Micro Savings, Poverty Reduction and Economic Empowerment: Evidence from 'Amar Bari Amar Khamar' Project

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Objectives and Scope of the Study

- **Main Objective:**
  - ➢ To assess the economic and social impact, and in particular, to explore whether and to what extent the lives and the livelihoods of the member households have improved.

- **Specific Objectives:**
  - ➢ To assess the contribution of the project to poverty reduction.
  - ➢ To see to what extent the project has contributed to establishing home-based agricultural farm among the member households.
  - ➢ To assess whether and to what extent the economic activities have been facilitated due to the project.
  - ➢ To assess to what extent the fund that has been created based on the Micro-Savings Philosophy has contributed to enhancing the welfare of the project members;
  - ➢ To assess to what extent the project has contributed to the financial inclusion of the poor people in the country;
  - ➢ To assess to what extent the Palli Sanchay Bank has been able to deliver financial services to the project members.

- **Scope of the Study**

To achieve the objectives, the study intends to investigate into the following areas by comparing the situation before and after the implementation of the project:

➢ Savings and credit behavior of project members

➢ Fund utilization

➢ Establishing home-based agricultural farm

➢ New economic activities created due to involvement in the project

➢ Employment generation, especially in the self-employed activities

➢ Health, nutritional and educational status of family members

➢ Female participation, decision making, and mobility

➢ Contribution to poverty reduction

➢ Institutional strengthening and capacity

➢ Role of the Bank created to serve the poor members

About the ABAK Project

- Amar Bari Amar Khamar Project started its journey back in 2009 across the country.

- To provide an institutional structure of the activities carried out under the project, a Bank, named as the Palli Sanchay Bank, has been created.

- The Bank is expected to accommodate all the activities carried out under the project and provide financial services to the project members on a permanent basis.

- The project members are also expected to become the shareholders of the Bank.

- The entire project is based on the "Micro-Savings Philosophy" of the Honorable Prime Minister, and it is designed in such a way that the poor people can benefit from it and overcome the poverty situation.

- The project members are expected to accumulate savings, and then with matching contribution from Government, they can take loans from the accumulated fund.

- It is also expected that the project members will be able to establish home-based agricultural farm with support from the project.

Status of the Project as of June 2021	Number/Taka
Total number of VDOs established	1,20,325
Total number of member households	56,77,000
Total savings accumulated by the members	BDT 2,086 crore
Total fund accumulated for the VDOs	BDT 7,609 crore
Total number of family farms established	33,63,000
Cumulative investment in the rural economy	BDT 11,079 crore
Number of members received skills development training	2,84,000
Number of members receiving digital financial services	56,70,000
Source: Rural Development and Cooperatives Division (2021).	

Methodology

- The study considers the following methodology:

  - Used the mix-method approach.

  - Reviewed of relevant literature and project-related reports and documents.

  - Performed the descriptive analysis of quantitative data.

  - Analyzed the quantitative data using the regression-based methods (Linear, Logit, PSM!!).

  - Carried out the 'content analysis' of the qualitative data collected through qualitative methods.

  - Carrying out case studies of some selected households to illustrate the impact cases.

Sample Size and Sampling Distribution

- Considering 95% confidence level, 1.5% level of significance, 5% design effect, and 5% non-response, we have come up with the sample size of 4,696 for the study.

- ABAK project covers all the upazilas, districts and divisions of the country (492 upazilas of 64 Districts and 8 divisions); so it was expected to take sample from all over the country to make it representative.

- Taking this into consideration, we have used a m*ulti-stage and stratified random sampling technique* as follows:

  ➢ In the first stage, we have taken all the 8 divisions into consideration.

  ➢ Then, a total of 16 districts were selected randomly from 8 divisions - 3 districts each from Dhaka and Chittagong, 2 districts each from Rangpur, Rajshahi, Khulna and Barishal, and 1 district each from Sylhet and Mymensingh (considering the beneficiary coverage of ABAK project by division).

  ➢ From each of the selected districts, we have chosen 2 upazilas again randomly. Hence, a total of 32 upazilas were selected.

  ➢ Then, from each of the selected upazilas, we have selected 3 villages – 1 each from very old, old and new VDOs. Hence, a total of 96 villages were selected.

  ➢ In each of the selected villages, we carried out the census with some selected indicators (that were used to select the beneficiary) to have an understanding of who are the project beneficiary, and who qualifies but not presently the member of the project.

  ➢ Finally, from each of the selected villages, we have selected 50 households randomly using the census information - 30 beneficiary households and 20 comparison households – to match with the estimated sample size.

  ➢ Hence, a total of 4800 households – 2,880 beneficiary and 1,920 comparison households were chosen for the survey.

Comparing the Project and the Comparison Households

- The male-female ratio is almost similar both in the project and the comparison households (project households: 1.10, comparison households: 1.04).

- The average age of the household head is 31 years for the project households, and 30 years for the comparison households.

- The years of schooling of the head of the project household is similar to that of comparison household. Majority of them completed their primary level education.

- Almost 97 % of the households in both the project and the comparison groups have regular source of income.

- Major occupational engagement of the household heads are business (small and medium), salaried job, agricultural and non-agricultural labor.

- Therefore, it can be said that both the groups of the households are homogeneous enough to assess the project benefit for the beneficiary households with reference to the comparison households.

Findings and Interpretation (access and use of project inputs)

Information Regarding Participation:

Duration of participation in the project (years)	6.55
Average number of participating members per household in the project	1.18
Household knew about the formation of VDO (%)	81.9%
Average savings per household in the VDOs	9,297
Averaging matching grant from the government	4,484
Deposited money in the VDO regularly (% of households)	75.8%
Currently deposits money regularly in the VDO (%)	45.7%

Information Regarding Loan (Taken from VDO):

Took loan from VDO (%)	90.1
Average number of times loan taken by the households	2.901
When (how many months ago) the household took the last loan	15.7
Average amount of last loan taken	36,492
Rate of interest of last loan taken	8.0%
Full repayment of last loan (%)	21.6%
Proportion of households able to pay the loan installments in due time (%)	67.2%
Proportion of households sold asset to repay the loan (%)	4.2%
Received expected assistance from the project (%)	73.7%
Households acknowledged the contribution of the project to improve financial condition of the household (%)	78.7%

Source: BIDS Primary survey on ABAK project.

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Utilization of Loan Taken by the Households:

Areas of Utilization		% of Households
Purchase of land		3.0
Mortgage/leasing in of land		6.2
Purchase of cattle		15.4
Purchase of other productive assets		3.5
Investment in business		26.7
Construction/renovation of houses		11.0
For son-daughters' marriage		2.0
Sending son/daughter abroad		1.6
For education of children		3.5
For medical treatment		4.6
To meet regular family expenses		19.6
Others		3.1
Total		100.0

Satisfaction Regarding Some Aspects of Loan Disbursement:

Aspects of loan disbursements	Highly Satisfied (%)	Moderately satisfied (%)	Neither satisfied nor dissatisfied (%)	Dissatisfied (%)	Highly Dissatisfied (%)
Loan disbursement decision	44.9	40.4	8.0	5.7	1.1
Conditions of loan	42.4	44.0	0.4	2.8	0.6
Loan distribution	35.5	46.1	12.1	5.5	0.9
Loan repayment	41.7	42.7	9.9	4.5	1.2

Source: BIDS Primary survey on ABAK project.

Information Regarding Income Generating Activities

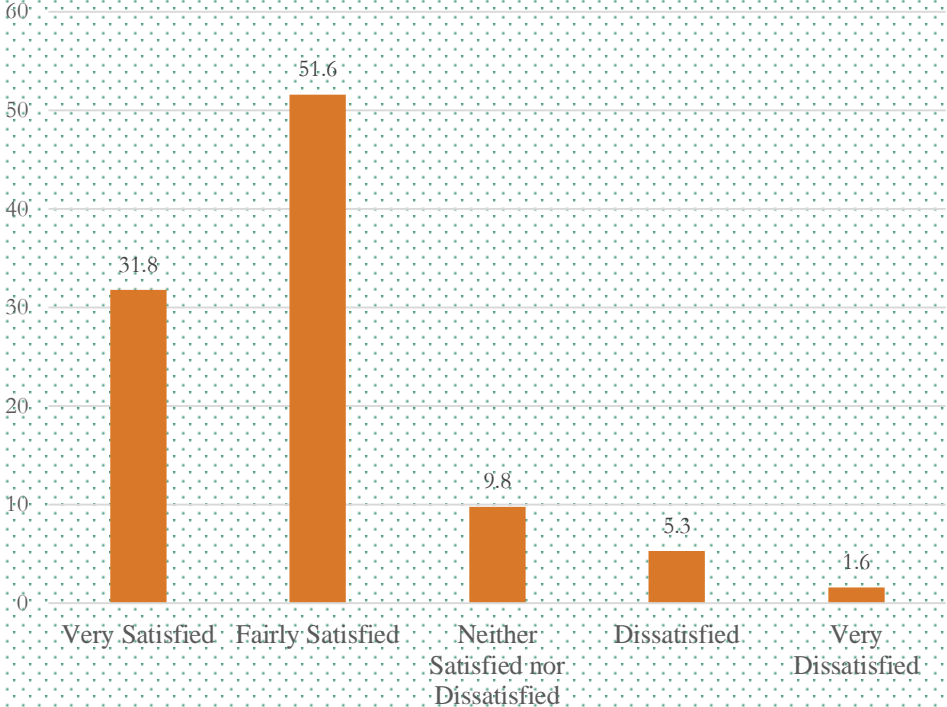|	
Proportion of the beneficiary households started IGA with the help of the project (%)	50.3%
Proportion of the households continuing IGA that started with the help of the project (%)	84.7%
Initial amount invested for the IGA (average)	71,060
Estimated total investment for the IGA (average)	1,75,801
Average monthly income from the IGA (BDT)	10,791

Benefit Received from the IGAs

Level of benefit received		% of Households
Greatly benefited		20.0
Somewhat benefited		58.7
Not benefited		7.9
Losses incurred		4.5
Others		8.9
Total		100.0

Source: BIDS Primary survey on ABAK project.

Level of Satisfaction Regarding the Project

Very Satisfied	31.8
Fairly Satisfied	51.6
Neither Satisfied nor Dissatisfied	9.8
Dissatisfied	5.3
Very Dissatisfied	1.6

Households' Evaluation (Perception) Regarding the Project
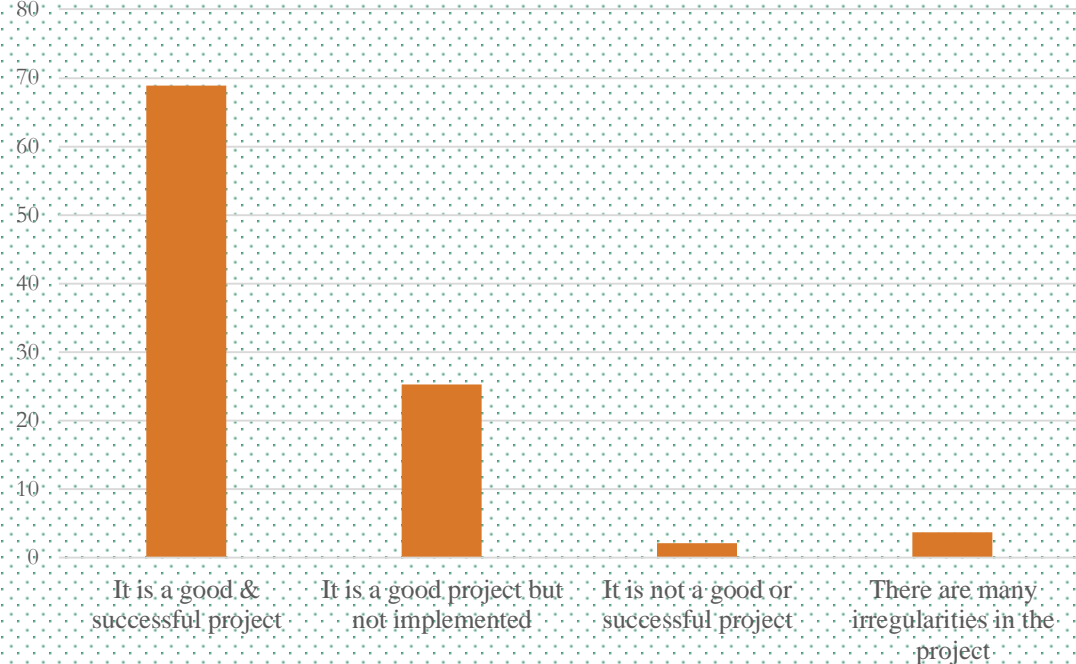
Source: BIDS Primary survey on ABAK project.

Findings and Interpretation (Project vs. Comparison Households)

Average Monthly Household Income

Description	Project Household	Comparison Household	Mean difference (p value)
Average Income	22,012 (17359.20)	17,082 (12421.17)	4930.11*** (0.000)
Average Consumption	16,248 (18013.20)	13,309 (7307.58)	2938.62*** (0.000)

Poverty Status of the Households

Poverty Category	Project Household (N, %)	Comparison Household (N, %)	Chi 2 (p value)
Extreme Poor	24.51	31.93	
Moderate Poor	17.88	19.69	52.94*** (0.000)
Vulnerable Non-poor	39.62	36.15	
Non-poor	17.99	12.24	

Source: BIDS Primary survey on ABAK project.

Major Employment/Sources of Income

Major Emp/Sources of Income	Project	Comparison
Self-Employed	26.76	19.63
Casual Wage	22.42	37.11
Salaried Income	11.67	10.59
Transfer Receipts	3.38	3.67
Remittance (Domestic)	1.71	1.72
Remittance (Foreign)	7.91	6.64
Farm Income	21.46	14.84
Income from Financial Investment	0.59	0.44
Other Income	4.09	5.36
Total Household income	100.00	100.00

Households' Savings Behavior

Description	Project Household	Comparison Household	Chi²/Mean difference (p-value)
Have some saving at this moment (%)	95.3	76.5	372.97*** (0.000)
Average amount of savings	56611	44541	12070*** (0.0078)

Source: BIDS Primary survey on ABAK project.

Impact of the Project: A Multi-Variate Analysis

- The study aims to assess the impact of ABAK project on its beneficiary households, and it has been attempted here using some selected outcome as well as explanatory variables. The outcome indicators included household income, asset ownership, savings, poverty, and households' ability to cope with crisis, household expenditure, and household food expenditure.

- We have applied two types of regression models here to have a better understanding of project impact on economic wellbeing of the beneficiary households. One is simple regression model, and another one is logit model based on the nature of the variables.

- Seven regression models have been estimated to analyze the impact of the project.

- Among the explanatory/independent variables, the major one is 'whether the household participated in the project or not', and then we have other controls.

- We have not yet been able to apply the Propensity Score Matching (PSM) technique, which will be done as soon as possible to arrive at a more robust conclusion regarding the project impact.

Effect of Program Participation (**Regression Results**)

Model	Dependent Variables	Independent Variable (Program participation; yes=1)	Marginal Effect
1	Household income	0.122*** (0.017)	-
2	Household asset	0.188*** (0.051)	-
3	Household poverty status (poor=1)	-0.335*** (0.119)	-0.070*** (0.025)
4	Households' ability to cope with crisis (yes=1)	0.008 (0.202)	0.002 (0.038)
5	Households' savings (yes=1)	2.024*** (0.195)	0.197*** (0.017)
6	Per-capita expenditure	0.100*** (0.017)	-
7	Per-capita food expenditure	0.069*** (0.015)	-

Note: Standard error in parentheses; *** p<0.01, ** p<0.05, * p<0.1, Other controls include gender of household head, household size, years of schooling of household head, have regular income, have savings, faced crisis or shocks in the last 10 years, average value of loan, suffered major diseases, etc.
Source: BIDS Primary survey on ABAK project.

Challenges Faced by the Project

- Confusion about the project at the beginning – started as an asset transfer project – members thought that they will receive assets (cattle, house repairing materials, poultry-birds, etc.) free of cost.

- As a consequence, non-deserving members, especially the influential and/or their close ones joined the VDOs also and received the assets distributed initially.

- Beneficiary selection process was not robust – it was not done based on any objective criteria – no quantitative data was collected about the potential members – no baseline data is, therefore, available about the beneficiary and the other households on the village.

- Beneficiary selection was done through meetings organized with the villagers at the village level – there were, however, some criteria that were used in selecting the beneficiaries including poverty status, land holding, priority on women, etc.

- It came through several changes overtime and expanded throughout the country – huge coverage.

- The project had the potential to contribute more if had been implemented properly.

Summary and Conclusion

- The project was based on a new concept of micro savings and matching grant.

- Despite several challenges, results show that the project has contributed significantly to the wellbeing of the beneficiary households.

- While targeting was not perfect, a large majority of the poor households were included in the project.

- The project contributed significantly to increase in income, asset accumulation, poverty reduction, willingness to save, crisis coping, etc.

- Majority of the beneficiary households are satisfied with the outcome of the project.

- However, the project could have contributed more if implemented properly.

- The very idea of "home-based farming" is still far from reaching its desired level.

- Sustainability of the project needs to looked into through evaluating the performance of the Palli Sanchay Bank as the project has been taken over by the bank.

- Poverty focused project of this kind is still relevant, especially after Covid, and given the fact that there are significant spatial and social inequalities in poverty in the country.

Thank you for your attention!!