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EVALUATING THE LONG-TERM IMPACT OF ANTI-POVERTY INTERVENTIONS IN RURAL BANGLADESH

THE LONG-TERM IMPACT OF DEVELOPMENT INTERVENTIONS IN RURAL BANGLADESH

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This series of notes summarizes findings of a project entitled “What development interventions work?” undertaken by researchers from the Chronic Poverty Research Centre, the International Food Policy Research Institute, and Data Analysis and Technical Assistance Ltd. As part of a larger longitudinal study that resurveyed 1,907 households and 102 villages in 14 of Bangladesh’s 64 districts, the project focused on assessing the long-term impacts of a number of anti-poverty interventions—specifically, microfinance, agricultural technology, and educational transfers—on a range of monetary and nonmonetary measures of well-being. This note focuses on the long-term effects of the development interventions in the context of the life trajectories of people in rural Bangladesh, using findings from 293 life-history interviews and an accompanying set of focus group discussions conducted in 2007. It is hoped that these results will facilitate policymakers, donors, and other stakeholders in effectively evaluating different interventions, thereby contributing to the design of future anti-poverty programs in South Asia.

OVERVIEW

Development interventions have varying impacts on the lives of poor people, but accurately assessing their effects and forming a balanced view of overall patterns—especially over the long term—is quite a challenge. The aim of this component of the project was to complement the quantitative analysis of the long-term impact of development interventions with qualitative analysis, drawing from participants’ perspectives and exploring the causal mechanisms observed to have contributed to improvement or decline in people’s life circumstances. Table 1 summarizes the study’s findings of the reported causes of improved and declining circumstances. Subsequent sections summarize the study’s evaluation of the significance of each of the three types of interventions in contributing to those circumstances.

BACKGROUND AND METHODOLOGY

This component of the overall study used a variety of methods to address the challenge of assessing the long-term impact of development interventions. It is useful to recognize that causation can be explored in diverse ways across both qualitative and quantitative methods. This idea is important in poverty dynamics studies because they focus not only on trends—that is, observing movements into or out of poverty—but also on understanding why movements take place, in order to make informed decisions about what can be done in policy terms to support causes of improvement and protect against causes of decline.

In all, 293 life-history interviews were conducted in 161 households in 16 villages and 8 districts selected such that they represented a range of geographic and agricultural conditions typical of rural Bangladesh. In general, two household members were interviewed—usually one man and one woman—which allowed immediate cross-checking and gave both a gendered perspective and an alternative view of household dynamics. The interviews did not intentionally focus on any particular development interventions, but rather aimed to produce, as accurately as possible, the participant’s perspective on his or her life trajectory, the causes behind improvement or decline in well-being, and how life might have been had the events that emerged—whether positive or negative—had not occurred. A variety of data resulted, including life histories, fieldwork diaries, notes from focus groups, village histories, diagrams of life histories and community and village histories, audio and video recordings, and photographs. For a more detailed description of the methodologies employed, see the IFPRI discussion paper on which this note is based.

Table 1. Summary of main reported causes of improvement and decline in people’s lives

Causes of improvement	Life histories		Causes of decline	Life histories	
	Number citing this as a main cause	Share citing this as a main cause (%)		Number citing this as a main cause	Share citing this as a main cause (%)
Business	135	46	Illness and injury	220	75
Land assets	113	39	Dowry and marriage	114	39
Livestock	80	27	Death of a family member	97	33
Sons and daughters working	71	24	Household and property division	63	22
Agriculture and fish farming	69	24	Theft or cheating	59	20
Help from family or inheritance	65	22	Litigation	56	19
Day labor	53	18	Floods, cyclones, or storms	49	17
Microfinance	52	18	Crop damage	42	14
Benefits from all official programs	49	17	Violence, conflict, or physical insecurity	41	14
Loans (including from neighbors and relatives)	47	16	Family or village disputes	29	10
Salaried work	42	14	Death or illness of livestock	28	10
Dowry receipt or favorable marriage	34	12	Disability	27	9
Household or property division	25	9	Unemployment or low income	26	9
Educational transfers	22	8	Business loss	25	9
Domestic labor migration	21	7	Sale or mortgage of land or house	25	9
House	12	4	Debt	21	7
Irrigation	11	4	Supernatural causes and superstition	20	7
United family	10	3	Divorce and abandonment	19	6
Assets and savings	8	3	Migration	19	6
Education and training	8	3	Extortion, corruption, and harassment	17	6
Women’s employment	7	2	Lack of food	12	4
International labor migration	5	2	Education and other expenses on children	11	4
NGO nonloan benefits	5	2	Fire	10	3

RESULTS

The Significance of Microfinance

The life histories show that the most frequently cited sources of improvement in people’s lives were small business activities, landholdings, livestock, the support of family members, agriculture and fish farming, and day labor (see Box 1 for an example of a life-history diagram). For many of these activities, microfinance appeared to be important in helping people raise capital to start businesses, access land, buy livestock, and cover cultivation costs. In many ways, microfinance—in particular, microcredit—has become part of the financial environment of rural families in Bangladesh, thus introducing a challenge for the determination of causation. If, for example, a household’s fortunes are improved by the production of milk from a cow purchased with the aid of a microfinance loan, then should the improvement be attributed to livestock or to microfinance? Now that most families in rural Bangladesh can access microfinance and the removal of microfinance services seems unlikely, these services can be seen much more as part of the financial environment—similar to the presence of a functioning livestock market—and less of a development intervention.

The research did suggest that for many people, involvement in microfinance programs had a substantial positive impact on their lives, with 18 percent of all study participants reporting that microfinance had been one or more of the three or four most-important sources of improvement in their lives. In addition,

55 percent of the life histories contained accounts of microfinance being used in income-generating activities (Table 2). The contribution the interventions made to participants’ lives depended on their own circumstances. For example, when participants were able to use microcredit to establish successful income-generating activities, they were able to benefit and improve their lives. However, if projects failed, or if credit was used to cope with crises rather than to generate income, participation was less likely to contribute to an improving life trajectory; in some cases, it even contributed to decline.

A significant number of people (37 percent of all study participants) used microcredit in times of distress to cope with crises, such as to finance dowries, wedding expenses, and medical care, as well as paying off other debts (Table 2). It seems that the now widespread availability of nongovernmental organization (NGO)–based microcredit, combined with a limited set of other options for coping with crises, may be producing unintentional outcomes in rural Bangladesh. Many NGOs still report that their microcredit is used almost entirely for income-generating activities, but this statement appears to be misleading. Our research suggests that a significant proportion of microcredit is used to maintain consumption or to cope with crises.

A significant number of participants (50 cases or 17 percent) also reported that they deliberately avoided NGO loans, microfinance in general, or NGOs altogether. In addition, 26 participants (9 percent) reported harm associated with microfinance. Participants who stated that they did not want to be involved with

Table 2. Summary of main results relating to microfinance

Type of activity	Life histories	
	Number	Share (%)
a. 55 percent of life histories (160) reported using microfinance for production or investment		
Crop cultivation and production	43	15
House repairs or improvement	43	15
Small trading, processing shop, or business	38	13
Land purchase or lease	36	12
Livestock production (poultry, goats, cattle, horses)	35	12
Own savings and lending to others	29	10
Rickshaw, bicycle, or van <i>gari</i> purchase	23	8
Purchase of agricultural machines	8	3
Mobile phone business	6	2
b. 37 percent of life histories (107) reported using microfinance to maintain consumption or cope during crises		
Marriage and dowry	41	14
Illness, injury, or death	35	12
Food or living expenses	31	11
Repaying other loans	22	8
Court cases, jail, bribes, or litigation	8	3
Flood or storm damage	8	3
Education costs	7	2

NGO microfinance explained that repaying installments each week was inconvenient for them, that they were worried about their reputation should they be unable to repay installments, or that the NGOs had a reputation for being inflexible with repayments, which put them off. A small number of participants reported that male household members did not want their wives or mothers talking to unknown men or leaving home to participate in meetings.

The Significance of Educational Transfers

The term “educational transfers” collectively refers to programs that encourage school attendance by providing cash or food transfers to families under a range of conditions (for more information, see the complementary note in this series on educational transfers by Bob Baulch). Study participants generally viewed educational transfers positively in their life-history interviews (Table 3). Although the monetary values were low, the funds were appreciated—especially by the poorest families—and were often used to pay for children’s clothing, books, and supplies to attend school. Twenty-nine percent of the study participants reported that receipt of educational transfers had a positive impact; however, only 8 percent reported that the transfers had contributed to one or more of the three or four most-important sources of improvement in their lives. The benefits were seen as particularly helpful for low-income families, in which there were often pressures to withdraw children from school in order to meet immediate needs or to arrange marriages for girls.

Compared with other contributors of improvement in people’s lives, the impact of educational transfers was limited by the relatively low monetary value of the benefits received,

Table 3. Summary of main results relating to educational transfers

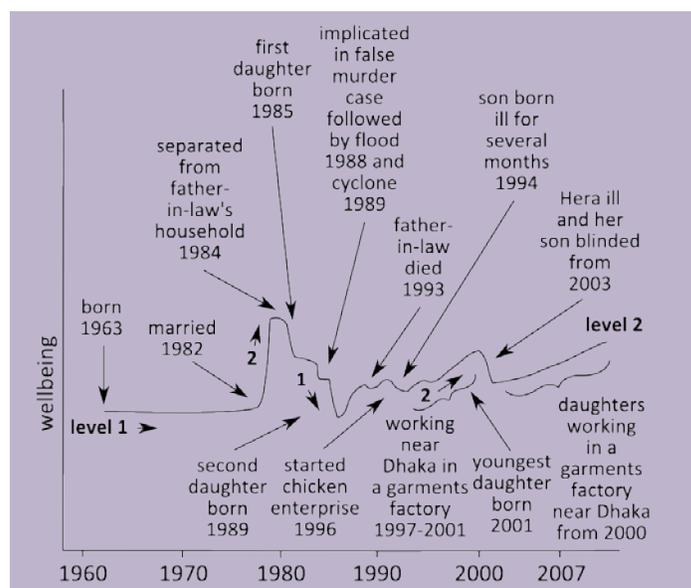
Benefits	Life histories	
	Number	Share (%)
Educational transfers as a help overall	85	29
Nonspecified general help	65	22
Help with education expenses and equipment	23	8
Educational transfers as a main cause of life improvement	22	8
Help with food	18	6
Help with clothing costs	11	4
Corruption or irregularities	5	2

although a small number of participants reported that their children may have had to withdraw from school without the benefits. The educational transfer programs were not without problems and irregularities, however, including participants reporting that full benefits were withheld from them and used for nonlegitimate purposes, such as supplementing teacher’s salaries, or that one benefit was sometimes shared between two families by the local administrators of the program.

The Significance of Agricultural Technologies

While 24 percent of the life-history participants saw agriculture or fish farming in general as a main cause of well-being improvement, references to the three specific agricultural technology interventions (a vegetable production project, a group-based fish production project, and an individual owner-based fish production project) were sparse in the life-history interviews, with no references to the NGO-implemented improved vegetable program in Manikganj District. One respondent in Kishoreganj District and one respondent in Mymensingh District cited the specific fish production project as making a main contribution to well-being improvement. In Jessore, two respondents reported benefits gained

Box 1. Example of a life-history diagram: Hera, a 45 year-old woman from Manikganj District



from participation in the group fish polyculture program, but neither of these saw this program as a main contributor to well-being improvement. However, there were positive references to other programs implemented by this NGO (Banchte Shekha), including its microfinance and handicrafts programs. It was also noted that in the Jessore area, a number of participants had not received or paid dowries when children were married, and that this practice was linked to the Banchte Shekha's antidowry stance.

The lack of the long-term impact of the specific agricultural technology projects is not surprising, given prior assessments confirming that, although there were beneficial impacts from all of the programs studied, their overall long-term economic impacts were marginal compared with other sources of household income (for more information, see the complementary note in this series on agricultural technologies by Kumar and Quisumbing).

It also seems that the life-history approach was limited in that it did not deliberately direct interviews toward a particular program. Instead, participants determined the main causes of improvement or decline in their lives, many of which overshadowed the perceived impacts of the agricultural technology interventions. As a result, our approach did not benefit from a more focused evaluation of the agricultural technology programs.

CONCLUDING REMARKS

The life histories compiled under this study indicate that the uptake of a more diverse range of microfinance products, beyond microcredit, is making a positive impact on many rural households, with savings, pensions, and insurance services playing an increasing role in the number of poor people who are attempting to improve their lives. Nevertheless, there were also examples of

a number of unscrupulous purveyors of these products, who had stolen the savings of poor families. In 8 of 293 life-history cases in this study, NGO workers had stolen money from study participants, causing hardship and distress. This finding highlights the need for effective protection of users of services where deposits for savings, insurance, or pensions are taken. Further, the finding that a significant proportion of microcredit is used to maintain consumption or cope with crises suggests that this issue should be more widely recognized to allow better-informed debate on the need for more effective forms of social protection that do not leave distressed households in avoidable debt or allow credit-providing organizations to profit from poor people's distress.

FURTHER READING: Davis, P., *Discussions among the poor: Exploring poverty dynamics with focus groups in Bangladesh*, CPRC Working Paper 73 (Manchester, U.K.: Chronic Poverty Research Centre, 2007); Davis, P., and B. Baulch, *Parallel realities: Exploring poverty dynamics using mixed methods in rural Bangladesh*, CPRC Working Paper 142 (Manchester, U.K.: Chronic Poverty Research Centre, 2009); Davis, P., and B. Baulch, *Casting the net wide and deep: Lessons learned in a mixed methods study of poverty dynamics in rural Bangladesh*, CPRC Working Paper No. 155 (Manchester, U.K.: Chronic Poverty Research Centre, 2010); Hallman, K., D. Lewis, and S. Begum, "Assessing the impact of vegetable and fishpond technologies on poverty in rural Bangladesh," In *Agricultural research, livelihoods, and poverty: Studies of economic and social impacts in six countries*, M. Adato and R. Meinzen-Dick, eds. (Baltimore: Johns Hopkins University Press, 2007); Zeller, M., H. Sharma, A. Ahmed, and S. Rashid, *Group-based financial institutions for the rural poor in Bangladesh*, IFPRI Research Report 120 (Washington, D.C.: International Food Policy Research Institute, 2001).

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