



## Key points

- The poorest households in Bangladesh face challenges in exploring agriculture as a route out of poverty
- Measures to boost productivity address some of these barriers, but many require social protection support
- With such support, households can become productive, but those with specific disadvantages need tailor-made packages of protection and promotion

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## Extreme poverty in Bangladesh: Protecting and promoting rural livelihoods

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**T**his paper examines evidence on the links between social protection and agricultural growth in Bangladesh by synthesising existing impact evaluations from four programmes in the country.

This analysis is carried out against a framework of protection, prevention, promotion and voice. Elements of protection enable households to meet their basic needs and include cash and in-kind transfers. It can reduce seasonal hunger, known as *monga* in Bangladesh. Prevention aims to break vicious cycles that trap households during shocks and stresses – preventing, for example, sales of productive assets following a drought or flood, or to pay for major family events. Such negative coping strategies can undermine future productivity and livelihood. Promotion, through cash transfers that can be invested in production, or transferring productive assets, can boost incomes and improve livelihoods. More widely, giving people a greater voice can give them access to institutions (such as markets) and information from which they were previously excluded.

### Defining social protection and agricultural growth

Social protection encompasses a set of publicly-mandated actions – state or private – that address risk, vulnerability and chronic poverty. Social protection aims to prevent adverse events, mitigate their impact, or enhance the capacity of poor people to cope. The vulnerability of households can also be addressed in a transformative manner through, for example, the promotion of collective action for workers' rights, or via support to farmers' organisations.

We distinguish between core social protection interventions (such as asset transfers, income transfers and public works) and com-

plementary interventions (such as micro-credit services, social development and skills training, and market enterprise programmes).

Agricultural growth is critical for rural poverty reduction. Even the poorest, if cultivators, can benefit from reduced risks in farming and increases in agricultural productivity. Where they are labourers, they benefit from jobs created by agricultural growth. Its multiplier effects stimulate growth and job creation in other sectors. Growth in the agricultural sector can be socially protecting, improving food supplies.

We studied four programmes that combine social protection and complementary interventions: Challenging the Frontiers of Poverty Reduction programme (CFPR) of the Bangladesh Rural Advancement Committee (BRAC); the Chars Livelihoods Programme (CLP); PKSF's Programmed Initiative for the Eradication of Monga (PRIME), and the Vulnerable Group Development programme (VGD) (See Box 1).

### Shocks, stresses and risk

Risk is conventionally seen as the likelihood of an adverse event from an external source, such as an earthquake or credit crunch. However, not all adverse events come from outside, nor are they all shocks. Disability and sudden illness, for example, come from within a household and are better termed 'stresses'. Old age and such events as weddings are part of family life-cycles, and are largely predictable stresses. Risk can be classified in various ways. It can be idiosyncratic or covariate (large areas affected by one phenomenon such as drought); it can be acute (such as an epidemic) or chronic (such as the degeneration of resource productivity under increasing population pressure).

Vulnerability is the likelihood of being harmed by an adverse event. It is linked to the

## Box 1: Four programmes

**The BRAC programme:** Challenging the Frontiers of Poverty Reduction (CFPR) transfers productive assets worth 8,000 to 13,000 Taka to the poorest households in northern Bangladesh. It provides intensive training and support in managing these assets and a daily stipend until income is generated from the assets (approximately 300 Taka per month). Other support includes subsidised health and legal services; the provision of water and sanitation; and the development of supportive community networks via Village Poverty Reduction Committees.

**The Chars Livelihoods Programme (CLP)** provides the poorest households in the island Chars (low lying flood- and erosion-prone areas in northern Bangladesh) with income generating assets (worth approximately 13,000 Taka). It provides livelihoods intervention support including a monthly stipend for 18 months (worth approximately 300 Taka per month); infrastructure development; social development training; seasonal cash-for-work and safety nets; and promotes enterprise to facilitate growth in agricultural and non-farm sectors.

**The Vulnerable Group Development programme (VGD)** is a national programme that integrates food security and nutrition for poor households in food insecure areas into development and income generating activities. The programme transfers monthly food rations for two years and a package of services that includes life skills and income generating skills training (Ahmed et al., 2007). The programme also links beneficiaries to micro-credit service providers.

**The Programmed Initiatives for Monga Eradication (PRIME)** is implemented by PKSF (Palli Karma-Sahayak Foundation) a micro-finance institution, in northern Bangladesh. It provides cash-for-work employment opportunities for one monga season; emergency credit for households slightly higher up the income ladder; consumption loans; remittance services; and specially designed flexible credit support throughout the year. It also builds and enhances beneficiaries' coping capacity, skills and resources for the future (Kabir and Haque, 2007).

capacity of individuals or households to prevent, mitigate or cope with such events, and is often high among households headed by females, children or the elderly, and/or that have high dependency ratios. Vulnerability is also influenced by location, the ownership of assets, and access to resources that are not individually owned. Shocks and stresses in Bangladesh are commonly classified as:

- Physical: often in areas prone to natural disasters such as floods or cyclones;
- Economic: caused by such factors as indebtedness and low or unreliable income. Seasonality of income adds to vulnerability, because it can lead to indebtedness and household instability (e.g. migration);
- Social: linked to, for example, gender inequality and lack of social capital and/or networks.

## Poverty and social protection in Bangladesh

Recent economic growth in Bangladesh has not led to a major fall in poverty, least of all in rural areas. Around 40% of people live in poverty, with 25% of those classified by government as 'extreme poor' and rarely able to take advantage of the productive opportunities emerging from economic growth.

A number of social protection interventions from the government and NGOs provide safety nets for the poorest households. These provide either long-term assistance to those unable to work (such

as the elderly receiving pensions), or a 'step' for poor households to overcome the initial barriers to productive activities (e.g. the Vulnerable Group Development programme).

## Limitations to livelihood enhancement through agriculture

Because of their vulnerability to various risks, the poorest in Bangladesh face limitations in exploring the potential of agriculture to enhance their livelihoods. These are: 1) actual and perceived risk to investing in new, possibly more remunerative, agricultural technologies and activities; 2) vulnerability to shocks and stresses and limited ability to mitigate or cope with these; 3) lack of access to capital and labour supply; and 4) limited access to information and voice to address exclusion. Social protection can ease these constraints through protection, prevention, promotion and voice and the instruments to reach these objectives often overlap.

## Questions and evidence

Using the protection, prevention, promotion and voice framework, we examine the impact of the programmes on the constraints faced by poor households in enhancing their livelihoods. We examine the links between social protection and growth at the household and market levels, asking the following questions. At household level, do the programmes: 1) reduce risk by protecting assets and household consumption/income; 2) prevent distress sales of assets and other negative coping strategies; 3) promote investment in livelihoods and productive assets; and 4) increase voice and access to information? At market level, can programmes: 1) increase demand for locally produced food; 2) reduce the need to engage in volatile labour markets; and 3) improve access to better wage labour?

Answers are available to most of our questions at household level (See Table 1). At market level however, a second phase of work is underway.

**Reducing risk through the transfer of assets.** Transferring assets to households may increase household risk as a result of asset ownership. In one programme, many goats and sheep died from disease. In another, crops failed. However, if assets are coupled with supporting interventions to reduce risk (such as vaccinations and skills training) households can build asset bases and diversify income sources. This means they are better placed to reduce risks, and to attempt more remunerative activities. CFPR finds that the new sources of income are not yet enough to displace the usual sources of income, but there is evidence that households are diversifying their activities (Rabbani et al., 2006).

Obtaining credit is potentially risky, and unpopular among the extreme poor. Households that use micro-credit tend to have certain characteristics, such as above average social and human capital,

and major assets before joining the programme. Having a second income, particularly from a male earner, is a key characteristic.

**Increasing resilience to shocks and stresses.** Domestic and productive environments are intimately linked, and household resilience to shocks

and stresses needs enhancing in both at the same time. Preventing negative coping strategies can help households keep their productive assets. Evidence from CLP shows that a seasonal safety net such as cash-for-work during monga reduces negative coping strategies. For example, households employed

**Table 1: Social protection impacts on agricultural growth**

Programme approaches	1. Reducing risk	2. Increasing resilience to shocks and stresses	3. Overcoming capital and labour constraints	4. Improving access to information and overcoming exclusion
<b>CORE SOCIAL PROTECTION INTERVENTIONS</b>				
<b>Protection measures</b>				
Food transfers	Provides immediate consumption	Protects income and consumption	Frees up women's time to earn income; sustains / improves household food consumption and intra-household equality in food allocation	
Stipends	Provides immediate consumption – household can cover immediate consumption needs and expenditure for assets	Protects income and consumption and protects assets	Frees up women's time to earn income; sustain / improve household food consumption;	Intra-household decision-making unclear (women's control over income and expenditure)
Village Committees	Aims to protect members' productive assets			Build social capital and social inclusion
<b>Prevention measures</b>				
Cash-for-work in monga	Household can rely on secure income for that season, reducing the need to sell labour in advance, take loans or migrate	Reduces need for negative coping strategies that erode livelihood capacities	Protects asset base	
Free health		Reduces expenditure on health emergencies and other negative strategies that may be used to cope with costs	Improves labour productivity	Overcomes exclusion from services
Plinth raising (to provide physical protection against flooding)	Secures homestead and assets; provides employment during monga	Secures homestead and assets		
<b>Promotion measures</b>				
Asset transfer	Risk may increase due to ownership of certain assets but also enables household to risk more remunerative activities and spread risk across activities	Builds asset base and livelihoods improving household resilience and reducing number and severity of negative coping strategies	Women self-employment through income generating activities (IGAs); multiplier effects of transfer; re-investment in other IGAs; priorities to buy land	Increased social status and social capital
Savings	May help to spread risk	Informal savings may be used more for dealing with emergencies	Savings used to invest in IGAs and running costs of asset transfers	
<b>COMPLEMENTARY PROGRAMME COMPONENTS</b>				
Social development			Improved health and nutrition	Improved knowledge of rights etc.
IGA training	Enable understanding of risk and how to deal with it		Improved knowledge on productive IGAs and how to build asset base	Improved knowledge and information on IGAs and markets
Access to credit	Risk may increase if household cannot pay back loans, but also enables household to risk more remunerative activities and spread risk across activities	Provides buffer/coping strategy	Enables purchase of capital such as assets, inputs, leasing of land	Previously excluded household now able to access financial services
Market enterprise	Protects assets (e.g. vaccination services)		Facilitates productive asset base and better remuneration for products	Institutional/programme support in inputs and outputs markets

in the public works programmes made fewer distress sales of assets, and fewer of these were productive assets (Conroy, 2008). The programme is only implemented once in each area, with households expected to build up alternative sources of income to cope with this predictable seasonal hardship.

Other shocks, such as ill health, are unpredictable but common events that exacerbate poverty. There is little evidence from the programmes on resilience to unpredictable shocks, but there are suggestions that households feel they cope better with increased asset bases and savings.

**Promoting investment in livelihoods and productive assets by overcoming capital and labour constraints.** Evidence from CLP and CFPR demonstrates that combining protection activities, such as cash stipends, with promotion activities, such as asset transfers, has increased the productive asset base for many households (Rabbani et al., 2006; Scott et al., 2007). Evidence from VGD shows that access to micro-credit has also improved the productive asset base (Ahmed et al. 2007). However, this requires a combination of good programme design and certain household characteristics, including the availability of a second male income earner. Labour availability is seen as critical to increased productivity, but many households are labour constrained. CLP and CFPR have tried to overcome this by increasing the productivity of income-generating activities (IGAs). Evidence from CFPR suggests that households can improve productivity through IGAs without increasing labour supply (Sulaiman and Matin 2006), but we need to know more about the impact of IGAs on wages and labour market activity. Once programme support finishes, single female headed households may still find it harder to expand their asset base than those with second male income earners. Meeting basic needs or health costs may remain difficult for some households, which remain trapped in a vicious cycle. Getting the balance right between protection and promotion is crucial.

**Improving voice and access to information.** The poor are often excluded from markets in remote areas, undermining their economic activities. Increasing information and voice can address exclusion at household, community and national level.

There is some evidence that social relations are changing, but they remain complex. Some households report being treated with more respect as a result of improved economic status through asset transfers. They may also have improved their social capital through networks with local livestock officers or the village committees developed by CFPR.

Market enterprise interventions linking households to markets try to overcome information and access barriers. CLP is piloting market enterprise programmes to improve access for the products of individuals and collectives to local markets. Many women are, however, only able to access markets through male relatives, and female-headed households may face constraints and discrimination (such as paying higher prices for inputs or selling at lower prices) when the programme support ends.

## Conclusions

Evidence from the case studies in Bangladesh demonstrates positive interactions between social protection and agricultural growth at household level.

Core social protection components, combining protection, prevention and promotion seem to reduce the four constraints faced by poor households engaging in productive activities. These components alone, however, will not increase agricultural productivity. What is needed is a synergy of well implemented agricultural support and social protection interventions.

It is vital to get the balance right. Some households are increasing their asset bases and diversifying their income sources, but others may need more protection and prevention, rather than promotion in the early stages.

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