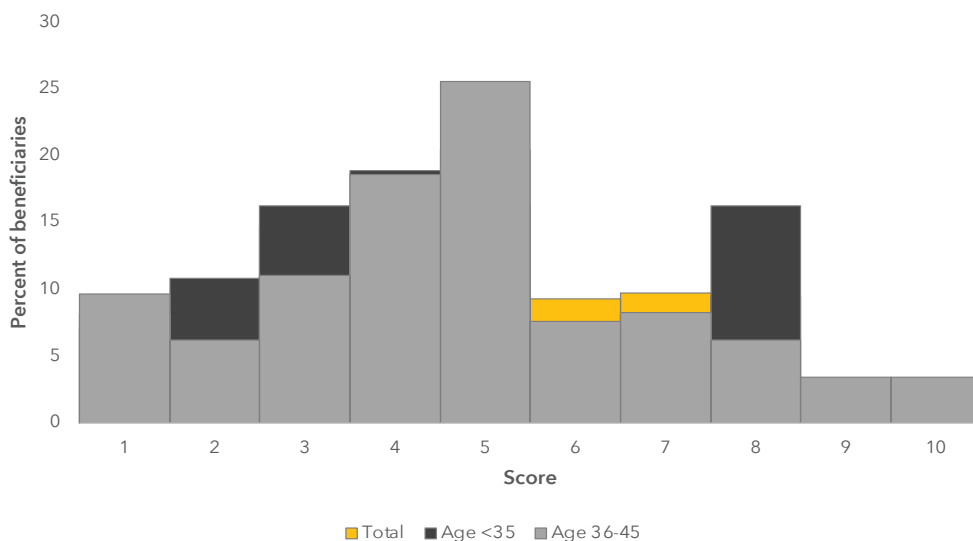
Young WA beneficiaries also report higher scores on some of the socio-emotional skills that correlate with employability, such as conscientiousness (figure 3.17). The average WA beneficiary reports being unable to carry out her usual activities for 8.46 days out of the past four weeks; beneficiaries under the age of 35 and 36–45 report lower rates (6.67 and 6.05 days, respectively). A larger share of younger WA beneficiaries were engaged in paid employment in the last seven days compared with the average WA beneficiary (73 percent for those below the age of 35 and 36–45 and 60 percent for the average beneficiary). Younger WA beneficiaries also appear to have slightly higher aspirations for their future and a more positive outlook on life than the average WA beneficiary (figure 3.18).

### DIFFERENCES IN HUMAN DEVELOPMENT OUTCOMES BETWEEN BENEFICIARIES AND NONBENEFICIARIES

An ordinary least squares (OLS) estimator combined with a propensity score matching (PSM) technique was used to examine how beneficiary households fare compared with other households in the same upazila that did not receive any social assistance. First, an OLS equation was estimated on each outcome of interest while controlling for participation in each SSN program as well as other variables, including household demographics, education, occupation profile, and assets. A PSM approach was then used that compares nonbeneficiary households with similar estimated propensity to receive benefits as beneficiary households. Box 3.2 describes the methodology. Appendix A presents the full results.

ISPP beneficiary households are more likely to report better outcomes than

**Figure 3.18** Measures of life satisfaction among WA beneficiaries, by age range



Note: Sample size: 1,242.

nonbeneficiaries along several dimensions related to children's schooling, employment of male members, and mothers' psychological well-being. They are also more likely to earn wage income and have higher wage income. However, women in ISPP households are 14 percent less likely than women in nonbeneficiary households to be in employment (unsurprisingly, given that they are 7–8 percent more likely to have children 6–14 attending school). Young mothers report

benefits from participation in the ISPP program: They are more likely to feel hopeful about the future and to report higher degrees of happiness and life satisfaction (figure 3.19, panel a). Participation in ISPP may have improved both economic and noneconomic outcomes for households. The objectives of the program did not include improving women's labor market outcomes; for this reason, the program did not offer support services to tackle childcare constraints.

### Box 3.2 Propensity score matching methodology

We estimated the following equation on a pooled sample of WA, DA, and ISPP beneficiaries and a sample of nonbeneficiary households:

$$y_i = \alpha_{wa} WA_i + \alpha_{da} DA_i + \alpha_{ispp} ISPP_i + x_i \beta + \epsilon_i \quad (3.1)$$

where  $y_i$  is the outcome variable for household  $i$ ;  $x_i$  is a vector of controls; and  $WA_i$ ,  $DA_i$ , and  $ISPP_i$  are indicators that take a value 1 if the household is beneficiary of WA, DA, or ISPP. The omitted group is the general population, hence, the parameters  $\alpha_{wa}$ ,  $\alpha_{da}$ , or  $\alpha_{ispp}$  capture the difference between each program's beneficiaries and the general population (nonbeneficiaries).  $x_i$  contains a large set of variables, including household demographics, education, occupation profile, and assets.

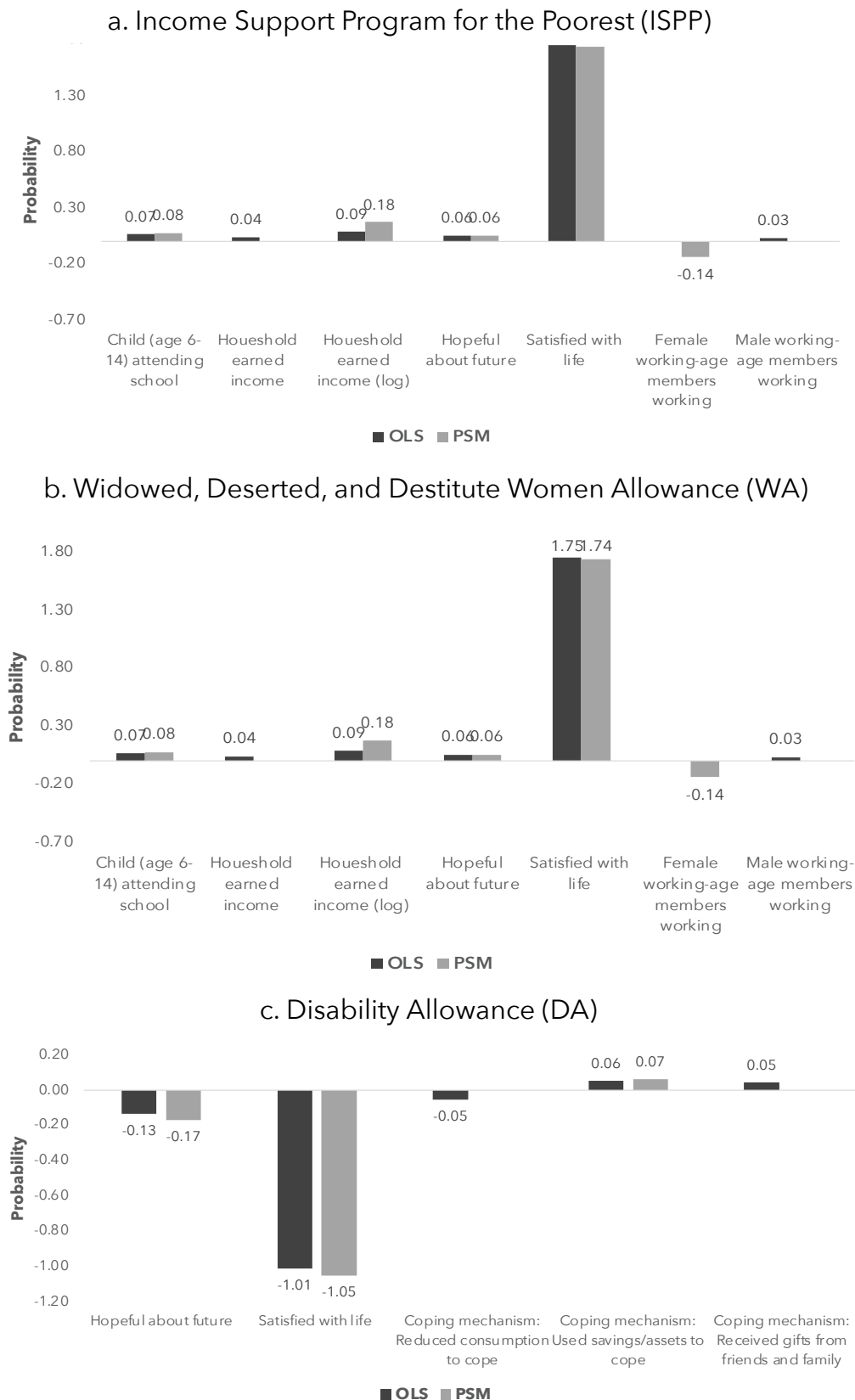
The parametric estimator (OLS) described above requires one to specify a functional form for the outcome equation as well as distributions for the error terms. We also use a semi-nonparametric propensity score method (PSM) to relax these assumptions. PSM is arguably an improvement over OLS, because it avoids extrapolation into areas of the causal effect distribution that is not on the common support. Analyses based on PSM rely on the assumption of selection on observables: Conditional on observable characteristics, households receiving different benefit do not systematically differ from nonbeneficiary households along unobservable dimensions. This approach compares nonbeneficiary households who have similar estimated propensities to receive benefits as beneficiary households.

For PSM estimation, we first use a probit model to estimate the probability of being in a program:

$$\text{Prob}(P_i=1) = \Phi(Z_i \beta) \quad (3.2)$$

This model is estimated separately for each of beneficiary group ( $P_i=1$ ) and nonbeneficiary households ( $P_i=0$ ). This propensity score is used to find a match between the treated households (beneficiary households) and a set of nonbeneficiary households that is observationally similar. We employ kernel matching with overlap imposed.

**Figure 3.19** Difference in human development outcomes in social safety net beneficiaries and nonbeneficiaries



Note: Only statistically significant results are reported. Appendix B reports the full model.

WA and DA beneficiary households are less likely than nonbeneficiaries to report improved outcomes related to employment, psychological well-being, and children's schooling; they do report a higher probability of adopting improved coping mechanisms when faced with shocks. WA beneficiary households are dependent on gifts from friends and family as a coping mechanism (figure 3.19, panel b). They have weak human capital and employment outcomes, reporting lower earned wage income on average than nonbeneficiaries. DA beneficiary households are less likely than nonbeneficiaries to reduce consumption as a coping mechanism (figure 3.19, panel c). When faced with a shock, they are more likely to use savings, sell their assets, or rely on gifts from friends and family. Both WA and DA beneficiaries are more likely than nonbeneficiaries to report being less hopeful about the future and less satisfied with life. WA and DA programs may have helped smooth household consumption and protect against shocks; they did not improve their economic and productive potential.

These findings highlight the importance of providing adequate cash benefits to meet a household's basic needs and combining them with cash-plus interventions to support human capital investments in children. Government cash transfer programs make up 16 percent of monthly income among ISPP households (3 percent among WA and DA households) (see figure 3.3). Complementary interventions, such as those introduced by

ISPP that incentivize families to use services aimed at improving children's nutrition and cognitive development, can build human capital. The ISPP program also included a counseling intervention. In addition to informing beneficiaries of the importance of early childhood development and engaging with their children, it may have contributed to women's social capital and well-being.

International evidence—most notably from the Oportunidades programs in Mexico and Bolsa Familia in Brazil—confirms the importance of cash-plus interventions in improving human capital outcomes. Oportunidades reduced the incidence of low birthweight by 45 percent, infant mortality by 17 percent, and the likelihood of stunting and underweight prevalence by 5 percentage points (Cruz, de Moura, and Neto 2017). Bolsa Familia led to a 26 percent decrease in the likelihood of being stunted and underweight. In Ethiopia, a nutrition-sensitive pilot integrated with the Productive Safety Net Program provided households with cash transfers and set conditionalities, including regular antenatal care visits for pregnant women and immunizations and growth monitoring for children. An evaluation finds that dietary diversity increased by one food group, the likelihood of children being breastfed after birth increased by 9.3 percentage points, and attendance in antenatal care sessions rose 10 percent (Gilligan et al. 2020).

# Services That Can Help Social Safety Net Beneficiaries Improve Their Livelihoods

This section discusses access to and provision of some of these services. It provides guidance on the design of an economic inclusion package based on the findings of the profiling survey and a service mapping exercise that includes interviews with service providers and beneficiaries to identify gaps in service provision.

The section also draws on international experiences and findings from focus group discussions and key informant interviews with community members and market actors to identify suitable livelihoods and outline services that could support beneficiaries in achieving their economic potential and improving their productive capacity. Appendix C provides details

on the objectives and methodologies used in the service mapping and market assessments. Given the complexity of the barriers SSN beneficiaries face, an integrated set of services is likely needed to improve their livelihoods. Table 4.1 shows the critical and auxiliary services that are needed, disaggregating them by avenue of livelihood strengthening.

**Table 4.1** Critical and auxiliary services that could be part of an integrated package of services

Type of employment	Critical services	Auxiliary services
Self	<ul style="list-style-type: none"> <li>• Credit and savings</li> <li>• Income-generating activity training</li> <li>• Mentorship/coaching</li> <li>• Agriculture and livestock extension</li> <li>• Job accommodation for people with disabilities</li> </ul>	<ul style="list-style-type: none"> <li>• Value chain linkage</li> <li>• Business development</li> </ul>
Wage	<ul style="list-style-type: none"> <li>• Skills/apprenticeship</li> <li>• Job intermediation</li> <li>• Job modification for people with disabilities</li> </ul>	<ul style="list-style-type: none"> <li>• Vocational skills</li> </ul>
Self or wage	<ul style="list-style-type: none"> <li>• Financial literacy</li> <li>• Psychosocial counselling</li> <li>• Health services</li> <li>• Childcare</li> </ul>	<ul style="list-style-type: none"> <li>• Training on digital finance and soft skill</li> <li>• Microinsurance</li> <li>• Safety and security</li> <li>• Transportation</li> </ul>

Source: Development Research Initiative 2021.



## ACCESS TO AND QUALITY OF SERVICES

Beneficiaries report challenges accessing the following services:

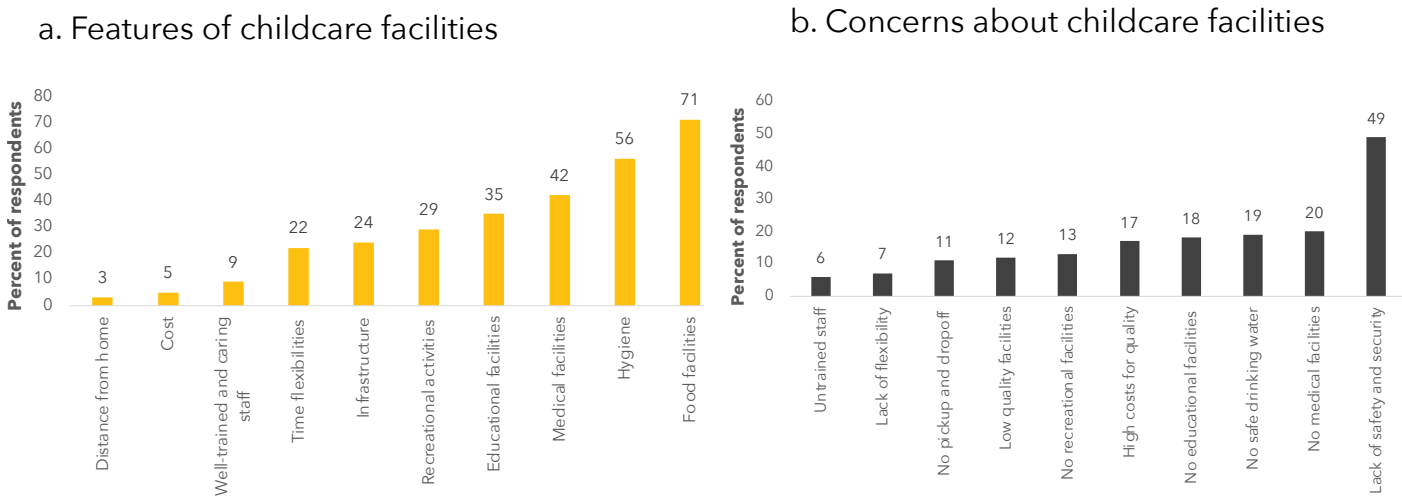
- **Health:** Virtually all respondents (99 percent) have no health insurance.
- **Transportation:** Over 55 percent of WA and DA beneficiaries reported using local buses. The share is much lower among ISPP beneficiaries, which may reflect concerns about safety and security.
- **Financial literacy:** Around 80 percent of individuals reported not using a bank-related service in the last year, and around 70 percent have no access to the Internet. Over 90 percent of WA and DA beneficiaries but just 29 percent of ISPP beneficiaries reported using mobile banking. Training on mobile financial services is limited, leaving beneficiaries vulnerable to exploitation and fraud.
- **Access to credit:** A majority of beneficiaries did not use microcredit services in the last year (65 percent of WA, 54 percent of DA, and 73 percent of ISPP beneficiaries). Limited access to credit is a significant constraint to expanding livelihoods. WA and DA beneficiaries who received training in areas such as sewing were unable to launch their business because of lack of capital to buy sewing machines and other materials. ISPP beneficiaries, many of whom work in agriculture or with livestock, lack access to loans to cope with income disrupted by climate shocks and natural disasters. Institutions that provide microinsurance to protect against the loss of livelihoods exist in Bangladesh, but they are often exclusionary and require female beneficiaries to provide male guarantors.
- **Training and job-related support:** Just 2 percent of ISPP beneficiaries reported received training (technical or nontechnical)

in the last year. Vocational training opportunities require some formal education, are targeted toward youth, and can be expensive, limiting the ability of beneficiaries to participate. In addition, training is often inaccessible for pregnant women, young mothers, and people with disabilities. Key informant interviews with training centers indicate some level of understanding on how to engage widows in technical training. In contrast, informants lacked awareness of how to include people with disabilities. Training on life skills that can complement technical training is even more limited, despite recognition that such training is critical for the success of social safety net beneficiaries.

Good-quality and accessible childcare is an important enabling factor for ISPP beneficiaries. Access is very limited, with 88 percent of beneficiaries looking after their children themselves. Thirty percent of ISPP beneficiaries cited household work as a major barrier to their economic inclusion. Pre-primary enrollment among children of ISPP beneficiaries is very low. Just 31 percent of five-year-olds and 7 percent of three-year-olds receive early childhood development services. In contrast, gross pre-primary enrollment rate at the national level is around 46 percent (World Bank 2020). The number of daycare centers in Bangladesh rose significantly in recent years, but most target formal workers in urban areas. Informal workers are left without any reliable childcare support beyond a few government daycare centers in urban areas in Chittagong, Rajshahi, Khulna, Barisal, and Sylhet. In rural areas, where ISPP recipients live, daycare is very limited.

Supply-side constraints in childcare relate to insufficient numbers of service providers, lack of affordability, and poor quality. Demand-side constraints are driven mostly by limited information on external options and the benefits of childcare and concerns about quality. Good-quality childcare options are skewed to the rich, despite a strong need among the urban poor (Rahman and Kamra 2022). Uptake among low-

**Figure 4.1** Features and concerns about childcare facilities cited by ISPP beneficiaries



Note: Sample size: 2,499.

income households is weak because of limited information about childcare options outside of the family and concerns about the quality of childcare provided. Three-quarters of ISPP beneficiaries who look after their children noted that they choose to do so because it is good for child development. When asked about the important features of a childcare facility, they rated food and hygiene as the most important (figure 4.1, panel a). When asked about gaps in childcare facilities, they cited lack of safety and security, medical facilities, and safe drinking water (figure 4.1, panel b).

These findings suggest the need to improve the provision and affordability of childcare services and to design policies that raise awareness about the benefits of childcare. Childcare facilities should also take into account mothers' concerns about quality, in order to establish trust.

**ALIGNMENT OF PROGRAM DESIGN WITH BENEFICIARY NEEDS, CAPABILITIES, AND ASPIRATIONS**

Economic inclusion programs need to be tailored to address the unique and multifaceted constraints, capabilities, and aspirations of each beneficiary group; their design should be informed by a profiling of beneficiaries. Profiling

can also help identify more disadvantaged beneficiaries, which can help policy makers direct more resources toward those in need.

Table 4.2 summarizes some general design considerations for an integrated package of economic inclusion services. The proposed interventions for WA beneficiaries vary by age group, to account for differences in physical capabilities and aspirations. For example, asset transfer and light-touch mentorship are better suited to young WA beneficiaries, and high-intensity mentorship is more appropriate for older beneficiaries, who tend to have lower aspirations and a negative outlook on life.

The core services of an integrated economic inclusion package typically include asset transfers, life skills and business skills training, mentorship, and case management and counseling. These services are sequenced to maximize beneficiary outcomes. The theory behind the economic inclusion approach of BRAC's UPG program and the 2006–14 CGAP–Ford Foundation Graduation pilots is that interventions have to be sequenced in a specific order to address constraints that beneficiaries face throughout a program cycle (Montesquiou, Sheldon, and Hashemi 2018). Although some interventions varied, they followed a similar sequence over an 18- to

**Table 4.2** Proposed interventions based on constraints facing each beneficiary group package of services

Program	Constraints	Interventions
Widowed, Deserted, and Destitute Women Allowance (WA)	<ul style="list-style-type: none"> <li>Beneficiaries rely on support from family and friends when faced with shocks</li> <li>Monthly revenue (primarily from remittances) is low and inconsistent</li> <li>Beneficiaries lack skills in nonagricultural livelihoods</li> <li>Beneficiaries have low aspirations and negative outlook on life</li> <li>Beneficiaries have limited emotional stability and conscientiousness, which are correlated with employability</li> </ul>	<p>For younger beneficiaries with high physical capabilities and aspirations:</p> <ul style="list-style-type: none"> <li>consumption stipend/cash transfer to meet basic needs</li> <li>asset transfers (agricultural livelihoods should be linked with micro-insurance; nonagricultural livelihoods must be accompanied by basic training)</li> <li>business skills training</li> <li>life skills training</li> <li>low-intensity mentorship with a focus on psychosocial counseling</li> <li>linkages to health and childcare services</li> </ul>
		<p>For older beneficiaries with low physical capabilities and aspirations:</p> <ul style="list-style-type: none"> <li>consumption stipend/cash transfer to meet basic needs</li> <li>life skills training</li> <li>high-intensity mentorship with a focus on psychosocial counseling</li> <li>linkages to health and childcare services</li> </ul>
Disability Allowance (DA)	<ul style="list-style-type: none"> <li>Beneficiaries are likely to sell assets and rely on family support when faced with shocks</li> <li>Monthly revenue (primarily from remittances) is low and inconsistent</li> <li>Beneficiaries are unable to find work because of social stigma about disability and lack of skills in nonagricultural livelihoods</li> <li>Beneficiaries have low aspirations and negative outlook on life</li> <li>Beneficiaries have limited emotional stability and conscientiousness, which are correlated with employability</li> </ul>	<p>Interventions for younger beneficiaries with high physical capabilities:</p> <ul style="list-style-type: none"> <li>consumption stipend/cash transfer to meet basic needs</li> <li>asset transfers (beneficiaries can be matched with livelihoods based on assessment of their functional abilities using Washington Group on Disability statistics or the World Health Organization Disability Assessment Schedule 2.0 instrument)</li> <li>business skills training</li> <li>life skills training</li> <li>medium- to high-intensity mentorship</li> <li>linkages to social care services</li> </ul>
		<p>Interventions for older beneficiaries with low physical capabilities and aspirations:</p> <ul style="list-style-type: none"> <li>consumption stipend/cash transfer to meet basic needs</li> <li>life skills training</li> <li>high-intensity mentorship with a focus on psychosocial counseling</li> <li>linkages to social care services</li> </ul>
Income Support Program for the Poorest Beneficiaries (ISPP)	<ul style="list-style-type: none"> <li>Monthly revenue (primarily from remittances) is low and inconsistent</li> <li>Beneficiaries lack access to formal jobs despite interest and high levels of education</li> <li>Female labor force participation is low</li> <li>Beneficiaries lack skills in nonagricultural livelihoods</li> <li>Beneficiaries lack access to childcare</li> </ul>	<ul style="list-style-type: none"> <li>asset transfer, with prioritization of nonagricultural livelihoods</li> <li>business skills training</li> <li>life skills training with a focus on women's economic empowerment</li> <li>low-intensity mentorship</li> <li>linkages to active labor market programs</li> <li>linkages to childcare services</li> </ul>

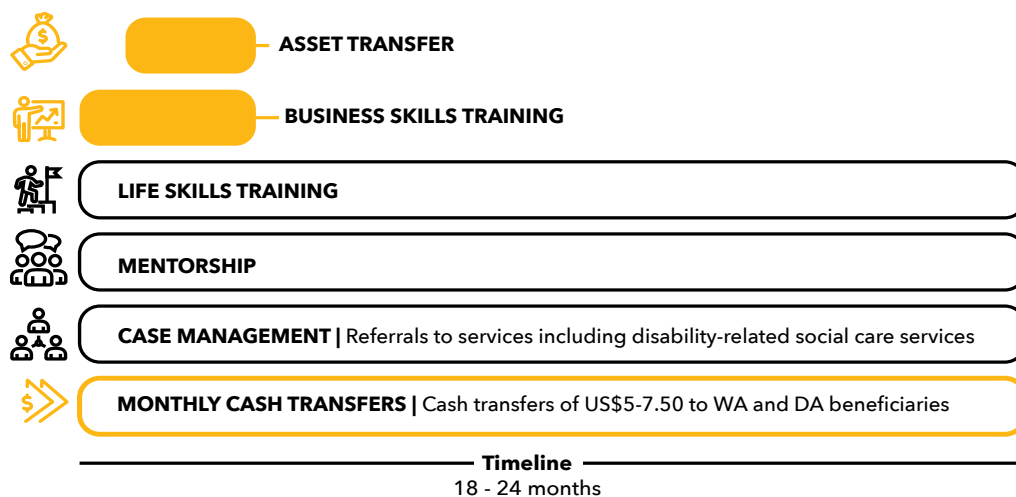
Source: Development Research Initiative 2021.

24-month period, in which a consumption stipend or cash transfer to allow beneficiaries to meet their basic needs was followed by a significant grant to jumpstart an enterprise and technical and business skills training were provided to fill knowledge gaps. These interventions were combined with long-term mentorship to influence behavior change and mindsets. Most (84 percent) global economic inclusion programs continue to sequence interventions in a set order based on the success of the pilots (Andrews et al. 2021). Figure 4.2 illustrates the recommended sequence for economic inclusion interventions.

livestock rearing increased 21 percent and per capita consumption increased 11 percent.

Localized market assessments identified several livelihood options that would be suitable for WA, DA, and ISPP beneficiaries based on their interest, aspiration, and capability to engage in livelihoods, local market demand, profitability, and growth prospects. Findings from focus group discussions and key informant interviews with community members (including beneficiaries) and market actors indicate a strong preference for self-employment over wage employment, particularly among young mothers with a

**Figure 4.2** Recommended sequencing of economic inclusion interventions



*Asset Transfer*

A key feature of a successful economic inclusion program is an asset transfer or grant that enables beneficiaries to increase their earnings and build sustainable livelihoods. Cash transfers through safety nets enable beneficiaries to meet their basic needs, but they do not fulfill the long-term objective of improving a household’s productive capacity and resilience to shocks.

BRAC’s UPG program increased participants’ ability to shift from casual labor into livestock rearing as a result of a productive asset transfer (Bandiera et al. 2017). This effect was evident four years after the program began, with beneficiaries working 26 percent fewer hours in domestic services than the control group. Earnings from

high care burden and low access to childcare. Livestock-based options such as poultry-, cattle-, and goat-rearing were identified as profitable options. They are labor intensive and require physical space at the homestead, however, which can be challenging for WA and DA beneficiaries. Moreover, lack of access to microinsurance limits protection against disease and natural disasters.

Nonagricultural livelihoods identified include handicrafts, tailoring, grocery shops, tea stalls, and stationery shops, which have consistent demand year-round. These options would allow beneficiaries the flexibility to work near their homes. Beneficiaries can easily master the basics of handicrafts, tailoring, and business account management. DA beneficiaries can be matched

with appropriate livelihoods based on their functional abilities, using resources such as the Washington Group on Disability Statistics or the World Health Organization Disability Assessment Schedule 2.0 instrument.

The start-up capital for nonagricultural livelihoods in Bangladesh ranges between Tk 20,000–55,000 (US\$200–US\$550), depending on the type of livelihood and inputs required. This range is in line with the value of productive grants in successful economic inclusion programs, such as BRAC's UPG program (for which grants were US\$280–US\$300), the Sahel Adaptive Social Protection in Niger (grant value of US\$321), and the HIAS Graduation Program in Ecuador (grant value of US\$421) (Andrews et al. 2021; Bossuroy et al. 2021). The cost depends on factors such as the inputs required, market access, transportation, and the level of competition.

The value of the asset transfer should ensure that beneficiaries can compete in local markets, build viable livelihoods, and generate rapid returns. Localized market assessments indicate that the start-up capital required to launch a home-based tailoring business is around Tk 25,000 (US\$250) (more if the beneficiary rents a shop). The start-up capital is Tk 30,000 (US\$300) for a home-based grocery shop and Tk 50,000 (US\$500) for a shop in the market. To reduce costs and ensure sustainability, the program can set up linkages between beneficiaries and preferred vendors for raw materials and other livelihood inputs.

A productive grant can be transferred through government-to-person (G2P) mechanisms to enable beneficiaries to buy their assets directly from the market. Around 95 percent of global economic inclusion programs provide cash transfers for beneficiaries to bypass the logistical complexities associated with in-kind transfers (Andrews et al. 2021). Cash transfers provide beneficiaries the autonomy to engage with markets directly and build their negotiation and business skills. G2P mechanisms can facilitate the transfer of productive grants to beneficiaries in a secure

manner while enhancing financial literacy and familiarity with digital cash transfers.

The government has already piloted the transfer of allowances to WA and DA beneficiaries through a combination of government and private digital financial service providers (Nagad, bKash, SureCash, and Rocket). It will continue to strengthen its mechanisms as part of the medium-term priority under the NSSS (GED 2020). Training on the use of mobile money will help avoid exploitation, particularly for ISPP beneficiaries, only 29 percent of whom use mobile money.

### *Business Skills Training*

Integrating business skills training with productive grants is critical for the sustainability of livelihoods. Training on record-keeping, inventory management, price setting, and profit management is essential to maximize returns from livelihoods. Business skills training can address the knowledge gaps that 58 percent of ISPP beneficiaries reported as being a significant deterrent to engaging in nonagricultural enterprises.

Training is usually delivered at the start of an economic inclusion program, before the transfer of a productive grant, in order to equip beneficiaries with the skills needed to manage a livelihood. The impact of combining training with asset transfers is well-documented in international programs, such as the Girinka program in Rwanda, where households that received livestock and training had higher earnings, livestock productivity, and asset accumulation than households that received only an asset transfer (Andrews et al. 2021; Argent, Augsburg, and Rasul 2014). In Sri Lanka, women entrepreneurs who received a combination of an asset transfer and business training had higher business ownership, profits, and capital stock than women who received the transfer or training as standalone interventions (Andrews et al. 2021; McKenzie, Mel, and Woodruff 2013).

Training topics must be tailored to the livelihoods selected by the beneficiary and

delivered by specialized trainers from the government, nongovernmental organizations (NGOs), or the private sector through a combination of classroom instruction and practical demonstrations. The service mapping exercise identified over 500 training institutes affiliated with government ministries, such as the Department of Women Affairs, that provide training on tailoring, phone repair, and other trades to poor and vulnerable women in Bangladesh. Vocational training institutes, which typically target people with higher levels of education, are suitable for ISPP beneficiaries, who are interested primarily in ready-made garment and handicrafts trade. Institutes such as the KBCP Vocational Training, Jubo Unnoyon Odhidoptor, and the Shakti Foundation can provide training on operating computers and driving, which tend to be male-dominated activities. Partnerships with NGOs and the private sector will be instrumental in linking vulnerable beneficiaries with training opportunities that are often out of their reach because of financial constraints or lack of awareness.

### *Life Skills Training*

Combining life skills training with business skills training and productive grants can increase the impact on beneficiaries. Life skills include personal initiative skills that focus on developing a mindset of self-starting behavior and innovation, identifying and exploiting new opportunities, setting goals, participating in planning and feedback cycles, and overcoming obstacles. A personal initiative mindset teaches entrepreneurs to look for ways to make their businesses stand out, overcome adversities and setbacks, and plan the future of the business. In Togo, a World Bank–financed program targeting women-owned microenterprises tested the impact of personal initiative training relative to traditional business skills training that included financial management, marketing, and resource management. Profits increased by 30 percent among the first group and 11 percent in the second group (Campos et al. 2018). In Ethiopia, mindset-oriented entrepreneurship training that focused on building personal initiative was

more effective than traditional entrepreneurship training programs in increasing monthly profits. It was particularly critical for women, who face unique constraints (Alibhai et al. 2019).

Life skills training delivered in regular intervals throughout the program cycle can address gaps in noncognitive skills, which are prevalent among beneficiaries. ISPP beneficiaries reported moderately high levels of emotional stability and conscientiousness; WA and DA beneficiaries lag in these skills. Life skills training that focuses on building confidence and self-esteem, setting goals, and overcoming obstacles can address some of these gaps and improve socioeconomic outcomes. Few institutes and trainers in Bangladesh can provide the necessary training to beneficiaries, however; such training will have to be delivered by program staff at group or individual meetings at regular intervals (bi-monthly or monthly), depending on needs.

### *Mentorship, Case Management, and Monitoring*

Mentorship is critical in addressing the social and emotional constraints WA, DA, and ISPP beneficiaries face. It provides tailored support intended to help beneficiaries overcome barriers and strengthen their confidence, self-esteem, and capacity to build sustainable livelihoods and improve human development outcomes. Research shows that among female entrepreneurs, cash transfers combined with psychosocial interventions such as mentorship and training, have greater impacts on consumption, food security, profits, and psychosocial well-being than standalone cash grants (Bossuroy et al. 2021). During the COVID-19 pandemic, the mentorship component of graduation programs was critical in encouraging beneficiaries to maintain a positive mindset and address growing concerns about gender-based violence (Schelzig and Jilani 2021).

Mentorship can be delivered by frontline staff and service providers from the government, NGOs, and the private sector. WA and DA beneficiaries, who are more likely than ISPP beneficiaries to feel depressed and have

trouble focusing, will need regular and intense mentorship and psychosocial support through frequent household visits by frontline staff. Linkages to tele-counseling services from NGOs and the private sector such as Kaan Pete Roi, Moner Bondhu, and Moner Daktar can provide additional support. Sensitization and appropriate messaging will be needed from program staff to address the stigma around discussing mental health issues. As ISPP beneficiaries report higher levels of happiness and life satisfaction than WA and DA beneficiaries, light-touch mentorship that focuses on livelihood guidance and parenting can be beneficial for them when they start managing new livelihoods and childcare responsibilities. This type of support can be delivered through monthly or quarterly household visits by frontline staff.

Case management can complement mentorship by ensuring regular follow-up and monitoring of beneficiaries. Given the low levels of psychological wellbeing, case management can provide WA and DA beneficiaries with consistent and long-term support. Acting as case managers and mentors, frontline staff can monitor beneficiary performance along a set of economic and social indicators, such as food security, earnings, savings, and application of financial literacy and business skills training.

Regular monitoring allows staff to identify areas where beneficiaries need more support and adjust the intensity of mentorship accordingly. The use of a digital platform for monitoring can facilitate real-time data analysis and streamline consolidation with national databases.

The case management component includes setting up referrals or linkages with services provided by the government, NGOs, and the private sector, based on beneficiary needs. Linkages to existing livelihood training programs, health services, disability care, and childcare services are needed to ensure the sustainability and scalability of an economic inclusion program. For WA and DA beneficiaries, most of whom cite illness or disability as major constraints to working, linkages to health and social care services will be critical. In addition to health services through the government's *upazila* health complexes, services and livelihood initiatives from NGOs, such as the Centre for Rehabilitation of the Paralyzed, BRAC, and the Underprivileged Children's Education Program (UCEP) can be leveraged. Linkages to childcare services, through NGOs and government providers, will be key for ISPP beneficiaries, who identify childcare responsibilities as the main constraint to engaging in livelihoods.

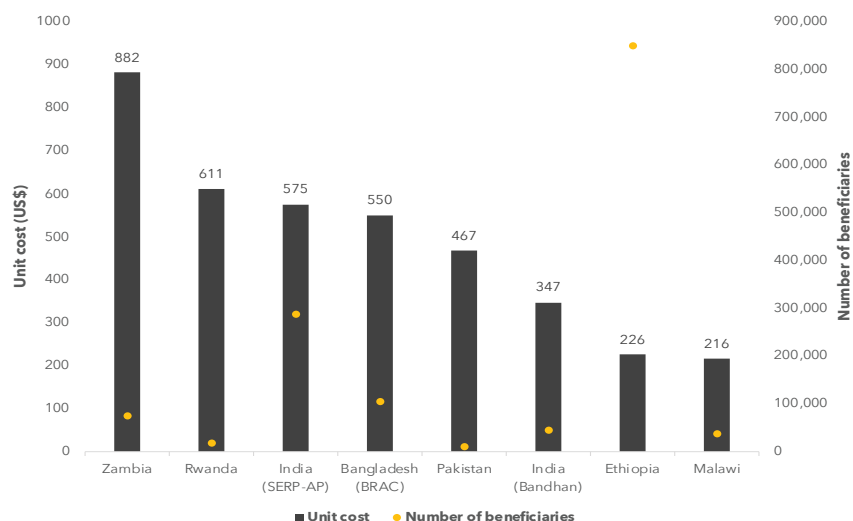
# Overcoming Cost and Capacity Barriers to Implementation

Implementing programs at scale is challenging. Globally, economic inclusion programs cost US\$200 to almost US\$900 per beneficiary (figure 5.1). The cash transfer, grant, or asset transfer represents a significant component of program costs. These high costs tend to severely limit the appetite of policy makers and potential implementers, especially given that the programs may need to operate at scale or risk being niche programs.

Targeting is critical to controlling program costs and ensuring impact. As the profiling exercise revealed, all three beneficiary groups need support to help improve their resilience and livelihoods. The type of support may differ, however, depending on the profile of each group. Not all cash transfer beneficiaries

will be able to take advantage of all the services the government may offer; the design of the economic inclusion package should account for beneficiary capability, needs, and aspirations. For example, access to microcredit is beneficial for youth who have high potential or experience with entrepreneurship, or

**Figure 5.1** Per capita costs and number of beneficiaries of economic inclusion programs in selected countries



Sources: Andrews et al. 2021; Sengupta 2016; and IFAD 2017. Note: Program costs for all countries except Pakistan include the cash transfer amount; BRAC recently introduced a repayment component for the asset transfer.



both, but face capital constraints. A study comparing microcredit, in-kind grants, and cash grants in Upper Egypt finds that all three interventions led to significant increases in business profits and wage earnings for female entrepreneurs (Crepon, El Komi, and Osman 2020). However, micro-loans, which cost just a quarter to a third of grants, were more cost-effective in generating benefits such as total earned income. Entrepreneurs with business experience and better financial standing were more likely than other beneficiaries to benefit from microcredit. A meta-study of Bosnia, Ethiopia, India, Mexico, Mongolia, Morocco, and the Philippines indicates that microcredit benefits households with business experience (Meager 2019). In India, entrepreneurs with business experience increased their assets by 35 percent and doubled their revenues as a result of greater access to microcredit (Banerjee et al. 2019).

Another important barrier to the roll-out and scale-up of economic inclusion programs in Bangladesh is institutional capacity. Economic inclusion programs provide combinations of services. Most entities providing cash transfers or other SSN programs in Bangladesh specialize in the provision of single interventions (for example, cash transfers or training) and do not have the capacity to provide a range of services. They need to rely on other entities—other government agencies, NGOs, and the private sector—to provide such services. They will need to build capacity to link back-end management information systems of different programs to cross-verify eligibility and offer bundled services. These investments in capacity and program implementation may seem daunting, but they

can potentially generate high returns in the long run. The absence of an exit strategy in SSNs can lead households to remain on cash transfers indefinitely, burdening the social protection system and preventing the intake of new beneficiaries. The WA has guidelines for removing beneficiaries if there is an improvement in financial condition, change in marital status, coverage from other safety nets, relocation, or death. However, because of a lack of enforcement and difficulties with tracking and verification, beneficiaries are removed only in the event of death or relocation (World Bank 2022). The scope for new intakes is further limited by poor targeting: 36 percent of WA beneficiaries were found to be ineligible because they were divorced rather than widowed or not poor, or both (World Bank 2022).

The DA might not need an exit strategy, because of the permanent vulnerability of its beneficiaries. The challenge facing this program is its inability to bring in new beneficiaries because of budgetary constraints. A study conducted in 2014 estimates that keeping people with disabilities out of the labor force costs Bangladesh 1.74 percent of GDP—US\$1.18 billion a year (Ali 2014). Other studies suggest that investing in early childhood development can generate a 17 percent rate of return (World Bank 2017). The rate of return on investment human capital declines as a child gets older, indicating the importance of programs that target the first 1,000 days (Heckman 2008).

# Conclusion

Policy makers in Bangladesh need to ensure that the design of economic inclusion programs reflects the specific needs and capabilities of the intended beneficiaries. They also need to strengthen their capacity in three areas:

1. Increase the ability of field-level personnel to coordinate and manage cases. For WA and DA, the DSS needs to increase the number of union social workers it has in the field.
2. Build better coordination capacity for intra-agency cooperation, to be able to cross-refer beneficiaries of one government program to services offered by another.
3. Better leverage national systems. The National Household Database, the G2P platform, the National ID, and other national management information systems provide a backbone of core national services that could be made interoperable and used to coordinate services along the service delivery chain, from beneficiary identification and eligibility verification to payment.

# Appendixes

## Appendix A

# Results of Ordinary Least Squares and Propensity Score Matching Models

Variable	Ordinary least squares	Propensity score method
<b>Probability of child 6-4 attending school</b>		
Widowed, Deserted, and Destitute Women Allowance (WA)	0.020	0.01817
Disability Allowance (DA)	-0.028	-0.00818
Income Support Program for the Poorest (ISPP)	0.067*	0.079097*
<b>Probability of adult man working</b>		
WA	0.047383*	0.029264
DA	-0.00882	-0.02224
ISPP	0.034807*	0.018411
<b>Probability of adult woman working</b>		
WA	-0.00847	0.013476
DA	0.00523	-0.0182
ISPP	-0.01586	-0.13729*
<b>Probability of adult being in wage employment</b>		
WA	0.002683	0.013921
DA	-0.00609	-0.01169
ISPP	-0.02711*	0.08027*
<b>Probability of adult being self-employed</b>		
WA	0.00277	-0.01285
DA	0.007191	0.010856
ISPP	0.042415*	-0.05322*
<b>Household has earned income (1/0)</b>		
WA	-0.00862	-0.04704*
DA	0.006019	-0.0085
ISPP	0.043449*	0.039741
<b>Household log(earned income) among households reporting earned income</b>		
WA	-0.15803*	-0.3583*
DA	-0.19184*	-0.22759*
ISPP	0.088007*	0.176033*

Variable	Ordinary least squares	Propensity score method
<b>Respondent is hopeful about the future (1/0)</b>		
WA	-0.09631*	-0.08061*
DA	-0.13155*	-0.17022*
ISPP	0.055407*	0.056921*
<b>Respondent is satisfied with life (1-10)</b>		
WA	-0.4745*	-0.50882*
DA	-1.01042*	-1.04959*
ISPP	1.750639*	1.736905*
<b>COPING MECHANISMS</b>		
<b>Reduced consumption (1/0)</b>		
WA	-0.03631	-0.05251
DA	-0.05259*	-0.05221
<b>Used savings/assets (1/0)</b>		
WA	0.036	0.045505
DA	0.056*	0.065203*
<b>Received gifts from friends or family (1/0)</b>		
WA	0.0498*	0.080547*
DA	0.0455*	0.044188
<b>Borrowed from friends or family (1/0)</b>		
WA	-0.025	-0.0531
DA	0.002	-0.01428
<b>Borrowed from others (1/0)</b>		
WA	-0.0144	-0.05387
DA	0.0344	0.017326

Note: Each beneficiary household is matched to a nonbeneficiary household (the general population). In the OLS model, the nonbeneficiary population is the omitted group; the estimate indicators reveal the gap between beneficiary and nonbeneficiary population. As controls, both the OLS and PMS models used a large set of variables that include demographic, education, and occupational characteristics and household assets. In the PMS, kernel matching is used, and overlap imposed.

\* Significant at the 5 percent level.

## Appendix B

# Questions Asked to Identify Personality Traits of Beneficiaries

Behavior and personality trait	Question
Openness	Do you come up with ideas other people haven't thought of before?
	Are you very interested in learning new things?
	Do you enjoy beautiful things, like nature, art, and music?
Conscientiousness	When doing a task, are you very careful?
	Do you prefer relaxation more than hard work?
	Do you work very well and quickly?
Extraversion	Are you talkative?
	Do you like to keep your opinions to yourself? Do you prefer to keep quiet when you have an opinion?
	Are you outgoing and sociable; for example, do you make friends very easily?
Agreeableness	Do you forgive other people easily?
	Are you very polite to other people?
	Are you generous to other people with your time or money?
Emotional stability/neuroticism	Are you relaxed during stressful situations?
	Do you tend to worry?
	Do you get nervous easily?
Grit	Do you finish whatever you begin?
	Do you work very hard? For example, do you keep working when others stop to take a break?
	Do you enjoy working on things that take a very long time (at least several months) to complete?
Hostile/attribution bias	Do people take advantage of you?
	Are people mean/not nice to you?
	Do you think about how the things you do will affect you in the future?
Decision-making	Do you think carefully before you make an important decision?
	Do you ask for help when you don't understand something?
	Do you think about how the things you will do will affect others?

## Service Mapping and Market Assessment

The Development Research Initiative and the Nielson Company conducted service mapping exercises to identify relevant services for WA, DA, and ISPP beneficiaries. The studies examined gaps in service provision and identified mechanisms to improve access, effectiveness, and potential partners (table C.1).

**Table C.1** Methodologies used to map service provision for social safety net beneficiaries

Program	Districts	Methodology
Widowed, Deserted, and Destitute Women Allowance (WA) and Disability Allowance (DA)	<ul style="list-style-type: none"> <li>Gopalganj</li> <li>Khulna</li> <li>Kishoreganj</li> <li>Manikganj</li> <li>Natore</li> <li>Rajbari</li> </ul>	<ul style="list-style-type: none"> <li>At the national level, key informant interviews were conducted with representatives from Humanity and Inclusion; the Sajida Foundation; the Bureau of Manpower, Employment and Training; the Insurance Development and Regulatory Authority; mobile money operators; and the Bangladesh ECD Network.</li> <li>At the district level, 54 key informant interviews were conducted with representatives of the government, NGOs, microfinance institutions, and vocational training institutes.</li> </ul>
Income Support Program for the Poorest (ISPP)	<ul style="list-style-type: none"> <li>Mymensingh</li> <li>Kurigram</li> </ul>	Seventy key informant interviews were conducted with representatives from upazila social services, upazila health services, union parishad (union council), banks, microfinance institutions, vocational training institutes, NGOs, and the private sector.

Note: The Development Research Initiative conducted the mappings for the WA and DA programs. The Nielson Company conducted the mapping of ISPP.

The Development Research Initiative and the Nielson Company conducted market assessments to identify livelihoods that could be suitable for WA, DA, and ISPP beneficiaries (table C.2). The studies examined the economic viability and comparative benefits and risks of each livelihood option.

**Table C.2** Methodologies used to assess the market for livelihood opportunities for social safety net beneficiaries

Program	Geographic area	Methodology
Widowed, Deserted, and Destitute Women Allowance (WA) and Disability Allowance (DA)	<ul style="list-style-type: none"> <li>Gopalganj</li> <li>Khulna</li> <li>Kishoreganj</li> <li>Manikganj</li> <li>Natore</li> <li>Rajbari</li> </ul>	<ul style="list-style-type: none"> <li>12 participatory rural appraisals were conducted with 133 individuals (83 women and 50 men) who were either WA and DA beneficiaries or community members.</li> <li>48 key informant interviews were conducted with microfinance institution representatives, market operators, community leaders, and owners of local enterprises.</li> </ul>
Income Support Program for the Poorest (ISPP)	<ul style="list-style-type: none"> <li>Mymensingh</li> <li>Kurigram</li> </ul>	<ul style="list-style-type: none"> <li>60 focus group discussions were conducted with market actors and women's groups.</li> <li>18 key informant interviews were conducted with trade leaders, district agriculture and livestock officers, and key personnel from the Divisional Bangladesh Small and Cottage Industries Corporation.</li> </ul>

Note: The Development Research Initiative conducted the mappings for the WA and DA programs. The Nielson Company conducted the mapping of ISPP.

# Notes



## Notes

1. The government's Finance Division typically includes civil service pensions as part of its estimate for social protection programs.
2. The focus on nets rather than "ladders" is also evident in the Finance Division's list of programs by program type. Spending on "social protection" has been about five times as much as expenditure on "social empowerment."
3. Most households receiving DA or ISPP support have a male household head. Among WA households, 47 percent have a male household head.
4. Nomura and Adhikari (2017) review this literature, which includes Heckman, Stixrud, and Urzua (2006); Cunningham, Torrado, and Sarzosa (2016); Acosta, Muller, and Sarzosa (2015); Ajwad and others (2014); and Glewwe, Huang, and Park (2013).
5. The age distribution of WA beneficiaries sample is skewed toward older women. Only 15 percent of the sample is below the age of 45, limiting the beneficiary-specific age-cohort analysis that could be conducted.

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### **The Partnership for Economic Inclusion (PEI)**

is a global partnership with a mission to support the adoption of national economic inclusion programs that increase the earnings and assets of extremely poor and vulnerable households. PEI brings together global stakeholders to catalyze country-level innovation, advance innovation and learning, and share global knowledge. PEI is hosted by the Social Protection and Jobs Global Practice of the World Bank.



**In Practice**