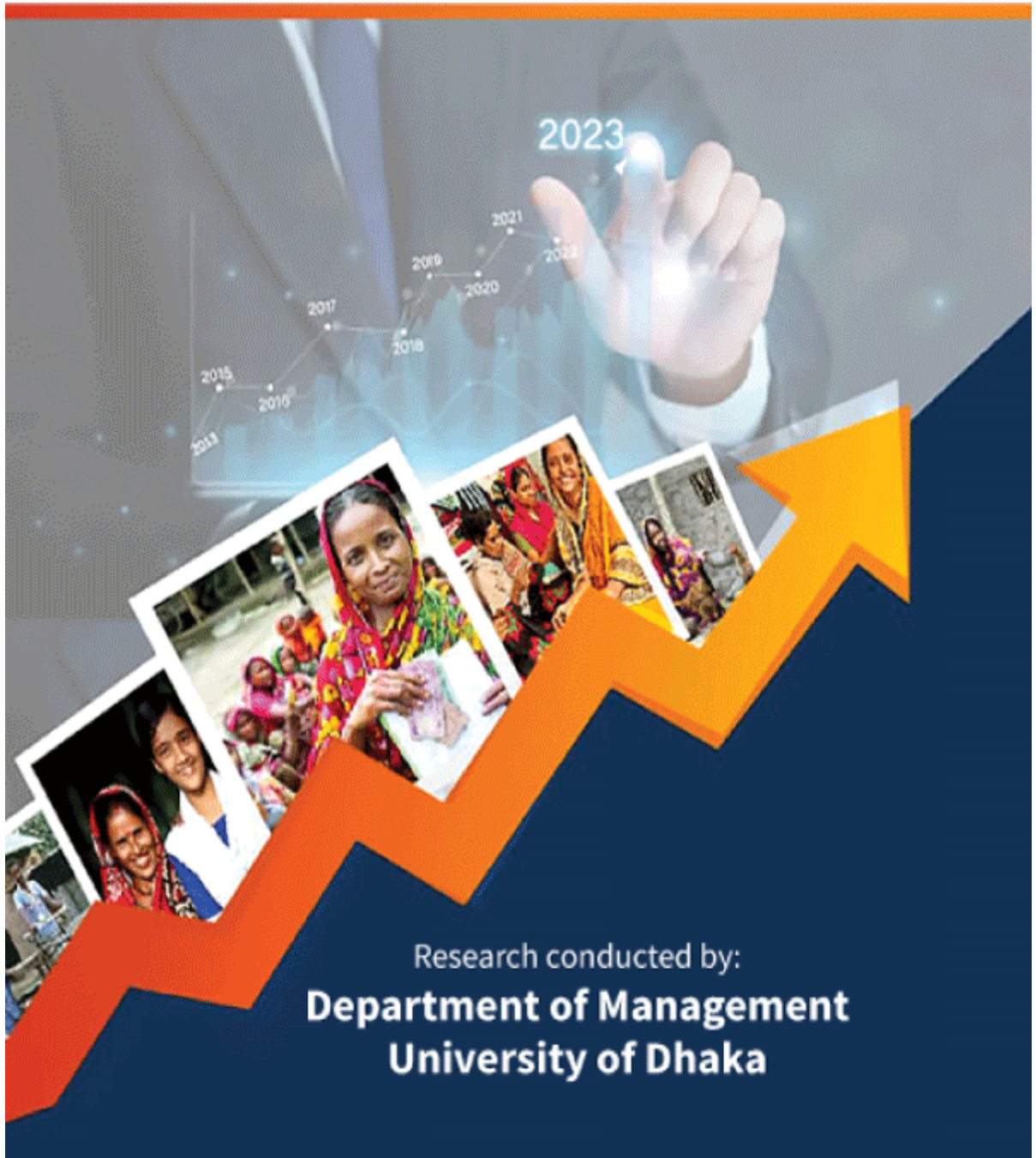




## The Role of MFIs in Borrowers Graduation: Bangladesh Perspective



Research conducted by:  
**Department of Management**  
**University of Dhaka**

# The Role of MFIs in Borrowers Graduation: Bangladesh Perspectives

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**Editorial and Business Address**

Department of Management  
Faculty of Business Studies  
University of Dhaka  
Dhaka 1000, Bangladesh  
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## List of Abbreviations

BFI	Bank Financial Institutions
BDT	Bangladeshi Taka
BRDB	Bangladesh Rural Development Board
BURO	Basic Unit for Resources and Opportunities of Bangladesh
CFPR / TUP	Challenging the Frontiers of Poverty Reduction: Targeting the Ultra Poor
CSP	Centre for Social Protection
DPS	Deposit Plus Scheme
FGD	Focus Group Discussion
FY	Fiscal Year
IJM	International Journal of Management
KII	Key Informant Interviews
MFI	Micro Finance Institution
MRA	Microfinance Regulatory Authority
NGO	Non-governmental organization
PKSF	Palli Karma Sahayak Foundation
SHG	Self-help-groups
SME	Small and medium-sized enterprises
TUP	Targeting the Ultra-Poor

## Table of Contents

Acknowledgements.....	XI
Executive Summary.....	XII
Chapter 1: Introduction.....	1
1.1. Introduction and Project Background.....	1
1.2 History of Microfinance and its Role in Socio-Economic Development .....	2
1.3 Socio-Economic Graduation: Government and Non-Government Initiatives .....	4
1.4 Objective of the study.....	8
1.5 Scope of the Study.....	9
Chapter 2: Data and Methodology.....	10
2.1 Data Collection.....	11
2.1.1 Primary Data Collection.....	11
2.1.2 Survey Details .....	11
2.2 Sampling.....	11
2.3 KII (Key Informants Interview) .....	13
2.4 FGD (Focus Group Discussions).....	13
2.5 Case Study.....	14
2.6 Secondary data .....	15
2.7 Data Analysis.....	15
Chapter 3: Borrower’s demographic and socioeconomic profile.....	16
3.1 Borrower's Demographic and Socio-Economic Conditions .....	16
3.1.1 Gender.....	17
3.1.2 Age .....	17
3.1.3 Marital Status .....	17
3.1.4 Number of Children .....	18
3.1.5 Educational Qualification.....	18
3.1.6 Family Members .....	19
3.1.7 Head of the Family.....	19
3.1.8 Employment.....	20
3.1.9 Smartphone and Access to Government Information.....	20
3.2 Borrowers’ Engagement with MFIs.....	21

3.2.1 Amount of Loans.....	21
3.2.2 Use of Loans .....	21
3.2.3 Repayment of Loans .....	22
3.2.4 Government Support .....	22
3.2.5 Infrastructural Development .....	23
3.2.6 Access to Primary Healthcare .....	23
3.3 Poverty and Vulnerability Status of Borrowers .....	24
3.3.1 Major Economic Shocks and Natural Disasters Encountered .....	24
3.3.2 Natural Disasters Encountered .....	24
3.3.3 Micro Insurance and Crop Insurance .....	24
Chapter 4: Social and Infrastructural Development.....	25
4.1 Background .....	25
4.2 Social and Infrastructural Development .....	27
4.2.1 Large Infrastructural Development .....	27
4.2.2 Availability of Local Markets.....	28
4.2.3 Government Support .....	28
4.2.4 Social Safety Net Program .....	30
4.2.5 Training on financial literacy and management .....	30
4.2.6 Access to primary healthcare services.....	31
4.2.7 Access to pure drinking water and sanitary toilet.....	31
4.2.8 Insurance coverage.....	32
4.2.9 Smartphone and access to government information.....	33
4.2.10 Are you using mobile financial services? .....	33
Chapter 5: Introduction to Economic Graduation .....	35
5.1 BRAC Graduation Model.....	36
5.1.1 Components of the BRAC Graduation Model .....	36
5.2 IFAD Graduation Model.....	37
5.3 PKSF Graduation Model .....	38
5.4 CGAP Graduation Model .....	39
Chapter 6: Sustainable Socio-economic Graduation: A Pathway for Sustainable Development ....	39
6.1 Socioeconomic graduation and the theory of change .....	40

6.2 Sustainable socio-economic graduation model .....	41
6.3 Sustainable Socioeconomic Graduation Criteria .....	42
6.4 Role of MFIs in borrowers' socioeconomic graduation .....	45
6.5 A comparative scenario of borrowers' socioeconomic graduation .....	46
6.5.1 Food-related Indicators .....	46
6.5.1.1 The number of meals per day .....	47
6.5.1.2 The number of nutritious meals per day .....	47
6.5.1.3 The number of sub-standard meals per day .....	47
6.5.1.4 Reserve for staple food .....	47
6.5.1.5 Graduation scenario in food consumption .....	48
6.5.2 Income Capacity .....	49
6.5.3 Consumption Expenditure .....	50
6.5.4 Savings .....	52
6.5.5 Ownership of Durable Assets .....	53
6.5.6 Ownership of Productive Assets .....	55
6.5.7 Development of SME .....	57
6.5.8 Access to Banking Institutions .....	58
6.5.9 Access to education for children .....	60
6.5.10 Social Security .....	61
6.5.11 Social Empowerment .....	63
6.5.12 Sustainable socio-economic graduation: A summary .....	64
Chapter 7: Socioeconomic graduation in Char, Haor, and Hill Tracts areas .....	68
7.1 Introduction .....	68
7.2 Socioeconomic Graduation Indicators .....	70
7.2.1 Food-related Indicators .....	70
7.2.2 Income Capacity .....	71
7.2.3 Consumption Expenditure .....	73
7.2.4 Savings .....	74
7.2.5 Ownership of Assets .....	77
7.2.6 Access to Banking Financial Institutions .....	78
7.2.7 Extent of Subsidy and Support .....	80

Chapter 8: Microfinance and Women Empowerment in Bangladesh .....	83
8.1 Microfinance and Women Empowerment in Bangladesh.....	83
8.2 Savings .....	84
8.3 Ownership of Assets .....	85
8.4 Feelings of Empowerment.....	85
8.5 Sense of Security .....	86
8.6 Education Opportunities for Next Generation.....	87
Chapter 9: Case Studies .....	89
9.1 Case Study 1: Swapna Rani Das.....	89
9.2 Case Study 2: Muhammad Bakhtizer Ali .....	91
9.3 Case Study 3: Riazul .....	93
9.4 Case Study 4: Monowara.....	94
9.5 Cross Case Analysis .....	95
Chapter 10: Recommendations and Conclusions.....	96
10.1. Recommendations .....	96
10.2 Conclusions .....	97
References .....	97
Appendices .....	103
Appendix 1: Survey Questionnaire .....	103
Appendix 2: KII Checklist for MFI practitioners: .....	107
Appendix 3: KII participants .....	107
Appendix 4: FGD Checklist .....	108
Appendix 5: Participants List of FGD 1 (Clients) .....	108
Appendix 6: Participants List of FGD 2.....	109

## List of Figures

Figure 1: MRA licensed MFIs at a Glance .....	2
Figure 2: Different types of microfinance institutions in Bangladesh .....	3
Figure 3: Microfinance Sector, FY 2021-2022 .....	3
Figure 4: The trend of MRA licensed MFIs' activities from 2016 to 2022.....	4
Figure 5: Performance of MRA approved MFIs from 2018 to 2022 .....	7
Figure 6: Performance of Grameen Bank from 2018 to 2022.....	7
Figure 7: Performance of Different Government Agencies and Programs from 2018 to 2022.....	8
Figure 8: Performance of Banks (microfinance sector) from 2018 to 2022 .....	8
Figure 9: Large infrastructural development within 10 years .....	27
Figure 10: During the last 10 years, respondents have received different government support for money, consumption, education, health services, and relief goods.....	29
Figure 11 Training on Financial Literacy and Management .....	31
Figure 12: Access to primary healthcare services .....	31
Figure 13: Insurance Coverage .....	33
Figure 14: Subjective judgement of borrower's income capacity.....	50
Figure 15 A subjective judgement on consumption expenditure .....	52
Figure 16 A subjective judgement on savings.....	53
Figure 17 A subjective judgement on the ownership of durable assets.....	55
Figure 18 A subjective judgement on the ownership of productive assets.....	57
Figure 19 A subjective judgement on the accessibility to banking institutions.....	60

## List of Tables

Table 1: Research Planning Matrix .....	10
Table 2: Area and Number of Targeted Borrowers .....	12
Table 3 FGD (Focus Group Discussions) .....	13
Table 4: Format of the Case Study.....	14
Table 5: List of the Cases.....	14
Table 6 Gender of Respondents .....	17
Table 7 Age Group of Respondents .....	17
Table 8 Marital Status of Respondents .....	17
Table 9 Number of Children of Respondents.....	18
Table 10 Educational Qualification of Respondents .....	18
Table 11 Family Members of Respondents.....	19
Table 12 Head of the Family of Respondents .....	19
Table 13 Employment of Respondents .....	20
Table 14 Smartphone and Access to Government Information.....	20
Table 15 Amount of Loans of Respondents .....	21
Table 16 Use of Loans of Respondents.....	21
Table 17 Repayment of Loans .....	22
Table 18 Government Support .....	22
Table 19 Infrastructural Development .....	23
Table 20 Access to Primary Healthcare .....	23
Table 21 Major Economic Shocks and Natural Disasters Encountered .....	24
Table 22 Natural Disasters Encountered.....	24
Table 23 Micro Insurance and Crop Insurance .....	24
Table 24: Availability of Local Market .....	28
Table 25: Government Support.....	28
Table 26: Social Safety Net Programs .....	30
Table 27: Access to Pure Drinking Water and Sanitary Toilet .....	32
Table 28: Access to Sanitary Toilet.....	32
Table 29: Smartphone and Access to Government Information.....	33
Table 30: Are You Using Mobile Financial Services? .....	34
Table 31 Overall Scenario of Food Consumption of Respondents .....	45
Table 32: Food Consumption Indicators.....	46
Table 33: Graduation Scenario in Food Consumption.....	48
Table 34: Subjective Assessment on the Improvement in Food Consumption Over 10 years.....	48
Table 35 Comparison of income indicators over 10 years .....	49
Table 36 Comparison of Consumption Expenditures Over 10 years .....	51
Table 37 Comparison of Savings Over 10 years.....	52
Table 38 Comparison of Ownership of Durable Assets Over 10 years.....	54
Table 39 Comparison of Ownership of Productive Assets Over 10 years .....	55
Table 40 Comparison of Business Maturity Over 10 years .....	57
Table 41 Comparison of Access to Banking Institutions Over 10 years .....	58

Table 42 Comparison of Access to Education for Children Over 10 years.....	60
Table 43 Comparison of Social Security Over 10 years .....	62
Table 44 Comparison of Social Empowerment Over 10 years .....	63
Table 45 Graduation Scenario of MFI Clients who were Below the Poverty Line Before 10 years .....	65
Table 46 Graduation Scenario of MFI Clients who were Above Poverty Line Before 10 years ....	65
Table 47 Food Consumption Scenarios in Char, Haor, and Hill Tracts .....	70
Table 48 Income Capacity in Char, Haor, and Hill Tracts .....	72
Table 49 Consumption Expenditure in Char, Haor, and Hill Tracts.....	73
Table 50 Savings in Char, Haor, and Hill Tracts.....	75
Table 51 Ownership of Assets in Char, Haor, and Hill Tracts.....	77
Table 52 Access to Banking Financial Institutions in Char, Haor, and Hill Tracts .....	79
Table 53 Extent of Subsidy and Support in Char, Haor, and Hill Tracts.....	81
Table 54: Global Gender Gap Index 2023 of Bangladesh in 2023 and 2022 .....	83
Table 55: Savings of the Female Borrowers .....	84
Table 56: Ownership of Assets .....	85
Table 57: Participation in the Family and Social Issues.....	85
Table 58: Sense of Security.....	86
Table 59: Education Opportunities .....	87
Table 60 Profile of Swapna Rani Das .....	89
Table 61 Profile of Muhammad Bakhtizer Ali .....	91
Table 62 Profile of Riazul .....	93
Table 63 Profile of Monowara .....	94

## **Acknowledgements**

Department of Management, Faculty of Business Studies of the University of Dhaka, signed an agreement with the Microcredit Regulator Authority (MRA) to conduct this study on “The Role of MFIs in Borrower Graduation: Bangladesh Perspective.” The core objective of the study is to explore the client's graduation in terms of poverty reduction, transforming bank clients from MFI clients, and ME clients from micro clients. The MRA initiated this study to evaluate the results of MFIs carried out in different business groups to learn about the changes that occurred in the socioeconomic conditions of participants as a result of projects and initiatives. We gratefully acknowledge the MRA's initiative to launch this important study. In particular, the cooperation of Mr. Md. Fashiullah, Executive Vice-chairman of MRA, and support from the officers and staff at the various phases of this study demands special appreciation. We strongly believe that the MRA would continue to conduct this kind of study to make more authentic and longitudinal evidence of MFI client graduation available.

In the various phases of this report, we conducted several FGDs, KIIs, and consultations with PKSF, BRAC, BURO, RSS, and many other MFIs. All MFIs and the concerned officials provided us with tremendous support and shared their valuable opinions, which has enriched the quality of the report. We have tried to accommodate their views in various parts of the reports. The authors sincerely appreciate and acknowledge their contribution.

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## **Executive Summary**

Microfinance is a crucial support system for low-income households, providing both immediate and enduring financial assistance alongside fringe empowerment services. This comprehensive approach does not only provide credit but also fuels holistic advancements in housing, education, health, and individual empowerment. Ultimately, its impact extends to alleviating poverty, stimulating economic growth, and ensuring sustainable development. The Microcredit Regulatory Authority (MRA), established under the Microcredit Regulatory Authority Act of 2006, aimed to ensure transparency and accountability in microfinance efforts to alleviate poverty and enhance financial inclusion. With over a decade in operation, the MRA seeks to investigate the impact of microfinance on borrowers' economic and social graduation. This study endeavors to investigate the role of Microfinance Institutions (MFIs) in facilitating borrower graduation, examining opportunities, challenges, current procedures, and proposing recommendations for sustainable borrower graduation in Bangladesh. To serve the purpose, this study conducted a nationwide survey among active MFI clients in Bangladesh utilizing loans for a minimum of 10 years. By emphasizing clients from distinct regions such as Char, Haor, and Hill tracts and comparing them with mainstream borrowers, the research evaluates and compares the socioeconomic advancements achieved over a decade in the special regions. The study specifically focuses on measuring graduation in selected criteria, encompassing income capacity, food consumption, progression from micro to medium enterprises, diversification of income sources, and access to Bank Financial Institutions (BFI).

This study used a multistage sampling procedure to collect data from all over the country. In the first stage, the country is divided into 8 divisions: Dhaka, Chattogram, Rajshahi, Khulna, Rangpur, Barisal, Sylhet, and Mymensingh. In the second stage, one district was selected from each division purposively to ensure proper representation of the whole division following the convenience sampling method. In the third stage, two upazilas were chosen from each district following the convenience sampling method, one from urban and one from rural areas. In this process, we finally collected data from 1613 respondents from areas of the city, rural, Char, Haor, and Hill tracts.

We primarily utilized descriptive statistics and cross-tabulation to assess the progression from the initial benchmark period, set at 10 years in this study. Additionally, we employed mean comparison tests to determine the statistical significance of this progression. Initially, we presented borrowers' advancements across various socioeconomic indicators. These indicators encompassed food security, income capacity, consumption expenditure, savings, asset ownership, skill development and financial management training, access to formal financial institutions, mobile financial services, multiple income sources, children's education, household structural resilience, access to sanitation and clean water, social

empowerment, and resilience against economic shocks and natural disasters. Then, we applied a sustainable socioeconomic graduation model to comprehensively evaluate the sustainability of borrowers' progress. Sustainable graduation criteria involved meeting major socioeconomic benchmarks and demonstrating resilience against economic and natural shocks over an extended period. This assessment was based on five criteria: monthly income, food consumption, ownership of productive assets for business initiation, multiple income sources, and access to formal financial institutions.

Regarding socioeconomic development during the last 10 years at the community level, about 80% respondents agree that there has been infrastructural development in their area, 78% of the respondents agree that they received monetary and non-monetary government support to some extent, about 53% of the respondents are included in some form of social safety net programs. Apart from government's direct interventional programs, most respondents agreed upon government initiative on primary healthcare, access to pure drinking water and sanitary toilet, and educational programs where non-government initiatives are also observed. In the rural development scenario, both government and non-government initiatives are observed in some aspects of social development like health, education, and shelter. Within the scope of this study, it is difficult to discern the contribution of MFIs in these areas, but MFIs contributions are found to be well recognized by the people.

At borrower level, this study has measured the role of MFIs in sustainable socioeconomic graduation over 10 years based on five indicators such as monthly income, food consumption, graduation from micro to SME, multiple sources of income, and access to banking financial institutions. The sustainable graduation criteria include having a monthly income of more than BDT16835, having three meals with at least one nutritious meal per day, graduating from medium enterprises, having multiple sources of income, and having an active bank account with formal banks. Clients who have graduated from the below graduation level are placed in the transitory domain if they fail to achieve the sustainability criteria. We have measured graduation scenario for two groups of clients: for those who were under the poverty line 10 years ago and the other for those above the poverty line 10 years ago. If the clients who met the graduation criteria 10 years ago at least continue to hold similar conditions, their graduation can be considered sustainable.

The graduation outcomes among MFI clients who were below the poverty line a decade ago demonstrate that 22.15% remained within that economic bracket, 39.88% progressed to a transitional stage, and 37.97% successfully attained sustainable graduation. In terms of food consumption, 14.74% persist below the graduation threshold, while 85.26% can afford three meals daily, meeting the sustainable benchmark of nutritious daily meals. Examining the transition from micro to medium enterprises, 41.59% operate below the

BDT100,000 capital benchmark, 55.65% fall within the transitional phase (between BDT100,000 and BDT500,000), and a mere 2.76% meet the sustainable criterion of over BDT500,000 in capital. Similarly, concerning multiple income sources, 32.64% remain below the graduation standard, while 67.34% sustainably exhibit multiple income streams. Finally, 68.82% of clients without access to formal financial institutions maintain their status, with only 31.8% meeting the criteria for active banking transactions, signifying graduation.

The situation among MFI clients who were above the poverty line a decade ago indicates that 14.39% of those slipped back, 31.28% remained unchanged, and 54.33% attained sustainable graduation. In terms of food consumption, 3.21% fell below the graduation threshold, while 96.79% can afford three meals a day, meeting the sustainable criterion of a nutritious daily meal. Analyzing the transition from micro to medium enterprises, 24.72% operate below the BDT100,000 capital benchmark, 54.97% lie within the transitional phase (between BDT100,000 and BDT500,000), and 20.31% meet the sustainable criterion of over BDT500,000 in capital. Similarly, concerning multiple income sources, 28.46% fall below the graduation standard, while 71.54% sustainably exhibit multiple income streams. Finally, 74.55% of clients remained below the graduation level, while 24.45% graduated sustainably in terms of banking transactions.

In summary, the analysis of socioeconomic graduation among MFI clients reveals varying degrees of progress and challenges observed over a decade. The study underscores commendable advancements in achieving sustainable graduation in income capacity, consumption of food, and advancement of business, including those who were initially below the poverty line. However, it also highlights enduring hurdles in ensuring consistent access to adequate nutrition, fostering business growth, and enhancing financial inclusion. Although these aspects remain challenging, a substantial number of MFI clients have graduated from the lower threshold and are in a transitional phase toward meeting sustainability criteria in the foreseeable future. Addressing these challenges through targeted efforts could notably contribute to a more comprehensive and enduring socioeconomic graduation of MFI clients.

# Chapter 1: Introduction

## 1.1. Introduction and Project Background

Microfinance aims to support low-income individuals and households by providing long-term and short-term financial assistance. Its significant benefits to low-income households stem from the provision of both financial and non-financial services. Through microfinance, individuals can secure loans for small businesses in a more accessible, relaxed, and ethical manner compared to traditional banking processes that often require physical guarantees (Breza, 2017; Crepon et al., 2015). This increased accessibility to funds, coupled with a range of essential services, encourages microfinance borrowers to effectively utilize the funds, thereby maximizing their benefits. Microfinance operations extend beyond the financial realm, focusing on borrowers' development in housing, education, health, and empowerment. In recent years, considerable attention has been directed towards discussing the role of MFIs in facilitating borrower graduation. Particularly in Bangladesh, where microfinance plays a crucial role in poverty alleviation and economic growth, there's a growing acknowledgment of MFIs' potential to help borrowers transition beyond microfinance, achieving broader economic and social goals. This project aims to investigate the role of MFIs in borrower graduation within a Bangladeshi context. Emphasis will be placed on understanding both the opportunities and obstacles faced by both MFIs and borrowers (Moradi et al., 2020; Towo et al., 2019; Alamgir, 2009).

Bangladesh has a long history of microfinance. BRAC, ASA, BURO, TMSS, UDDIPAN, and many other recognized MFIs now operate in Bangladesh. Across Bangladesh, numerous smaller MFIs have begun activities at the same time. Since the 1970s, microfinance in Bangladesh has expanded, and the country has become one of the most advanced in the world. MFIs in Bangladesh have developed innovative financial services and products to address different obstacles and attract clients. Bangladesh was in shambles after the independence war in 1971. Because the government that had just been established could not meet the demands, non-governmental organizations (NGOs) stepped in. Microfinance developed at that point as a tool to assist the poor in rising out of extreme poverty, and it has proven beneficial (Hassan, 2022; Al-Amin & Mamun, 2022; Ferdousi, 2015).

Under the Microcredit Regulatory Authority Act of 2006, the government established the MRA to shape an encouraging microfinance sector to alleviate poverty and broaden monetary inclusion by confirming transparency and accountability in the nation's microfinance initiatives. Since its inception, MRA has been working tirelessly for the overall development of the microfinance sector. MRA, Bangladesh's regulatory body of the microfinance sector, has issued 880 licenses to the eligible MFIs and canceled 141 due

to non-compliance issues up to 30 June 2022. In FY 2021-22, 739 MFIs provided microfinance services to 38.26 million people. During this period, the total loan outstanding and the total loan disbursement of these MFIs were BDT 1241.50 billion and BDT 1918.80 billion, respectively. In contrast, the total savings of these MFIs was BDT 496.24 billion. The ultimate objective of Microfinance is to alleviate the poverty of the civilization progressively. According to the supplied data from the microfinance sector in



**Figure 1: MRA licensed MFIs at a glance**

Bangladesh, microcredit, and microenterprise loans distributed in FY 2021-22 were BDT 2260.68 billion, and the number of members and borrowers was 66.44 million and 44.66 million, respectively. Among them, only MRA-licensed MFIs disbursed loans BDT 1918.80 billion, where the number of clients and borrowers was 38.26 million and 29.74 million, respectively. About 90% of clients of MRA-licensed MFIs are women, and MFIs clients cover 23% of the total population of Bangladesh (MRA's Annual Statistics, 2022).

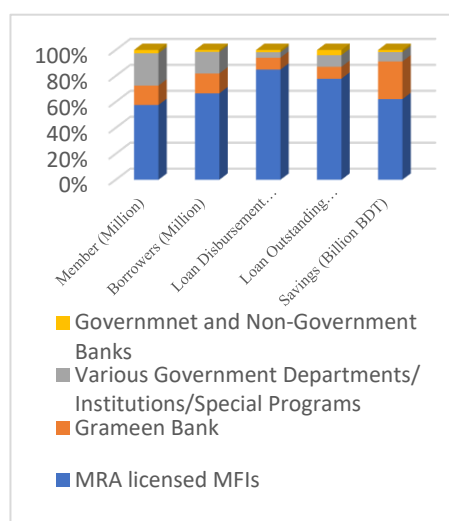
## 1.2 History of Microfinance and its Role in Socio-Economic Development

Microfinance is a long-standing concept. The history of microcredit is obscure. However, the Irish Loan Fund's documented history dates back a few centuries to the 1720s, when an Irishman named Jonathan Swift established it to provide financial assistance to unbanked groups to foster growth in the country's rural areas (Msuya et al., 2022; Hollis & Sweetman, 2001). Bangladeshi Nobel Peace Prize laureate Muhammad Yunus popularized the idea in the twenty-first century. Dr. Yunus founded one of Bangladesh's first large-scale MFIs, which became a global model. A number of the international variables that affected the development of microfinance in Bangladesh included the banking system, which was a remnant of the British colonial monetary system, and historical precedents of various kinds of community lending in other nations (Mia et al., 2019).

In the 1980s, many NGOs, including BRAC, began developing microfinance programs. Many microfinance institutions (MFIs) significantly expanded their microfinance operations during the 1990s. The pioneers of the Grameen Bank, or BRAC, began by focusing on poverty alleviation by making small loans to the poorest of the poor—rural women. Consequently, the microfinance approach has grown in popularity, drawing the initially intended population and assisting as a framework for growth for the nation's NGOs (Nawaz, 2015). The social assistance approach maintains that MFIs can be feasible even if they are not financially self-sufficient and that self-sufficiency should be avoided at all costs. Financial performance research would stymie innovation and alleviate poverty by diverting microfinance from its ideological foundation (Memon et al., 2020).



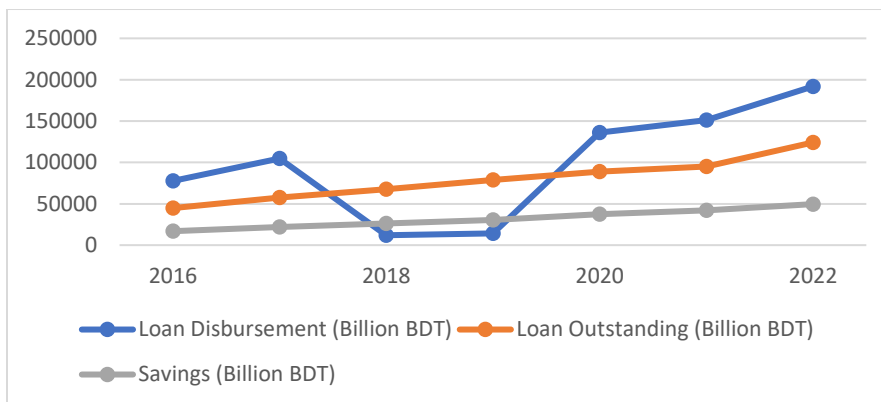
**Figure 2: Different types of microfinance institutions in Bangladesh**



**Figure 3: Microfinance Sector, FY 2021-2022**

Women's entrepreneurship has been recognized as an essential driver of economic development. They create new jobs for themselves and others while offering multiple managerial, managerial, and business approaches to society. Women's entrepreneurship improves the financial well-being of communities and families while eradicating poverty (Dekahle, 2016). Before the introduction of microfinance, Bengali women in rural regions had few opportunities to contribute to economic advancement. There is little doubt that more economic growth would have occurred in the past if women had been given a fair chance. According to Imai and Azam (2011) and Hassan & Islam (2019), microcredit providers of services, or microfinance organizations, have significantly contributed to

developing the borrowers' lifestyles in Bangladesh. According to existing laws, MRA is the only regulatory body for the microfinance sector in Bangladesh. However, Bangladesh's microfinance sector, particularly banks and certain government entities, is not governed by the Microcredit Regulatory Authority (MRA).



**Figure 4: The trend of MRA-licensed MFIs' activities since 2016 to 2022**

This sector currently involves MRA-licensed Microfinance Institutions (MFIs), Grameen Bank, Commercial Banks, and multiple government organizations, among others, who offered financial products and services to more than 66.447 million individuals across the nation in the fiscal year 2021-2022. These microfinance organizations provide credit, deposits, and a variety of social development initiatives that aid in poverty alleviation, micro-enterprise expansion, and job creation. These microfinance organizations have improved Bangladesh's overall economic integration status by bringing 40% of the nation's population under the umbrella of microfinance programs. Even though MRA-regulated MFIs account for the largest percentage of the overall microfinance industry, the contribution of other entities is noteworthy. (MRA's Annual Statistics, 2022).

### **1.3 Socio-Economic Graduation: Government and Non-Government Initiatives**

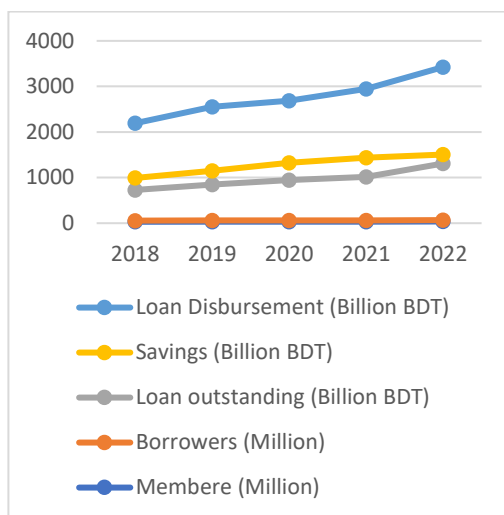
The global development agenda has taken two distinct approaches to lift individuals out of poverty. Social security and protection net initiatives are typically adapted nationally for the destitute. Second, microfinance and livelihood initiatives are designed for poor people who have the potential to participate in popular economic endeavors. Although there are numerous manifestations of successful poverty reduction through social protection and safety net initiatives (World Bank, 2012; Mathers and Slater, 2014; Samson, 2015), assessing the effectiveness of microfinance and other livelihoods initiatives that target economically active populations to get out of poverty is challenging because numerous attempts are sometimes combined.

There have been many studies on the impact of microfinance services on the socioeconomic development of borrowers and the community. According to Agbola et al. (2017), microfinance had a positive effect on poverty reduction and improved microfinance clients' living standards. They believed that this study would assist policymakers and researchers in promoting a strategy for effective microfinance implementation to sustain living standards and eradicate poverty. Mohapatra and Sahoo (2016) conducted this research to gain important insights into microfinance programs in two distinct agroecological contexts in India. Autonomy, economic independence, and gender relations are considered when calculating an index system of female empowerment. According to the research, the program has missed the most vulnerable people. On the other hand, it has been found that participating in microfinance significantly and favorably affects women's empowerment. Nawaz (2015) examined how microfinance affects various empowering constructs and their motivators. This paper focuses on economic and socio-cultural empowerment, in contrast to other recent studies that only address women's economic empowerment. This article argues that microfinance can transform women's economic status and power dynamics when used in conjunction with financial literacy. All potential microfinance initiatives should place a greater emphasis on financial literacy than on credit availability.

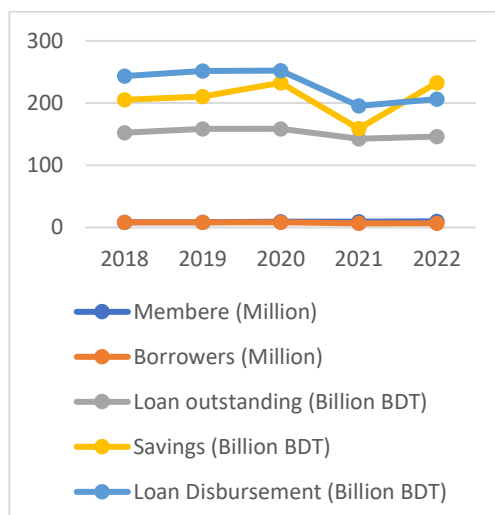
Another author, Selvaraj et al. (2015), concluded that giving women access to credit would lessen their dependence, improve their social and economic activities, and give them more power to assert themselves in domestic decision-making. Saroj & Singh (2015) studied the contributions of Self-Help Groups (SHGs) and microfinance to the socioeconomic empowerment of women. Hasbi (2015) evaluated that microfinance had a well-constructed and optimistic link to improving recipients' income and developing their lifestyles. This study, conducted by Samer et al. (2015), examined the effect of microfinance products or services on poverty reduction and socioeconomic development. This study examined the role of microfinance in steadily rising family income in Malaysia using a cross-sectional survey method. They discovered that microfinance played a positive and significant role in increasing Malaysian women's household income.

Islam & Natori (2014) discovered a positive impact of micro-finance, indicating that expanding microcredit helps reduce poverty, raise income levels, consumption, food, and clothing, keep people employed, and more. By Hossain (2012), it attempted to assess the social effect of BRAC's microfinance actions on the client's lifestyle. The conclusions revealed that the overall impact of microfinance maneuvers in the social sphere was constructive, though the extent of the influence on particular social features was different.

Microfinance's fundamental objective is to improve the socioeconomic condition of society eventually. According to data provided by the microfinance sector in Bangladesh, the total amount of microcredit and microenterprise loans disbursed in FY 2021-22 was BDT 2260.68 billion, with 66.44 million members and 44.66 million borrowers. Only MRA-licensed MFIs distributed loans totaling BDT 1918.80 billion, with 38.26 million clients and 29.74 million borrowers, respectively. Approximately 90% of MRA-licensed MFI clients are women, and MFI clients represent 23% of the nation's population. Grameen Bank issued loans totaling 206.57 billion BDT, different financial institutions have disbursed 39.78 billion BDT, Palli Sanchay Bank has disbursed 83.01 billion BDT, and BRDB has spent 12.8 billion BDT. This microcredit, particularly for microenterprises, directly impacts individuals as a form of working capital. General microcredit, ultra-poor loans, small-scale business loans, home loans, and various other kinds of loans are available in this industry. Other important microcredit programs in Bangladesh are Grameen Bank, with a disbursed loan of 206.57 billion BDT, various banks BDT 39.78 billion, Palli Sanchay Bank, BDT 83.01 billion, and BRDB BDT 12.8 billion. This microcredit, especially microenterprise, directly affects people as a benefit for the source of working capital. This sector has different types of loans, including general microcredit, ultra-poor loans, microenterprise loans, house loans, etc. According to data from the microfinance sector in Bangladesh, Government Departments/Directorates/Agencies had microcredit and microenterprise loans distributed in FY 2021-22 of BDT 95533.78 million, loans outstanding for BDT 142709.04 million, and savings of BDT 57041.3 million, respectively. According to bank data, microcredit and microenterprise loans disbursed in FY 2021–22 totaled BDT 39778.81 million, loan outstanding totaled 64531.75 million, and savings totaled 13309.60 million. In the last 7 years, the number of branches and employees of the MFIs grew by 45.29% and 68.97%, respectively. Members and borrowers also increased by 41.21% and 30.43%, respectively. In the same period, loan outstanding and loan disbursement showed an upward growth: 177.05% and 147.27%, respectively, whereas clients' savings rose by a hefty 193.56% (MRA's Annual Statistics, 2022).

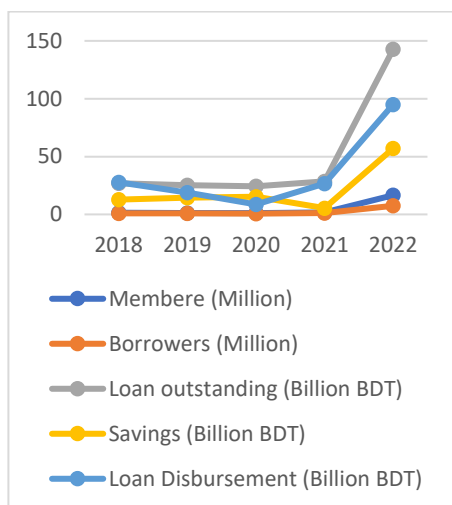


**Figure 5: Performance of MRA-licensed MFIs from 2018 to 2022**

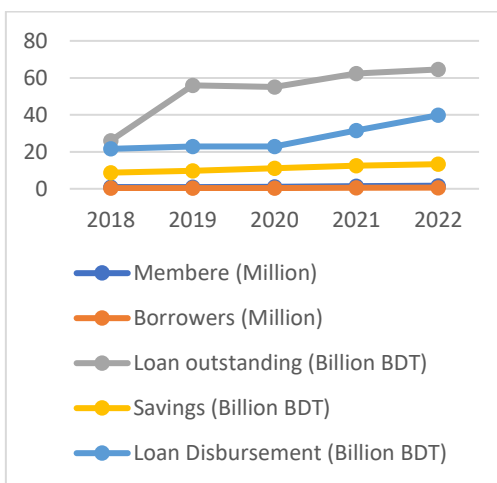


**Figure 6: Performance of Grameen Bank from 2018 to 2022**

MRA-licensed MFIs have contributed the lion's share of the whole microfinance sector. The market share of MFIs is 84.9% of the total loan disbursement in FY 2021–2022. Regarding actual savings and loans outstanding in the microfinance sector, MRA-licensed MFIs manage 62.1% and 77.9%, respectively. In the last five years, it has emerged clearly that every category shows continuous growth in numbers and amounts. In the case of loans outstanding and savings, it has almost doubled in the last five years. Grameen Bank continues to expand in all parameters compared to 2021 and 2022. The client number has grown steadily over the previous five years. Due to COVID-19, borrowers' numbers show a sharp decline of 21.3% in 2021, which is now in a recovery stage with a growth rate of 4.58%. The savings amount went up by 46.50%, standing at BDT 232.65 billion, by far the highest level of savings in Grameen Bank. So, 2022 shows a recovery plus a boost-up start in all parameters for Grameen Bank.



**Figure 7: Performance of Different Government Agencies and Programs from 2018 to 2022**



**Figure 8: Performance of Banks (microfinance sector) from 2018 to 2022**

Along with MFIs, Government Agencies and programs played a satisfactory role in the microfinance sector. Regarding the loan disbursement and loan outstanding, different Government Agencies and Programs share 4.2% and 8.9%, respectively. Among the agencies, the Bangladesh Rural Development Board, Palli Sanchay Bank, and Palli Daridro Bimochon Foundation are the top three performers in this field. The banking microfinance segment slowly enriched its loan outstanding volume and disbursement to marginalized people. This year, they have witnessed a growth of 3.44% in loans outstanding and 20.63% in loan disbursements. However, the banks' overall share in the microfinance sector remained at the marginal point, holding only 2.5% of members, 1.4% of borrowers, 1.8% of total disbursements, 4.0% of the loan outstanding, and 1.7% of the savings. The banking microfinance sector has gradually increased its loan outstanding amount and disbursement to the underserved. This year saw a 3.44% increase in loans outstanding and a 20.63% increase in loan disbursement. Banks' entire share of the microfinance industry maintained minor, with only 2.5% of members, 1.4% of borrowers, 1.8% of the total disbursement, 4.0% of loans outstanding, and 1.7% of savings accounts (MRA's Annual Statistics, 2022).

#### 1.4 Objective of the Study

This project was initiated to investigate the role of microfinance institutions (MFIs) in borrower graduation in Bangladesh. It also focuses on understanding the opportunities and challenges that MFIs and their clients face. The study investigates the MFIs' present procedures to ensure sustainable borrower graduation and identifies the challenges and

obstacles. Finally, it provides some recommendations to ensure sustainable borrower graduation in Bangladesh.

### **1.5 Scope of the Study**

The study was conducted among active clients of MFIs in Bangladesh who have been using loans for at least 10 years. We conducted a nationwide survey and compared clients' socioeconomic conditions over 10 years. We emphasized clients of particular regions like Char, Haor, and Hill tracts and compared them with mainstream MFI borrowers. We compared the client's improvement on selected graduation criteria over 10 years. The sustainable graduation criteria included income capacity, food consumption, graduation from micro to medium enterprises, multiple sources of income, and access to bank financial institutions (BFI).

## Chapter 2: Data and Methodology

This study used quantitative and qualitative methods to explore the socioeconomic graduation of the borrowers. The Research Planning Matrix is shown in the table below:

**Table 1: Research Planning Matrix**

<b>Research Objectives</b>	<b>Indicator (Variables)</b>	<b>Sources of Data</b>	<b>Data Collection Method</b>	<b>Who will collect the data?</b>
To identify the socioeconomic development indicators of the borrowers		Secondary data and Primary data FGD and KII Check List	Face to face interview with questionnaire, FGD and KII instruments	Trained data enumerator and Study team
To determine the rate of client graduation with the support of microfinance		Secondary data and Primary data Survey, FGD and KII Check List	Face to face interview with questionnaire, FGD and KII instruments	Trained data enumerator and Study team
To explore the socioeconomic graduation of the clients of the Micro Finance Institutions (MFIs)	<ul style="list-style-type: none"> <li>• Income</li> <li>• Expenditure</li> <li>• Savings</li> <li>• Living standard</li> <li>• Income generating activities</li> <li>• Own business</li> <li>• Assets for personal use/ household</li> <li>• Assets for business</li> <li>• Access to formal financial Institution (like bank clients from MFI clients; ME clients from micro clients)</li> <li>• Empowerment (major decision making)</li> <li>• Women's empowerment</li> <li>• Education</li> <li>• housing</li> <li>• Sanitation</li> <li>• Health</li> <li>• Social security/ social status</li> </ul>	Secondary data and Primary data Survey, FGD and KII Check List	Face to face interview with questionnaire, FGD and KII instruments	Trained data enumerator and Study team

## 2.1 Data Collection

### 2.1.1 Primary Data Collection

This study collected primary data from three sources. These are surveys, key informant interviews (KII), and focus group discussions (FGD).

### 2.1.2 Survey Details

The structured questionnaire was used with a set of questions on the demographic and socio-economic backgrounds of the respondents (Appendix 1). 5 sample questionnaires were pre-tested with the borrowers to check the usability and validity of the contents. Before that, the questionnaire was translated into Bangla. A training program was conducted for the data collectors. The training program included orientation of the research theme, explanations of borrowers' demographic features, and a field data collection process. In addition, the experts' opinions validated the questionnaire contents through the inception report dissemination program. Participants from MRA, BRAC, PKSF, ASA, Bangladesh Bank, NGO network organizations, academicians, and MFI experts were included in the inception program. Questions were approached to explore the impact of microfinance on their financial and social standing. The minimum *inclusion criteria* for the borrowers were set as follows:

- Active member of any MFI
- 10 years of minimum membership period
- Representations from all areas, including particular regions like Char, Haor and Hill tracks

## 2.2 Sampling

The required number of respondents for the whole country is calculated based on a standard statistical formula considering an acceptable margin of error (Cochran, 1977; Kish, 1995; Lohr, 1999; McLennan, 1999). The estimation aims to find an appropriate sample size that will allow us to predict outcomes for the entire population accurately. Since the population size is fixed, we calculate the sample size using the following way:

$$n = \frac{N}{1 + N(e^2)}$$

n = Essential Sample Size, N Population (here N= 29,740,033), e<sup>2</sup> = at a 95% confidence level, the maximum allowable error square is 5%.

### From the calculation, n= 385 (Essential Sample Size)

It means 385 or more measurements/surveys are needed to have a confidence level of 95% that the real value is within ±5% of the measured/surveyed value. 385 is the minimum number of necessary samples to meet the desired statistical constraints. We considered the

design effect and have decided to take **1600 samples or more** to allow the researchers a smaller margin of error.

This comprehensive study used a multi-stage data collection procedure to collect data from borrowers all over the country. In the *first stage*, the country was divided into eight divisions such as Dhaka, Chittagong, Rajshahi, Khulna, Rangpur, Barisal, Sylhet, and Mymensingh. In the *second stage*, one district was selected from each division; two upazilas were chosen from each district, one from the urban area and one from the rural area. *Finally*, we followed a purposive sampling procedure to select respondents from urban and rural upazila.

**Table 2: Area and Number of Targeted Borrower**

Division	Total Borrower	% of Borrower	Sample (From each Division)	Top Districts
Barisal	1,668,036	5.61	111	Barisal (35) Patuakhali (44) Bhola (10) Barguna (22)
Chittagong	5,108,064	17.18	267	Chittagong (1) Comilla (131) Noakhali (62) Rangamati (73)
Dhaka	7,423,207	24.96	405	Dhaka (304) Gazipur (101)
Khulna	4,244,824	14.27	230	Jessore (127) Jhenaideh (103)
Rajshahi	5,134,256	17.26	279	Bogra (119) Sirajganj (160)
Rangpur	3,589,107	12.07	202	Dinajpur (95) Rangpur (107)
Sylhet	1,131,296	3.8	48	Habiganj (30) Sylhet (18)
Mymensingh	1,441,243	4.85	71	Mymensingh (34) Netrokona (37)
	<b>29,740,033</b>	<b>100</b>	<b>1613</b>	

In this study, **1613 samples** were taken as representative from the population of 29,740,033.

### 2.3 KII (Key Informants Interview)

In this study, the researchers conducted a series of KII with important beneficiaries and entrepreneurs to have in-depth insights on relevant issues with the KII checklist (Appendix 2). KII of this study focused on the MFI Operation Team, MRA officials, PKSF (Palli Karma-Sahayak Foundation, networking agencies, and several NGOs (Both large and small MFIs) with a sample of 17 qualitative interviews (Appendix 3). KII plays a vital role in qualitative study as stakeholders with practical field knowledge and exposure shape the data collection procedure. Purposeful sampling is used in choosing KII informants to get deep insights from the stakeholders in the MFIs. Moreover, some beneficiaries are also interviewed here to share their direct experiences in the field. Semi-structured questionnaires have been used to question the KII participants.

### 2.4 FGD (Focus Group Discussions)

Two FGDs took place in two different locations. FGD 1 took place only with the borrowers. The other FGD took place with mixed participants from NGOs, MRA, and network agencies. Multiple MFIs were involved in the 2<sup>nd</sup> FGD. Two FGDs took place to have different opinions about the borrowers' financial and social graduation by the experienced facilitator ranging from 60 minutes to 90 minutes.

**Table 3 FGD (Focus Group Discussions)**

<b>Focus Group Discussions</b>	<b>Participants</b>
FGD-1 (Batakandi, Cumilla)	MFI borrowers/clients
FGD-2 (FBS, University of Dhaka)	PKSF, Bangladesh Bank, MFI experts, MFIs and academicians

In FGD 1, ten participants with membership with several MFIs were gathered to observe the viewpoints of the primary stakeholders (Appendix 4). Here, information is collected from homogenous groups who commonly share pretty similar types of experiences and backgrounds. In this session, the participants discussed how microfinance played important roles in their lives and how they benefitted from the MFIs in improving their financial and socio-economic conditions. FGD 2 occurred at the University of Dhaka with participants from several MFIs, MRA, Bangladesh Bank, PKSF, and independent researchers (Appendix 5).

In FGD 2, The participants are invited to share their opinions about sustainable graduation, how microfinance discourse has changed, current challenges in the sector, and the recommendations. The participants also discussed the methodological issues of the present study.

## 2.5 Case Study

In addition to the quantitative data analysis, multiple case studies are used. Here, 8 case studies are based on eight borrowers (one case from each division) to have an in-depth and detailed understanding of the borrowers' graduation with the support of the MFIs in Bangladesh. These case studies have different types of participants. The participants of the case studies are selected purposively. Though most borrowers are female, both male and female beneficiaries have been included. The researchers also include a disabled borrower to explore the struggles of his life and the impact of microfinance on his life. In the case studies, the researchers focus on the borrowers' before and after microfinance scenario.

**Table 4: Format of the Case Study**

<b>Basic Information</b>	
	Name, age, academic background, number of family members
<b>Before Microcredit</b>	
	Background of the borrower (Before taking the micro credit) <ul style="list-style-type: none"> <li>• Family background</li> <li>• Economic activities</li> <li>• Economic status</li> <li>• Social status</li> </ul>
<b>Microcredit</b>	
	<ul style="list-style-type: none"> <li>• When, how and from which institution he/she took loan</li> <li>• How did he/she get information about this micro credit?</li> <li>• Details of the loan along with interest rate, installment</li> <li>• How did he/she use the loan</li> </ul>
<b>After Microcredit</b>	
	Changes in Socio-economic condition <ul style="list-style-type: none"> <li>• Income/savings/ assents/ new business/ other economic activities</li> <li>• Food, education, housing, health, sanitation</li> <li>• Any changes in the lives of their family members</li> <li>• Client graduation / Access to formal financial institutions</li> </ul>
<b>Current Status</b>	
	<ul style="list-style-type: none"> <li>• Current credit status</li> <li>• Challenges faced by the borrower</li> </ul>
<b>Future Plan</b>	

**Table 5: List of the Cases**

<b>Respondents of cases</b>	<b>Division</b>
Swapna Rani Das	Chittagong
Muhammad Bakhtizer Ali	Rangpur
Riazul	Dhaka
Monowara	Mymensingh

## 2.6 Secondary Data

This study also collected secondary data from the Microfinance Regulatory Authority's annual report (2017-2021), the BBS's published report (2021), articles, books, papers, and other published and unpublished documents.

## 2.7 Data Analysis

We primarily used descriptive statistics and cross-tabulation to measure graduation from the earlier benchmark period, defined as 10 years in this study. We also applied mean comparison tests to measure the statistical significance of the graduation. The sustainable socioeconomic graduation model is a comprehensive tool that includes elements of major graduation models adopted in Bangladesh and other countries. However, we have also emphasized the resilience and sustainability issues. We measured the percentage of respondents who graduated from selected socio-economic criteria such as food security, income capacity, consumption expenditure, savings, ownership of assets, training for skills development and financial management, access to formal financial institutions, access to mobile financial services, multiple sources of income, children's education, household structural resilience and access to sanitary toilet and pure drinking water, social empowerment, and resilience to absorb economic shocks and natural disasters. At the same time, we have also measured the de-graduation scenarios, i.e., those who graduated before 10 years but went under the poverty line again. Sustainable graduation criteria include graduation from major socio-economic criteria and the ability to show reliance against economic and natural shocks to survive for several years.

KII, FGD, and multiple case studies are used to explore an integrated understanding of microfinance's impact on borrowers' lives. Whether the borrower has achieved graduation or not. This study also focused on the financial, socio-economic, or graduation types. It is also important to see whether this graduation is sustainable or not. KII and FGD data are transcribed, organized, and categorized by theme, considering the study's objectives. Analyzing the segments and supporting quotes might help address the study's objectives. Multiple case studies were used, and cross-case analysis helped articulate the similarities and dissimilarities among the microfinance cases.

## **Chapter 3: Borrower's Demographic and Socioeconomic Profile**

### **3.1 Borrower's Demographic and Socio-Economic Conditions**

Several factors can be considered when analysing borrower's demographic and socioeconomic characteristics in microfinance. These characteristics provide insights into the profile of microfinance borrowers and their socioeconomic context. Here are some common demographic and socioeconomic factors that are often examined:

**Age:** The age distribution of borrowers can provide information about the target population for microfinance services. It helps identify whether microfinance programs primarily serve youth, adults, or older individuals.

**Gender:** Gender is a vital characteristic to consider as microfinance often focuses on empowering women. Examining the proportion of female borrowers can shed light on the gender dynamics and the impact of microfinance on women's empowerment.

**Income level:** Assessing the income level of borrowers helps understand their socioeconomic status and economic vulnerability. It allows targeting individuals typically excluded from formal financial services due to their low income.

**Education level:** Education plays a vital role in individual empowerment and economic opportunities. Analyzing the education level of borrowers provides insights into their capacity to engage in entrepreneurial activities and make informed financial decisions.

**Occupation and employment status:** Understanding the types of occupations and employment status of borrowers helps identify the sectors in which microfinance is most relevant. It also indicates the potential for income-generating activities and employment creation.

**Rural vs. urban residence:** Differentiate between borrowers residing in rural and urban areas to assess the impact of microfinance on different geographical contexts. It helps identify rural borrowers' specific challenges and the need for tailored financial products and services.

**Access to essential services:** Consider the availability of basic services such as electricity, water, healthcare, and education in the communities where borrowers reside. This information provides insights into the borrowers' socioeconomic infrastructure and development context.

**Social and cultural factors:** Socio-cultural characteristics, such as ethnicity, religion, and social customs, can influence access to and utilization of microfinance services. Understanding these factors helps in designing culturally sensitive and inclusive microfinance programs.

Analyzing these demographic and socioeconomic characteristics of microfinance borrowers allows for a better understanding of their needs, challenges, and impact. It helps in tailoring financial products, designing targeted interventions, and evaluating the effectiveness of microfinance programs in addressing poverty and promoting socioeconomic development.

### 3.1.1 Gender

**Table 6 Gender of Respondents**

<b>Gender</b>	<b>Percentage</b>
Male	12
Female	88
<b>Total</b>	<b>100</b>

Out of 1631 borrowers, a notable majority, approximately 88%, are female, while male borrowers account for only 12%. Thus, the data from the table indicates a clear predominance of female borrowers in obtaining loans.

### 3.1.2 Age

**Table 7 Age Group of Respondents**

<b>Age Group</b>	<b>Percentage</b>
Below 30	11.06
30-40	49.94
41-50	25.96
51-60	10.06
Above 60	2.98
<b>Total</b>	<b>100</b>

The table categorizes loan borrowers by age groups. It is evident that individuals aged 30-40 constitute the largest group, representing 49.94% of borrowers. Following closely, those aged 41-50 make up the second-largest group, accounting for nearly 25.96% of borrowers. Notably, individuals below 30 years old and those aged 50-60 or above 60 show lower participation, comprising 11.06%, 10.06%, and 2.98% respectively, in this program.

### 3.1.3 Marital Status

**Table 8 Marital Status of Respondents**

<b>Marital Status</b>	<b>Percentage</b>
-----------------------	-------------------

Married	94.74
Unmarried	4.27
Divorced	0.99
<b>Total</b>	<b>100</b>

The table clearly illustrates that the majority of loan recipients are married individuals, constituting 94.74% of the total. In contrast, unmarried individuals show a lower participation rate, standing at only 4.27%. Additionally, divorced individuals' involvement in loan programs is minimal, accounting for less than 1% at 0.99%.

### 3.1.4 Number of Children

**Table 9 Number of Children of Respondents**

<b>No. of Children</b>	<b>Percentage</b>
No Children	5.23
1	12.64
2	40.20
3	26.23
4	10.98
5	3.57
6	0.89
7	0.13
8	0.13
<b>Total</b>	<b>100.0</b>

Most individuals taking loans have 2 children, representing 40.20% according to the table. The data clearly shows a decrease in loan uptake as the number of children increases. There's a significant drop from 40.20% (for 2 children) to 10.98% (for 4 children). Those with 3 children participate at a rate of 26.23%. The table indicates that individuals with children aged 2 to 3 are actively involved in loan programs, while participation is notably low for others.

### 3.1.5 Educational Qualification

**Table 10 Educational Qualification of Respondents**

<b>Educational Qualification</b>	<b>Percentage</b>
No Education	24.81

Primary Level	31.56
Secondary Level	26.18
Higher Secondary Level	11.45
Honors	5.07
Masters	0.93
<b>Total</b>	100

The table shows that individuals with primary education actively participate in loan programs, constituting 31.56% of participants. Even those with no formal education engage in these programs, accounting for 24.81%. In contrast, individuals who have completed a master's degree show minimal involvement, below 1%. The data from the table suggests a decline in participation in loan programs with higher educational attainment.

### 3.1.6 Family Members

**Table 11 Family Members of Respondents**

<b>Family Members</b>	<b>Percentage</b>
1	0.31
2	2.16
3	10.99
4	33.52
5 or More	53.02
<b>Total</b>	100

Families with 5 or more members actively engage in loan programs, representing approximately 53.02%. Conversely, families with only 1 member show minimal participation, registering below 1%. Meanwhile, families with 4 members notably participate, accounting for 33.52% in loan programs.

### 3.1.7 Head of the Family

**Table 12 Head of the Family of Respondents**

<b>Head of Family</b>	<b>Percentage</b>
Father	22.22
Mother	3.07
Husband	48.81

Wife	1.31
Others	24.59
<b>Total</b>	<b>100</b>

Significantly, families predominantly participate in loan programs when led by the husband or father. The participation rate is 48.81% when the husband is the head and 22.22% when the father leads. Unexpectedly, when the family head is someone other than the father, mother, husband, or wife, their participation in loan programs is 24.59%, slightly higher than the 22.22% observed when the father leads the family.

### 3.1.8 Employment

**Table 13 Employment of Respondents**

<b>Employment</b>	<b>Percentage</b>
Farming	20.76
Business	33.98
Service Sector	10.10
Part-time Job	9.48
Others	25.69
<b>Total</b>	<b>100</b>

Individuals engaged in business predominantly participate in loan programs, representing approximately 33.98%. Hence, those involved in business activities tend to seek loans more than individuals in other professions. Following, individuals engaged in activities beyond farming, business, service sector roles, or part-time jobs exhibit the second-highest participation rate in loans at 25.69%, as indicated in the table. Farming-related occupations constitute the third-highest participation rate in loan programs.

### 3.1.9 Smartphone and Access to Government Information

**Table 14 Smartphone and Access to Government Information**

<b>Smartphone &amp; Access to Govt. Information</b>	<b>Percentage</b>
Yes	49.87
No	50.13
<b>Total</b>	<b>100</b>

Around 50.13% of individuals lack access to government information. Among them, some do not possess a smartphone, restricting their ability to access government-provided information. In contrast, 49.87% utilize their smartphones to access government data.

### 3.2 Borrowers' Engagement with MFIs

#### 3.2.1 Amount of Loans

**Table 15 Amount of Loans of Respondents**

	<b>10 years before</b>	<b>Present</b>
<b>Amount of Loan</b>	<b>Percentage</b>	<b>Percentage</b>
Below 25000	66.5	15.61
25000-50000	23.07	35.85
51000-75000	1.64	11.36
76000-100000	4.79	17.89
Above 100000	4	19.29
<b>Total</b>	100	100

There has been a notable shift in membership patterns compared to a decade ago. Individuals availing loans between 25,000 to 50,000 have increased to 35.85%, up from 23.07% previously. Conversely, there was minimal interest in loans ranging from 51,000 to 75,000, accounting for only 1.64% a decade ago, but currently stands at 11.36%. Larger loans above 1,00,000 were scarcely taken a decade ago; however, the current percentage stands at 19.29%. This data indicates a substantial increase in handling larger loan amounts in the present situation.

#### 3.2.2 Use of Loans

**Table 16 Use of Loans of Respondents**

<b>Use of Loans</b>	<b>Percentage</b>
Strongly Agree	44.78
Agree	43.54
Neutral	7.08
Disagree	2.86
Strongly Disagree	1.74
<b>Total</b>	100

Effective utilization of loans to meet specific needs is evident, with over 80% of individuals either agreeing (43.54%) or strongly agreeing (44.78%) with this notion. A small percentage remains neutral (7.08%), while those disagreeing with the appropriate usage of loans make up a negligible portion, standing at 2.86% and 1.74% respectively.

### 3.2.3 Repayment of Loans

**Table 17 Repayment of Loans**

<b>Repayment of Loans</b>	<b>Percentage</b>
Strongly Agree	55.00
Agree	36.00
Neutral	5.28
Disagree	2.48
Strongly Disagree	1.24
<b>Total</b>	<b>100</b>

The majority of individuals are conscious of repayment obligations, with 55.00% strongly agreeing and an additional 36% expressing agreement. Only a minimal percentage, 2.48%, holds a dissenting view on this matter.

### 3.2.4 Government Support

**Table 18 Government Support**

<b>Government Support</b>	<b>Percentage</b>
Strongly Agree	3.60
Agree	7.40
Neutral	11.50
Disagree	39.84
Strongly Disagree	37.66
<b>Total</b>	<b>100</b>

The majority of individuals, approximately 39.84%, disagreed with the statement implying they had received government support. Additionally, some strongly disagreed with this

notion. Conversely, only 7.40% admitted to receiving such support. About 11.50% remained neutral in expressing their opinion on government support.

### 3.2.5 Infrastructural Development

**Table 19 Infrastructural Development**

<b>Infrastructural Development</b>	<b>Percentage</b>
Strongly Agree	16.67
Agree	65.00
Neutral	7.76
Disagree	6.79
Strongly Disagree	3.78
<b>Total</b>	<b>100</b>

The survey asked about infrastructure development, with 65% agreeing that it had taken place. Additionally, 16.67% strongly supported this notion. However, a portion of participants disagreed, expressing a negative attitude towards the occurrence of infrastructure development.

### 3.2.6 Access to Primary Healthcare

**Table 20 Access to Primary Healthcare**

<b>Access to Primary Healthcare</b>	<b>Percentage</b>
Government Hospital	33.09
Community Clinic	10.43
NGO	13.59
Others	42.89
<b>Total</b>	<b>100</b>

The Table shows that borrowers seek primary healthcare services from various sources. Approximately 33.09% access services from government hospitals, while a notable 42.89% opt for alternatives outside of government hospitals, community clinics, and NGOs. Community clinics and NGOs individually offer minimal primary healthcare support, accounting for 10.43% and 13.59% respectively.

### 3.3 Poverty and Vulnerability Status of Borrowers

#### 3.3.1 Major Economic Shocks and Natural Disasters Encountered

**Table 21 Major Economic Shocks and Natural Disasters Encountered**

<b>Major Economic Shock Encountered</b>	<b>Percentage</b>
Strongly Agree	13.87
Agree	34.07
Neutral	5.13
Disagree	29.39
Strongly Disagree	17.54
<b>Total</b>	<b>100</b>

An economic shock can significantly impact an individual's financial stability. About 34.07% agreed, and 13.87% strongly agreed that they had encountered such a situation. Conversely, 29.39% of borrowers disagreed, indicating they hadn't experienced an economic shock. While the majority have encountered economic shocks, a significant portion has remained unaffected by such financial downturns.

#### 3.3.2 Natural Disasters Encountered

**Table 22 Natural Disasters Encountered**

<b>Natural Disasters Encountered</b>	<b>Percentage</b>
Yes	40.04
No	59.96
<b>Total</b>	<b>100</b>

Natural disasters can swiftly lead to financial insolvency. The Table shows that approximately 40.04% of borrowers have encountered such calamities. However, a significant majority, comprising 59.96%, have not experienced natural disasters. Thus, the table indicates that most borrowers have been fortunate to avoid such catastrophes.

#### 3.3.3 Micro Insurance and Crop Insurance

**Table 23 Micro Insurance and Crop Insurance**

<b>Micro Insurance and Crop Insurance</b>	<b>Percentage</b>
Yes	12.31

No	87.69
<b>Total</b>	100

The majority of borrowers, at 87.69%, do not have micro or crop insurance coverage. Conversely, 12.31% have opted for such insurance policies. The table data highlights that a substantial number of borrowers remain uninsured.

## **Chapter 4: Social and Infrastructural Development**

### **4.1 Background**

Social and infrastructural development is important for addressing poverty and improving rural areas' overall quality of life. Graduation from poverty requires that rural people have access to basic social services and infrastructural development in addition to the graduation agendas implemented by MFIs. Government and development agencies implement large-scale infrastructural development in rural areas, such as building roads, bridges, culverts, markets, and others, which rural people utilize to generate income with the funds borrowed from MFIs. Thus, graduation from poverty is a combined effort from government and non-government organizations. Major social and infrastructural development agendas are as follows:

**Access to basic services:** Enhancing access to essential services such as healthcare, education, clean water, and sanitation is important for rural development. This can be achieved by building rural health centers, schools, and water supply systems. It is also important to train and support local healthcare workers and teachers.

**Rural electrification:** Expanding access to electricity in rural areas is essential for economic development and improving living standards. Governments can invest in developing renewable energy sources and decentralized power generation systems. This can be complemented by initiatives to provide affordable and efficient electric appliances to rural households.

**Transportation and connectivity:** Improving transportation infrastructure is crucial for connecting rural communities to markets, healthcare facilities, and educational institutions. Building and maintaining roads, bridges, and transportation networks can significantly reduce isolation and increase economic opportunities for rural populations. Additionally, initiatives promoting affordable and reliable internet connectivity can bridge the digital divide and enable access to information and online services.

**Agriculture and livelihood support:** Rural areas often rely on agriculture as the primary source of income. Investing in agriculture, providing modern farming techniques, improving access to credit and markets, and supporting small-scale farmers can boost agricultural productivity and income. Training programs on sustainable farming practices and diversification of income sources can also be beneficial.

**Social safety nets:** Establishing social safety nets can provide a safety net for the rural poor during times of crisis or economic shocks. Programs like conditional cash transfers, food assistance, and healthcare subsidies can help alleviate poverty and improve the overall well-being of vulnerable rural populations.

**Capacity building and skill development:** Providing training and skill development programs tailored to the needs of rural communities can empower individuals and enable them to access better employment opportunities. Skill training in agriculture, livestock management, handicrafts, and entrepreneurship can enhance livelihood options and promote self-reliance.

**Community participation and empowerment:** Engaging local communities in the development process is essential for sustainable and inclusive growth. Encouraging community participation, fostering local leadership, and involving marginalized groups, especially women, in decision-making processes can lead to more effective and impactful development initiatives.

**Healthcare and sanitation:** Improving healthcare infrastructure and access to quality healthcare services is vital for rural areas. Building and staffing rural health clinics, providing mobile medical units, and promoting preventive healthcare can significantly improve the health outcomes of rural populations. Additionally, promoting sanitation and hygiene practices through education and infrastructure development can reduce the prevalence of waterborne diseases.

**Environmental sustainability:** Integrating ecological sustainability into rural development initiatives is essential for long-term prosperity. Promoting sustainable agriculture practices, afforestation, renewable energy adoption, and natural resource management can enhance resilience to climate change and safeguard the livelihoods of rural communities.

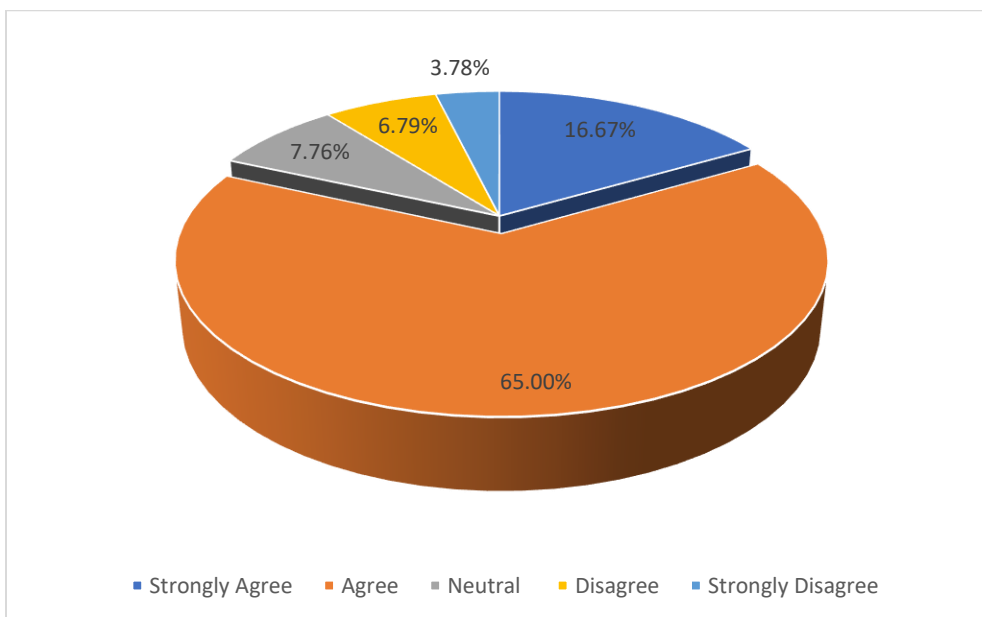
We endeavored to enumerate the influence of these key areas of social infrastructural development while assessing the sustainable socioeconomic graduation of MFI borrowers. Taking a holistic and integrated approach to achieve sustainable and inclusive development is important, considering different rural areas' unique needs and contexts.

## 4.2 Social and Infrastructural Development

### 4.2.1 Large infrastructural development

Major infrastructural development is constructing, growing, or massively upgrading a region's physical infrastructure. Common examples of this type of public works project include the building of new roads, highways, railways, and airports; power plants, renewable energy installations, and communications networks; water and sanitation facilities, including dams, reservoirs, and sewage treatment plants; and other essential facilities, including hospitals, schools, and public buildings.

This study ascertains whether large-scale infrastructural developments exist in the respondents' views. The following chart shows that most respondents think the government has taken initiatives to establish large infrastructure projects within the past ten years. Therefore, the 65% of people agree with this statement, whereas another 16.67% strongly agree. However, almost 11% of the respondents disagreed with the assertion and thought that government initiatives needed to be more adequate. The rest 7.76% stayed neutral.



**Figure 9: Large infrastructural development within 10 years**

#### 4.2.2 Availability of local markets

The table presents the analysis of responses regarding the existence of a local market. It reflects the opinions and views of the respondents on the presence and viability of a local market. The table reveals that 11.26% of the 1590 respondents strongly disagree with the existence of a local market, suggesting a lack of belief or sustainability in their context. Additionally, 20.75% of the respondents disagreed, indicating that the local market needs to be developed or lacks the required conditions for business operations. The table also shows that 20.38% of respondents were neutral, 31.45% agreed, and 16.16% strongly agreed with the existence of a local market. The differing opinions demonstrate diverse perspectives on the local market's presence and importance. It is crucial to consider the specific context and region when assessing the existence of a local market.

**Table 24: Availability of local market**

<b>Responses</b>	<b>Percent</b>
Strongly disagree	11.26%
Disagree	20.75%
Neutral	20.38%
Agree	31.45%
Strongly agree	16.16%
Grand Total	100.00%

#### 4.2.3 Government support

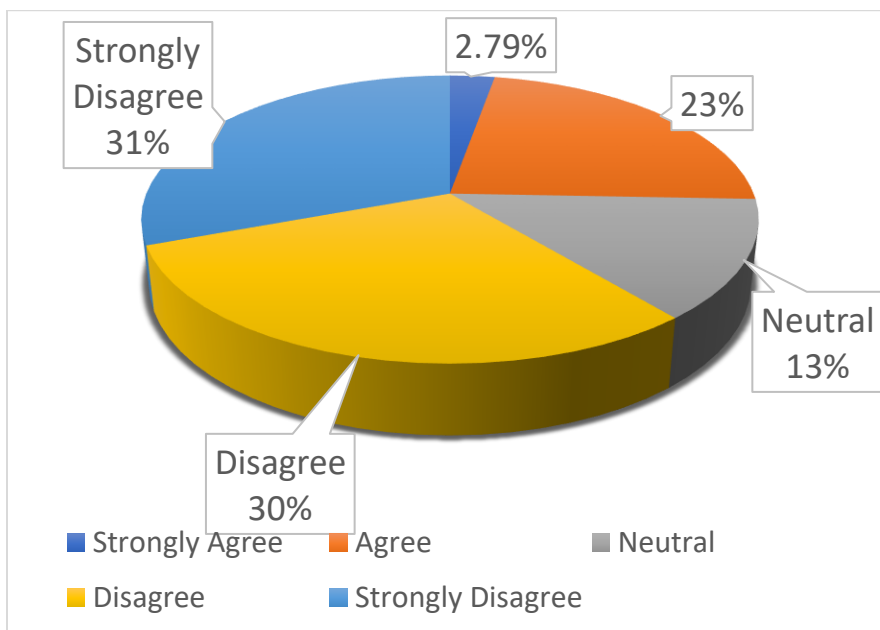
The table presented represents the analysis of responses regarding government support. Of the 1608 respondents, 37.69% strongly agree, and 39.86% agree that the government provides support. On the other hand, 11.50% remain neutral, 7.40% disagree, and 3.54% strongly disagree with the statement. Most respondents (77.55%) agree or strongly agree that the government offers support, indicating their belief in its active involvement and assistance. However, a smaller proportion of respondents (10.94%) express disagreement or strong disagreement, suggesting that they feel the government's support is insufficient. The responses captured in the table provide valuable insights into the diverse opinions and attitudes of the respondents regarding the level of government support.

**Table 25: Government support**

<b>Responses</b>	<b>Percent</b>
Strongly Agree	37.69%
Agree	39.86%

Neutral	11.50%
Disagree	7.40%
Strongly Disagree	3.54%
Grand Total	100.00%

The following chart demonstrates the analysis of responses regarding the receipt of government support over the past 10 years in various areas such as money, consumption, education, health services, and relief goods. Out of the 1578 respondents, only 2.79% strongly agree, and 22.81% agree that they have received different government support. Conversely, a significant portion of respondents, with 30.35% disagreeing and 30.67% strongly disagreeing, feel that they have yet to receive such support. Additionally, 13.37% of the respondents remained neutral on the matter. While a notable percentage acknowledges having received some support, many respondents express or strongly disagree with the statement. This suggests a potential gap between the perceived level of government assistance and the actual experiences of the respondents. Understanding these nuances can contribute to more targeted and effective policies and interventions to address the needs and expectations of the population.



**Figure 10: During the last 10 years, respondents have received different government support for money, consumption, education, health services, and relief goods.**

#### 4.2.4 Social safety set program

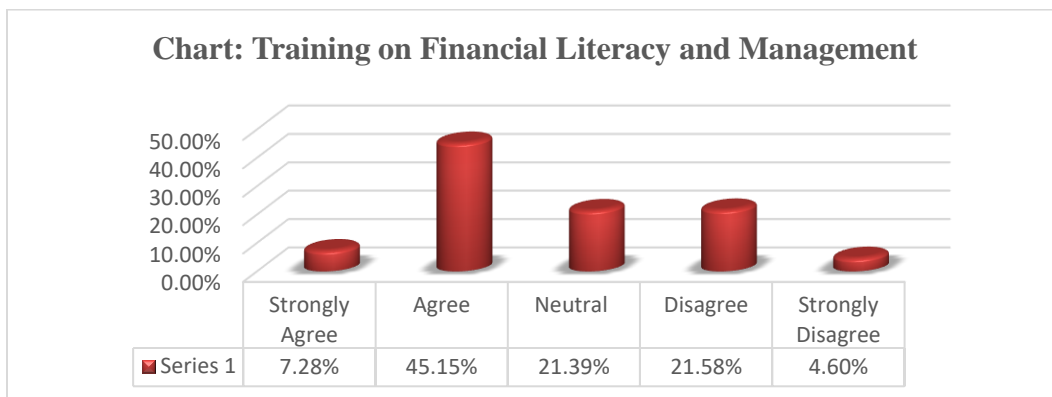
Respondents were asked to give information on the social safety net programs. This is also a critical indicator of social safety net programs. As per the table, it is found that 52.43% of the respondents either agreed or strongly agreed with this statement. This positive indicator suggests that social safety net programs have created employment opportunities and promoted economic stability. However, an alarming 26.18% of the respondents reported disagreements indicating the limitation of social safety net programs, such as inadequate job creation, mismatched skill sets, or barriers to accessing employment opportunities. The remaining 21.39% stayed neutral as they didn't want to disclose any opinion.

**Table 26: Social safety net programs**

<b>Responses</b>	<b>Percent</b>
Strongly Agree	7.28%
Agree	45.15%
Neutral	21.39%
Disagree	21.58%
Strongly Disagree	4.60%
Grand Total	100%

#### 4.2.5 Training on financial literacy and management

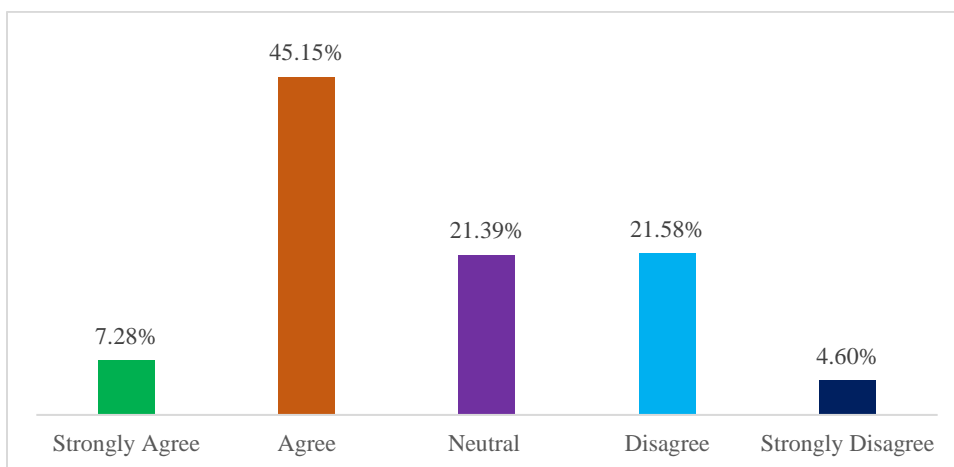
Training people to be better at handling their money may help them make better judgements and improve their financial situation. The data in this table provides important insight into how people participating in social safety net programs view the usefulness and efficacy of financial literacy education. There was a reasonable consensus on the value of financial literacy education, with 52.43 percent of respondents agreeing or strongly agreeing with the statement. Participants' opinions on the importance of financial education and management training ranged from a firm agreement of 7.28% to a moderate agreement of 45.155%. This indicates that most respondents agree that this kind of education is beneficial and necessary. 21.58 percent of respondents argued otherwise, and 4.60 percent strongly disagreed. These people may have different perspectives because they have never had financial literacy training or are skeptical of its benefits.



**Figure 11 Training on Financial Literacy and Management**

#### 4.2.6 Access to primary healthcare services

As per the chart below, 52.43% of the respondents agreed on having access to primary healthcare services. However, another 26.18% disagreed, and the rest 21.39% responded neutrally. This signifies that the total number of people with access to primary healthcare services is inadequate, meaning necessary policies and assistance programs should be designed to eradicate this problem.



**Figure 12: Access to primary healthcare services**

#### 4.2.7 Access to pure drinking water and sanitary toilet

The table shows answers on clean water and toilets. 91.41% (1448 people) of 1584 respondents reported having clean drinking water. This indicates that most respondents have access to clean, safe drinking water, which is essential for good health and for

reducing water-related diseases. 8.46% (134) reported not having clean drinking water. This illustrates the difficulties in supplying clean water to people, which may harm their health. Public health and sanitation depend on clean drinking water. Addressing people without access and implementing sustainable water infrastructure and availability solutions are important.

**Table 27: Access to pure drinking water and sanitary toilet**

<b>Access to pure drinking water</b>	<b>Frequency</b>	<b>Percent</b>
Yes	1448	91.41%
No	134	8.46%
<b>Grand Total</b>	<b>1584</b>	<b>100%</b>

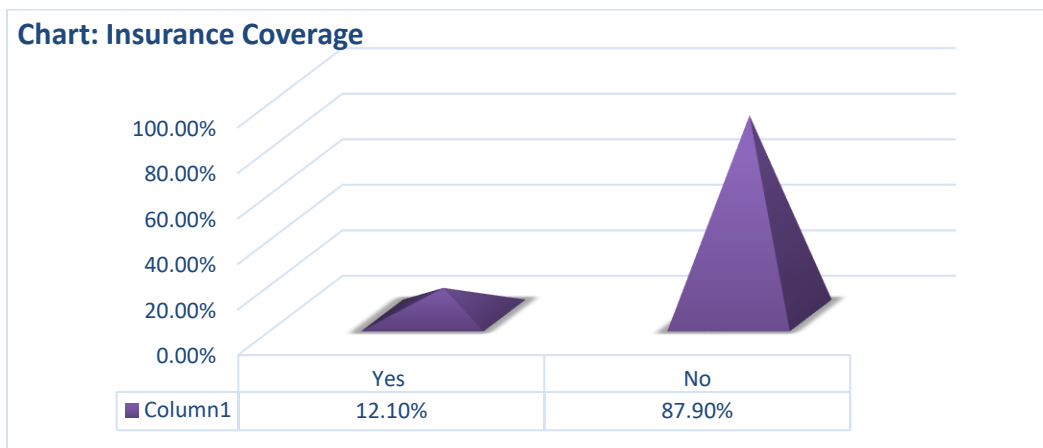
Easy access to sanitary toilets is essential for sustaining public health, stopping the spread of illness, and guaranteeing individual well-being. As per the table, the vast majority, 89.28%, or 1416 people, say they have access to toilets, meaning they can use clean facilities. However, an alarming 10.72% (170 people) reported not having regular access to bathroom facilities. Because of this, a sanitation gap must be addressed by interventions to boost sanitation infrastructure and services to meet these people's fundamental needs and rights.

**Table 28: Access to Sanitary Toilet**

<b>Access to Sanitary Toilet</b>	<b>Frequency</b>	<b>Percent</b>
Yes	1416	89.28%
No	170	10.72%
<b>Grand Total</b>	<b>1586</b>	<b>100%</b>

#### **4.2.8 Insurance coverage**

The following chart shows the respondents' insurance status, including whether they currently have coverage. 1603 people were polled; 194 (12.10%) said they had health insurance, while 1409 (87.90%) did not. A large gap exists between those with and without health insurance since just a fraction of respondents reported having insurance. This may suggest that those polled must be adequately insured or taking enough precautions to reduce risk. The low rate of insurance penetration shows that there may be financial constraints, a lack of education, or a scarcity of options preventing people from using insurance. This emphasizes the need to make insurance more widely available and highlights the advantages of having insurance.



**Figure 13: Insurance coverage**

#### 4.2.9 Smartphone and access to government information

The following table shows responses regarding the usage of smartphones and access to government information. The rate is equal for both the contra. The rate of people responding positively to this statement is 50.22%, while the remaining 49.78% reported not having access to government information and smartphones.

**Table 29: Smartphone and access to government information**

Responses	Percent
Yes	49.78%
No	50.22%
Grand Total	100.00%

#### 4.2.10 Are you using mobile financial services?

Mobile financial services have gained popularity recently, offering convenient and accessible ways to conduct financial transactions using mobile devices. It can be precious in areas with limited traditional banking infrastructure, providing financial inclusion and access to basic financial services. The results indicate a relatively equal distribution between those who use mobile financial services and those who do not. Of the 1400 respondents, 694 individuals (49.57%) reported using mobile financial services. However, the data shows that a significant portion of respondents (50.43%) do not utilize mobile financial services. This may be due to various reasons, including limited awareness, concerns about security and privacy, or lack of access to mobile devices or network coverage.

**Table 30: Are you using mobile financial services?**

<b>Responses</b>	<b>Frequency</b>	<b>Percent</b>
Yes	694	49.57%
No	706	50.43%
Grand Total	1400	100.00%

## Chapter 5: Introduction to Economic Graduation

Economic graduation refers to a holistic strategy aimed at helping people and families move out of poverty and create sustainable lifestyles. It comprises a variety of treatments and methods meant to address the multifaceted character of poverty and foster long-term economic empowerment (Botea et al., 2021; Chowdhury et al., 2021a; Tambe, 2022). At the basis of the economic graduation concept is the targeting and selection process. This first phase entails identifying and choosing people or families living in severe poverty and likely to benefit from the graduation initiatives. Banerjee et al. (2015) underline the significance of proper targeting, as it guarantees that resources are given to those who most need them. This process assists in identifying the most vulnerable groups and personalizing solutions to their requirements (Hashemi & Umaira, 2011).

Asset transfer is another essential component of the economic graduation paradigm. Adiema et al. (2019) emphasize that giving productive assets to the poor may drive poverty alleviation. Asset transfers might include cattle, agricultural supplies, equipment, or financing for microenterprises (Devereux, 2017). By providing people the tools to create income and accumulate assets, asset transfers allow them to escape the cycle of poverty and attain economic self-sufficiency.

Skills development and training are crucial in providing people with the information and competencies required to prosper in the work market. Bandiera et al. (2017) highlight the need to strengthen human capital via vocational training, entrepreneurial initiatives, and access to excellent education. Obtaining practical skills and information may enhance their employability, develop sustainable lives, and raise their earning potential. Access to financial services is a vital part of economic graduation. Dupas et al. (2019) suggest that giving financial inclusion possibilities, such as access to savings accounts, microcredit, and insurance, may help consumers manage risk, smooth consumption, and participate in income-generating activities. Financial services assist the poor in saving, creating assets, and obtaining credit, therefore boosting economic resilience and facilitating upward mobility.

Finally, the economic graduation model highlights the need to provide graduating persons with continuing assistance and direction. Banerjee et al. (2015) emphasize the necessity for follow-up help to ensure that people retain their gains and do not fall into poverty. This assistance may include mentorship, coaching, access to markets, and networking opportunities, which help people maintain their economic achievements and negotiate the hurdles of the post-graduation era (Islam, 2019).

## **5.1 BRAC Graduation Model**

The BRAC Graduation Model, also known as the Targeting the Ultra Poor (TUP) program, is a pioneering strategy established by BRAC, a renowned international development organization. The concept strives to eliminate severe poverty by providing a complete help package to the most vulnerable people and families (Hashemi & Umaira, 2011; Islam, 2019). The BRAC Graduation Model empowers the ultra-poor by meeting their multifaceted needs. The methodology starts with an elaborate targeting procedure to identify the most vulnerable people and families (Islam, 2019). This method frequently incorporates community meetings, wealth ranking, and poverty-targeting strategies. By precisely placing the ultra-poor, the initiative guarantees that resources are targeted to those most in need.

### **5.1.1 Components of the BRAC Graduation Model**

The first component of the BRAC Graduation Model is asset transfer (Hashemi & Umaira, 2011). Selected participants get a productive asset, such as cattle, poultry, or equipment, which may create revenue and assist them in advancing toward self-sufficiency. The allocation of assets allows participants to start income-generating enterprises and develop a sustainable living for themselves and their families.

Alongside asset transfer, the program offers several support services, including training and capacity-building (Sabates & Devereux, 2015). Participants get instruction in different areas, such as financial literacy, entrepreneurship, and occupational skills. This training empowers individuals with the required information and abilities to efficiently manage their enterprises, make educated financial choices, and boost their earning potential.

Financial inclusion is another key component of the BRAC Graduation Model. Participants are urged to save their income via the development of savings clubs or access to professional financial services. These funds offer a safety net during crises and may be utilized for investment in income-generating businesses. Participants may also have access to microcredit, helping them develop their enterprises and enhance their economic well-being.

The BRAC Graduation Model also promotes social empowerment and community engagement. Participants participate in frequent group sessions, sharing experiences, getting peer support, and debating community concerns. These group sessions develop social cohesiveness and establish a supportive atmosphere for people to overcome problems and access extra resources.

Long-term sustainability is a fundamental objective of the BRAC Graduation Model. The program includes a cautious departure plan, wherein individuals are progressively weaned

off external help and encouraged to become self-reliant. This technique guarantees that participants may retain their success even after the program finishes and continue their path out of severe poverty.

Banerjee et al. (2015) performed a randomized controlled study in six nations. They found that the program led to substantial and durable gains in income, savings, consumption, and general well-being among participants. The concept has also effectively generated long-term economic empowerment and social inclusion for the ultra-poor (Hashemi & Umaira, 2011; Islam, 2019; Sabates & Devereux, 2015). The BRAC Graduation Model has emerged as an effective method in combating extreme poverty by offering the ultra-poor a complete help package. Through asset transfer, training, financial inclusion, and social empowerment, the strategy enables people and families to break the cycle of poverty and create sustainable lives. The program's emphasis on long-term sustainability guarantees that participants may retain their success even after the program finishes, resulting in permanent positive change in their lives (Abdul Azeez & Siva, 2019).

## **5.2 IFAD Graduation Model**

The IFAD graduation model is a comprehensive strategy to eliminate poverty that incorporates social protection, financial services, and livelihood development measures. It is aimed to assist disadvantaged families in transcending the chronic poverty trap and progressing towards sustainable lifestyles (Devereux, 2017). The model is built on three principles. First, it considers graduation as a process, not an event. It takes time and effort for disadvantaged families to get out of poverty. The IFAD graduation model is meant to offer ongoing assistance over many years. Second, the demands of disadvantaged homes vary; hence, the IFAD graduation model is adjusted to the unique needs of each family. Finally, the model assumes that poor families are the experts in their own lives; thus, they create and execute the treatments that will allow them to graduate from poverty. Therefore, the IFAD graduation model is demand-driven (Devereux, 2017).

The IFAD graduation model is a broad strategy that integrates social protection, financial services, and livelihood development initiatives to assist poor families in transcending the chronic poverty trap and moving towards sustainable livelihoods (El Harizi & Yan, 2017). The IFAD graduation model provides impoverished families social protection benefits, including cash transfers, food assistance, and health insurance. In Banerjee et al.'s (2015) view, these advantages assist in lessening the susceptibility of poor families to shocks and pressures, and they free up resources that may be utilized to invest in livelihoods. It gives impoverished families access to inexpensive financial services, including savings accounts, loans, and insurance. These financial services assist poor families in saving for the future, investing in their companies, and managing shocks and difficulties (Chowdhury et al.,

2021b). The IFAD graduation model offers impoverished families help to build their livelihoods. This help might include training, access to markets, and technical assistance. Livelihood development enables poor families to grow their earnings and become more self-sufficient.

The IFAD graduation model is a sophisticated and challenging way to decrease poverty. However, it could be a highly successful approach to assist impoverished families to transcend the chronic poverty trap and move towards sustainable livelihoods.

### **5.3 PKSf Graduation Model**

The PRIME (Poverty Reduction via Increasing Income for the Most Vulnerable and Extreme Poor) Programme has adopted the Palli Karma-Sahayak Foundation (PKSF) graduation model to tackle extreme poverty and food insecurity in Bangladesh's northwest and southwest. The program aims to help low-income families escape poverty using monetary and non-monetary interventions. The PRIME Programme created the PKSF graduation model to aid low-income families in Bangladesh's long-term struggle against poverty. It does this by combining financial and non-financial interventions. Cost-effectiveness, market-driven policies, growth-capable companies, and leadership are prioritized in the fight against poverty.

The CGAP's fundamental elements are reflected in the PKSF graduation model. It attempts to eradicate poverty on all fronts while acknowledging the limits of financial services. We provide non-financial services, including training, counseling, health and nutrition advice, and financial services. With the help of these tools, families may start their businesses, strengthen their defenses, and build enduring connections with suppliers of market services.

The Results-Based Monitoring System, data from field-based learning, and evidence-based program design are all major components of the PKSF graduation model. The program is flexible and attentive to the needs of its users, tailoring its support appropriately. PRIME promotes internal learning about projects that generate income by engaging with partner organizations and participant-to-participant communication. The PKSF graduation model lowers costs and enhances direct transfers compared to other programs. Market-driven initiatives are prioritized, and funds are allocated to increasing consumers' access to such marketplaces. In addition, PKSF can extend its program to priority locations with chronic, severe poverty thanks to its organizational capital and broad partner network in response to poverty statistics, climate-related difficulties, and government goals.

PKSF is in a great position to help refine the graduation plan and deal with implementation challenges because of its considerable experience implementing PRIME. The organization may increase its internal capacity and impart its expertise to other organizations in the

industry, particularly in evidence-based programming, market-driven initiatives, and global growth.

#### **5.4 CGAP Graduation Model**

The CGAP graduation model is another name for the CGAP-Ford Foundation Graduation Program, which was established in 2006 to assess and modify BRAC's strategy for poverty graduation outside of Bangladesh. The goal is to figure out how to help the poor by integrating safety nets, livelihood assistance, and microfinance. Among the nations represented in the 10 experimental ventures of this programme are Haiti, Pakistan, Honduras, Peru, Ethiopia, Yemen, Ghana, and India.

Targeting, consumption assistance, savings, skills training and coaching, and asset transfer are the five pillars of the graduation model. The poor families may be identified and chosen for aid via community involvement, surveys, and cross-verification. Intake aid helps with urgent necessities like food and money to stabilize food intake and make long-term goals. Saving helps people strengthen their financial discipline, resilience, and risk management skills. Employment and income prospects may be enhanced via mentorship and training initiatives that strongly focus on practical skills. Giving participants access to productive assets like machinery or cattle allows them to start economically self-sufficient businesses.

The model considers that the demands of programme participants and the constraints of the local market will influence the sequence in which these components are implemented. Partners are required in the implementation to monitor and direct participants, modify the model for particular circumstances, and maintain flexibility. The plan strongly focuses on citizen engagement, access to healthcare and education, financial inclusion, and asset preservation. The CGAP graduation model's main goal is to improve the lives of the world's poorest people by giving them access to a range of services and programs that can help them take care of their most immediate needs, improve their capacity to bounce back from setbacks and pave the way to more reliable sources of income and better living conditions.

## **Chapter 6: Sustainable Socio-economic Graduation: A Pathway for Sustainable Development**

## 6.1 Socioeconomic graduation and the theory of change

The sustainable socioeconomic graduation of MFI borrowers must be viewed from the perspective of the theory of change. The economic graduation model has based on the premise that extreme poverty is not just a lack of income but a complex and multifaceted problem that requires a comprehensive solution. The model seeks to address the root causes of poverty by providing a range of interventions that target different aspects of the problem. Every graduation initiative MFIs undertake is targeted at turning wrong into right, correcting behavioral deficiencies, and alleviating inequalities of conditions (Powson, 2004). Articulating the theory of change is necessary to understand how the graduation approach should work and measure how it helped borrowers' graduation. The theory of change "originates with an understanding of what gives rise to inappropriate behavior, or discriminatory events, or inequalities of social condition and then moves to speculate on how changes may be made to these patterns" (Pawson, 2004). Thus, the economic graduation models, from the perspective of theories of change, seek solutions to a set of incapacities that make people poor or hinder them from getting rid of poverty. All graduation models focus on how programs or approaches ensure permanent and regular sources of income, food security, savings, productive asset building, behavioral and cultural changes, and so on (Montesquiou et al., 2014).

The pioneering graduation model was adopted during the mid-1980s by the BRAC, the largest nongovernmental organization. The objective of the graduation program was to enable ultra-poor women to graduate into BRAC's mainstream microfinance program. The graduation approach involves providing a comprehensive support package to impoverished households for 18 to 24 months. This support includes financial assistance, skill training, and access to health services, among other things. This support aims to help households build sustainable livelihoods that will allow them to escape poverty and become economically self-sufficient. (Matin et al., 2008; Hashemi and Umaira, 2008). After a long experiment, BRAC redesigned the program and renamed it 'Challenging the Frontiers of Poverty Reduction: Targeting the Ultra Poor' (CFPR/ TUP). The TUP program focused on a strategic sequencing of inputs and services to address multiple constraints to enhance the ability of extremely poor women to take advantage of economic opportunities (Matin et al., 2008; Hashemi and Umaira, 2011).

However, the graduation approach could be more challenging. One of the main challenges is ensuring the interventions' sustainability beyond the initial intervention period. This requires a strong focus on building the capacity of individuals and communities to continue to grow and sustain their assets and income over the long term. Overall, the economic graduation model is an innovative and promising approach to addressing poverty and promoting sustainable economic growth. It recognizes the complexity of poverty and the

need for tailored solutions and provides a framework for addressing individuals' and communities' specific needs and constraints.

## **6.2 Sustainable Socio-economic Graduation Model**

A sustainable economic graduation model is a framework that aims to help people move out of poverty and achieve sustainable livelihoods in an environmentally and socially sustainable way. This model builds on traditional economic graduation models, which focus on providing financial and non-financial support to help people build assets and increase their incomes. However, a sustainable economic graduation model also considers economic development's environmental and social impacts to promote sustainable and equitable growth.

The development agendas of a sustainable graduation model are centered around achieving sustainable financial conditions, social inclusivity, and environmental protection. These agendas are based on the principles of sustainability, which means promoting financial development in a socially inclusive, economically viable, and environmentally sustainable way. Some of the key development agendas of a sustainable development model may include:

**Poverty reduction:** A sustainable graduation model aims to reduce poverty by promoting income capacity that benefits all members of society, including those traditionally marginalized. This may involve providing access to financial services and other resources that enable people to build sustainable livelihoods.

**Asset building:** Asset building is an important strategy for sustainable graduation, as it can help to provide people with the resources they need to improve their livelihoods over the long term. This may involve providing access to credit, financial services, or productive assets such as land or livestock.

**Resilience building:** Building resilience is critical to sustainable graduation, as it can help individuals and communities to better cope with shocks and stresses, such as natural disasters or economic downturns. This may involve supporting disaster preparedness, climate adaptation, or social protection.

**Partnership and collaboration:** Sustainable graduation interventions should involve collaboration and partnership between different stakeholders, including governments, civil society, and the private sector. This can help to ensure that interventions are effective, sustainable, and aligned with local priorities.

**Environmental protection:** A sustainable graduation model aims to promote environmental protection, recognizing that environmental sustainability is essential for long-term

financial development and human well-being. This may involve promoting sustainable agriculture, supporting renewable energy, and reducing greenhouse gas emissions.

**Gender equality:** A sustainable graduation model aims to promote gender equality, recognizing that gender equality is essential for sustainable income and social inclusivity. This may involve promoting women's economic empowerment, supporting women's entrepreneurship, and providing women access to financial services and other resources.

**Social inclusivity:** A sustainable graduation model aims to promote social inclusivity, recognizing that social inclusion is essential for sustainable income and human well-being. This may ensure marginalized groups access basic health care and education and support community development initiatives.

**Empowerment:** Sustainable graduation interventions should empower individuals and communities to take control of their lives and actively participate in their development. This may involve providing education, training, and support to help people build the skills and knowledge they need to make informed decisions and take advantage of opportunities.

Moving from safety nets to sustainable graduation requires a shift in thinking and approach and a long-term commitment to building the capacity and resilience of individuals and communities. Investing in sustainable graduation interventions can help people move out of poverty and towards a more secure and prosperous future.

### **6.3 Sustainable Socioeconomic Graduation Criteria**

Sustainable economic graduation is a process that involves helping people to move out of poverty and build sustainable livelihoods. While the specific criteria for sustainable economic graduation may vary depending on the context and the program or initiative involved, some standard criteria include:

**Food security:** Food security is an essential sustainable graduation criterion for people. Sustainable graduation from poverty requires that people consume nutritious food daily and have a reserve for staples for an extended period.

**Increased income:** One of the key indicators of sustainable economic graduation is an increase in income over time. This may be measured in gross income or net income after expenses. Sustainable economic graduation programs often aim to help people increase their income through various interventions such as training, asset transfers, and access to credit and markets.

**Diversification of income sources:** Another important criterion for sustainable economic graduation is the diversification of income sources. This means that people are independent

of a single source of income but have multiple sustainable sources over time. This may include agricultural and non-agricultural activities and income from other sources, such as remittances or social safety nets.

**Productive assets:** Ownership of productive assets is essential for sustainable graduation because it allows people to start and diversify their businesses for income generation. Sustainable graduation models focus on building productive assets for ultra-poor people to escape poverty.

**Improved livelihoods:** Sustainable economic graduation programs aim to improve people's livelihoods by helping them build sustainable businesses and livelihoods that can support their families over the long term. This may involve training, technical assistance, and supporting access to markets and financial services.

**Improved access to basic services:** Sustainable economic graduation also involves improving people's access to basic services such as healthcare, education, water and sanitation, and energy. This can help improve people's health and well-being and their ability to participate in economic activities and build sustainable livelihoods.

**Empowerment and participation:** Sustainable economic graduation programs often aim to empower people by giving them a voice in decision-making processes, promoting gender equity, and promoting social inclusion. This can help to build more resilient and sustainable communities over the long term.

**Resilience:** Resilience is an important consideration for sustainable graduation because people may come out of poverty but fall apart again due to some economic and natural calamity. The capacity to endure such disasters enables people to sustain themselves despite unanticipated shocks.

Overall, the criteria for sustainable economic graduation focus on helping people build sustainable livelihoods, increase their income and well-being, and become more resilient to shocks and challenges.

## Summary of Sustainable Socioeconomic Indicators

### *Socio-economic criteria*

- Food security

- Income capacity
- Consumption expenditure
- Savings
- Ownership of assets
- Ownership of productive assets
- Graduation to large SME
- Access to banking financial institutions

### *Sustainability issues*

- Multiple sources of income
- Children Education
- Household structural resilience and access to sanitary toilets and pure drinking water
- Social empowerment
- Resilience to absorb economic shocks and natural disasters

We aim to observe the percentage of respondents who have graduated to sustainable livelihood in terms of income, food consumption, type of business, sources of income, and access to banking financial institutions. The World Bank guidelines followed the income measurement for the extremely poor and middle-income threshold. The World Bank fixed an income of \$2.15 per day in 2017 as the minimum income threshold for extreme poverty, while an income of \$3.20 per day in 2011 was the minimum threshold for the lower middle-income bracket. That means people can successfully graduate from poverty if they have an income of more than \$3.20 per day at 2011 prices. While determining the minimum threshold level at this study's start and end year, we have adjusted the amount with purchasing power parity-adjusted exchange rates. The threshold for the extreme poverty level in 2013 was BDT 4060 per month, while that was BDT 7540 per month in 2023. Similarly, the threshold for graduating to a lower-middle-income level in 2013 was BDT9120 per month, while BDT16835 per month in 2023. Regarding food consumption, we have followed the guideline of SDG 2 to set a minimum level of three meals per day and consumption of nutritious food at least one meal per day as sustainable graduation criteria. The following parameter is the graduation from micro-enterprise to medium-sized

enterprises. Micro enterprises have less than BDT100,000 of capital, whereas small SME and medium-sized enterprises have minimum threshold capital between BDT100000 and BDT500000 and BDT500000+, respectively. Having multiple sources of income is the following parameter for sustainable graduation. Finally, having full access to banking financial institutions is the sustainable graduation criterion, assuming that a sustainable business organization meets the requirements for transacting with formal banks.

**Table 31 Summary of graduation criteria**

	<b>Monthly Income</b>	<b>Food consumption</b>	<b>Graduation from micro to medium enterprise</b>	<b>MSI</b>	<b>Access to banking financial institutions</b>
<b>Sustainable Graduation</b>	BDT $\geq$ 16,835	Able to take three meals per day	Business capital $\geq$ BDT500,000	Multiple income sources	Full access
<b>Transition</b>	BDT7,540 - BDT16,835	Able to take three meals	Business capital BDT100,000 to BDT500,000	Multiple income sources	Partial Access
<b>Under the graduation level</b>	BDT $\leq$ 7,540	Occasionally miss a meal	Business capital $\leq$ BDT100,000	Single income sources	No

#### **6.4 Role of MFIs in borrowers' socioeconomic graduation**

Microfinance institutions (MFIs) have been crucial in promoting borrowers' socioeconomic graduation, which refers to individuals or households transitioning from poverty or low income to higher economic well-being and social inclusion. MFIs provide access to financial services, such as microcredit, savings accounts, and insurance, to borrowers with limited or no access to formal banking institutions. These services enable borrowers to start or expand income-generating activities, build assets, and manage financial risks. Access to finance is a fundamental component of socioeconomic graduation. MFIs support borrowers in developing entrepreneurial skills and establishing sustainable income-generating activities. They offer business training, mentorship, and technical assistance to enhance borrowers' knowledge and capabilities. By providing small loans and financial resources, MFIs enable borrowers to invest in their businesses, increase productivity, and generate higher incomes. MFIs often offer financial literacy training programs to educate borrowers on money management, savings, budgeting, and understanding financial products. By enhancing borrowers' financial knowledge and skills, MFIs empower them to make informed decisions, access appropriate financial services, and effectively manage their finances. Through their services, MFIs contribute to borrowers' social and economic

empowerment. Increased income and improved financial management skills enable borrowers to meet their basic needs, provide better education and healthcare for their families, and enhance their living standards. Economic empowerment positively affects borrowers' self-esteem, decision-making abilities, and social mobility. MFIs help borrowers accumulate assets, such as housing, land, livestock, or equipment, which serve as a foundation for economic stability and future growth. As borrowers repay their loans, they gradually build savings and create a safety net for unexpected expenses or emergencies. Asset accumulation leads to increased resilience and improved long-term financial prospects. MFIs often facilitate linkages between borrowers and markets. They help connect borrowers to value chains, buyers, suppliers, and market information, enabling them to access larger customer bases and obtain fair prices for their products or services. Market access opens up opportunities for growth and expansion, contributing to borrowers' socioeconomic graduation. Overall, MFIs play a vital role in empowering borrowers to break the cycle of poverty, achieve economic independence, and attain socioeconomic graduation. By providing financial services, capacity building, market linkages, and social support, MFIs contribute to the sustainable improvement of borrowers' livelihoods and their integration into the broader economy.

## **6.5 A comparative scenario of borrowers' socioeconomic graduation**

### **6.5.1 Food-related indicators**

The food consumption capacity of households is an important indicator of graduation from poverty and vulnerability. Food is a basic human need that people prioritize to secure over other needs. Poverty and vulnerability could affect household food consumption patterns in several ways. For example, impoverished and vulnerable people are unlikely to eat three nutritious meals daily. Thus, it is important to measure the capacity of the household to consume the number of meals per day, the number of nutritious meals per day, and the number of sub-standard meals per day. Nutritious meals include food that supplies necessary nutrients to the body, i.e., rice, wheat, meat, fish, pulse, vegetables, etc. In contrast, sub-standard foods include only rice or rice with some vegetables or pulse. Along with the number of meals, we also measured the reserve for food as an indicator of vulnerability, as poor people usually do not have much capacity to reserve food for several weeks or months. We collected information on the abovementioned indicators over ten years and compared their situation.

**Table 32: Food consumption indicators**

	<b>No. of meals</b>	<b>Nutritious food at least once a day</b>	<b>Sub-standard food in all meals in a day</b>	<b>Food reserve</b>

	Overall			
<b>Before 10 years</b>	2.76	65.86%	4.03%	10.06
<b>Now</b>	2.98	70.55%	2.75%	13.88
<b>Difference</b>	0.22	4.69%	1.28%	4.47

#### **6.5.1.1 The number of meals per day**

This indicator is used to measure the capacity of the household to intake food regularly. We asked each respondent the number of meals they usually take recently and compared the situation with the capacity before 10 years. After discussing their food habits with the local community, we found that three meals per day is a standard food intake in the locality. Table 32 compares the number of meals per day over 10 years. The results show that the number of meals per day is nearly three compared to 2.76 meals 10 years ago. Specifically, 99.98% of respondents reported that their daily meal amounts either increased or remained unchanged.

#### **6.5.1.2 The number of nutritious meals per day**

Along with the number of meals per day, it is important to ensure sufficient nutrition intake to build a healthy generation. By nutritious food, we indicate the intake of a balanced diet containing the required nutrition and vitamins for the body. As an indicator of nutritious food, we asked respondents whether their food includes fish, meat, dairy products, and vegetables. The results show that the percentage of people who were able to consume nutritious food at least once a day has increased from 65.86% to 70.55%. Thus, the results show a positive trend in the consumption of nutritious meals per day over the study period.

#### **6.5.1.3 The number of sub-standard meals per day**

Along with the consumption of nutritious meals per day, it is important to ensure people reduce the consumption of sub-standard meals that do not have sufficient nutrition. The consumption of sub-standard food is directly related to people's income capacity and vulnerability. By sub-standard food, we indicate foods that do not contain sufficient nutrients and vitamins, such as rice, rice with rotten curry, some vegetables and pulses, etc. To tell sub-standard food, we asked the respondent whether any of their daily meals included foods like these. The results show that the percentage of people who consumed completely sub-standard meals almost every day has reduced from 4.03% to 2.75%. Thus, the result shows a reduction of the consumption of sub-standard meals over the study period.

#### **6.5.1.4 Reserve for staple food**

The reserve for staple food indicates people's capacity to stock necessary foods for a certain period, meaning a higher level of food security for the household. This indicator is also

related to people's graduation from poverty and vulnerability when they can ensure food reserves over an extended period. Poor households might have to sell food stocks during cash shortages, or they might need to spend their savings to maintain a minimum level of food stock. To understand the situation of a food reserve, we asked respondents about types of staple foods as a food reserve and the number of days they can sustain with the reserve. The results show that respondents had a food reserve for 10.06 days 10 years ago, which now stands at 13.88 days. The results indicate a significant improvement in food security among the MFI borrowers.

### 6.5.1.5 Graduation scenario in food consumption

**Table 33: Graduation scenario in food consumption**

	<b>3 meals per day</b>
<b>Graduation rate</b>	85.26%

The graduation scenario in food consumption highlights the current status of individuals who previously couldn't afford three meals a day a decade ago. Table 33 indicates that the overall graduation rate based on the "meals per day" criterion stands at 85.26%. This signifies a substantial increase in the percentage of people who now have the means to afford three meals a day compared to the past. This achievement is notably remarkable within the context of rural Bangladesh.

### A subjective judgement on the consumption of nutritious food

**Table 34: Subjective assessment on the improvement in the consumption of nutritious food over 10 years**

	<b>Strongly agree</b>	<b>Agree</b>	<b>Neutral</b>	<b>Disagree</b>	<b>Strongly disagree</b>
Overall	15.97%	51.33%	14.22%	14.87%	3.62%

Since there was no baseline study, we must rely on respondents' recall of situations before 10 years. Moreover, the information collected from the respondents through the survey needs to be validated. Despite the inherent limitations of the subjective judgment in measuring graduation, we used respondents' assessment of their situation regarding the consumption of nutritious food over ten years. We asked you to rate the following statement: "Are you able to consume more nutritious food regularly compared to 10 years before?". The results show that more than 60% of the respondents agree that their ability to consume nutritious food has increased.

## 6.5.2 Income capacity

### Comparison of income indicators over 10 years

Income capacity refers to an individual's or a household's potential to generate income. It measures their ability to earn money through various sources, such as employment, entrepreneurship, investments, or other income-generating activities. Education, skills, experience, market conditions, and access to resources and opportunities influence income capacity.

**Table 35 Comparison of income indicators over 10 years**

	Below the poverty line (\$ 2.15 per day at 2017 prices)	Regularity of income		Sources of income (No. of source)	
		Yes	No	1	2 or more
<b>Before 10 years</b>	30.23%	47.88%	52.12%	72.72%	27.28%
<b>Now</b>	18.39%	68.22%	31.78%	28.41%	71.59%
<b>Difference</b>	11.84%	20.34%	20.34%	44.31%	44.31%

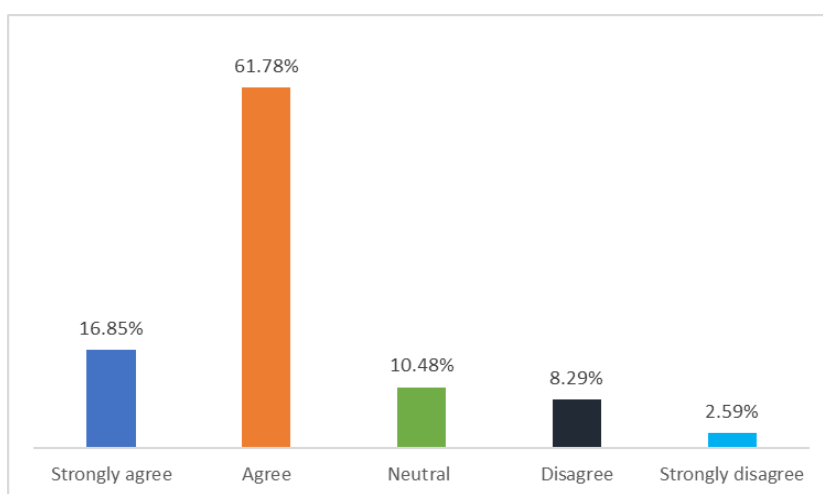
We aim to observe the percentage of respondents who graduated from extreme poverty. The World Bank fixed an income of \$2.15 per day in 2017 as the minimum income threshold for extreme poverty, while an income of \$3.20 per day in 2011 was the minimum threshold for the lower middle-income bracket. That means people can successfully graduate from poverty if they have an income of more than \$3.20 per day at 2011 prices. While determining the minimum threshold level at this study's start and end year, we have adjusted the amount with purchasing power parity-adjusted exchange rates. The threshold for the extreme poverty level in 2013 was BDT4060 per month, while that was BDT7540 per month in 2023. Similarly, the threshold for graduating to a lower-middle-income level in 2013 was BDT9120 per month, while BDT16,835 per month in 2023.

The table presents information on respondents below the poverty line, regularity of income, and sources of income for individuals before 10 years and at present. When evaluating income sources, we deem a source acceptable when clients can consistently generate a substantial income with a degree of regularity. The results show that 30.23% of the respondents were below the extreme poverty line 10 years ago, reduced to 18.39% in 2023. Regarding the regularity of income, 47.88% of respondents reported having a regular income, while 52.12% did not. At present, 68.22% of the respondents reported having a steady income, while 31.78% did not. Regarding sources of income, 72.72% of individuals

relied on a single source of income, while 27.28% had multiple sources of income 10 years ago. Currently, 71.59% of individuals have various sources of income, while 28.41% rely on a single source of income.

### *A subjective judgement on the income capacity*

Since there was no baseline study, we must rely on respondents' recall of situations before 10 years. Moreover, the information collected from the respondents through the survey needs to be validated. Despite the inherent limitations of subjective judgment in measuring graduation, we used respondents' assessment of their situation on their income capacity. As shown in the following figure, 78.63% of people either agreed or strongly agreed with this statement, meaning their income has improved over the last ten years. Another 10.48% responded neutrally, whereas the remaining 10.88% of the respondents don't think their income has been better than the previous 10 years, leaving a gap for microcredit programs to work on.



**Figure 14: Subjective judgement of borrower's income capacity**

## **6.5.3 Consumption expenditure**

### **Comparison of consumption expenditures over 10 years**

Consumption expenditure shows the demand for goods and services by the household. The division of consumption expenditure indicates the financial condition of households as well. In our socioeconomic graduation model, we measured borrower's expenditure on food,

education, medical, and others. We assumed that expenditure on food and medical are basic while expenditure on education indicates their capacity to invest for future generations.

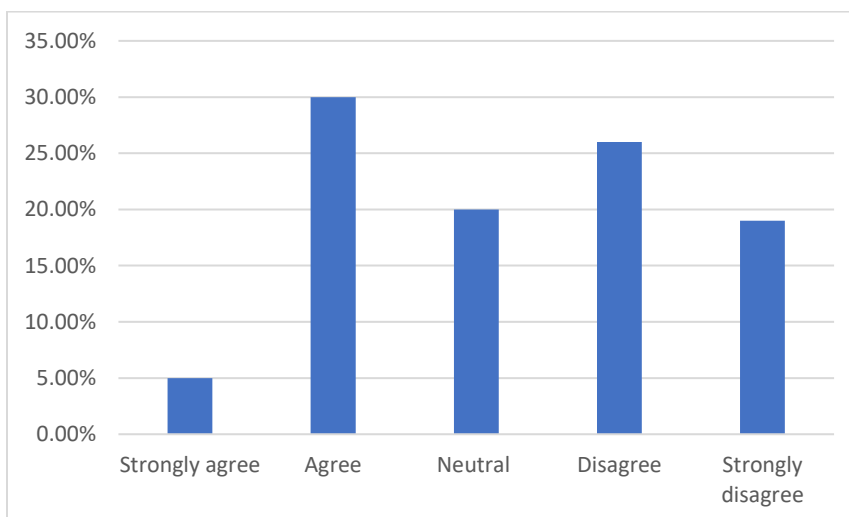
**Table 36 Comparison of consumption expenditures over 10 years**

	Average expenditure on food (%)	Average spending on education (%)	Average expenditure on medical (%)	Average expenditure on others (%)
<b>Before 10 years</b>	52.76%	15.22%	12.61%	14.50%
<b>Now</b>	51.93%	17.48%	13.24%	14.04%
<b>Difference</b>	0.83%	2.26%	0.63%	0.44%

The results show that 10 years ago, the average expenditure on food was 52.76%, education was 15.22%, medical was 12.61%, and others was 14.50% of total spending. Now, the average expenditure on food was 51.93%, education was 17.48%, medical was 13.24%, and others was 14.04% of total spending. Results show that households have increased their expenditure on education and medical while expenditure on food remained largely the same indicating that respondents are becoming more conscious about the value of education and a healthy life. Although the monetary value of expenditure on every sector increased significantly, the inflation-adjusted capacity to spend on essential sectors has mostly stayed the same.

#### *A subjective judgement on consumption expenditure*

Since there was no baseline study, we must rely on respondents' recall of situations before 10 years. Moreover, the information collected from the respondents through the survey needs to be validated. Despite the inherent limitations of the subjective judgement in measuring graduation, we used respondents' assessment of their consumption expenditure situation. The following chart shows that 96.77% of the respondents agreed that their consumption expenditures have increased over the past 10 years. In contrast, a small proportion (1.31%) of the respondents disagreed with this statement.



**Figure 15: A subjective judgement on consumption expenditure**

#### 6.5.4 Savings

##### Comparison of savings over 10 years

Cash savings are an important graduation criterion for ultra-poor people. Savings enable poor people to take loans to use for productive purposes. Moreover, it helps them to absorb economic shocks and natural disasters in their life cycle. Finally, savings can be converted into productive assets to get poor people out of poverty and sustain economic activities. In this sustainable socioeconomic graduation model, we measured respondents' graduation over savings, sufficiency of savings, regularity of savings, and expenditure from savings.

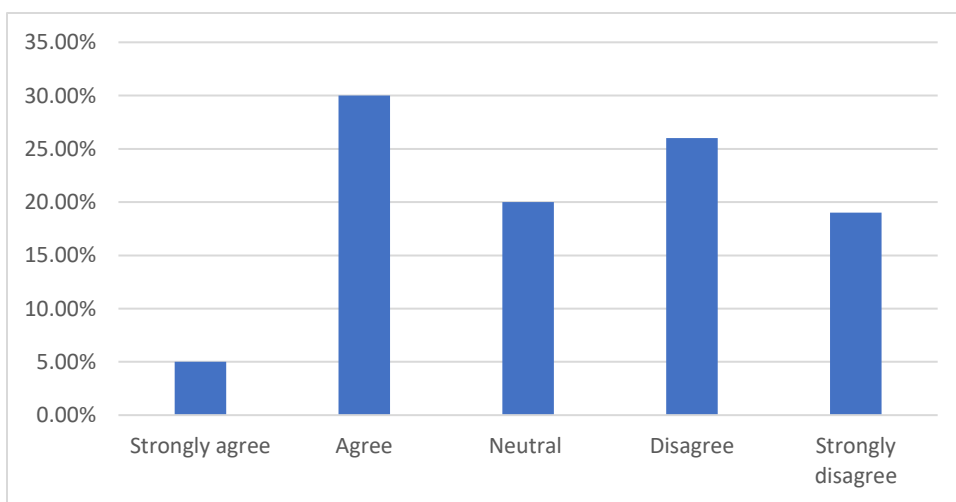
**Table 37: Comparison of savings over 10 years**

	Average savings (BDT)	Sufficiency of savings for a sustainable livelihood		Regularity of savings		Expenditure from savings	
		Yes	No	Yes	No	Yes	No
<b>Before 10 years</b>	1911.98	13.76%	86.24%	30.33%	69.67%	59.70%	40.30%
<b>Now</b>	3483.79	27.42%	72.58%	44.70%	55.30%	45.43%	54.57%
<b>Difference</b>	1,571.81	13.66%	13.66%	14.37%	14.37%	14.27%	14.27%

The average savings 10 years ago was BDT1,911.98, which has increased to BDT3483.79. However, after adjusting for inflation, the real growth in savings becomes relatively small. Regarding whether they have sufficient savings, 13.76% of respondents said "Yes," while 86.24% said "No" 10 years ago. Now, 27.42% of the respondents said that they had sufficient savings. When asked how often they save, 30.33% said they did so regularly, while 69.67% said they did not 10 years ago. Now, 44.70% of the respondents said that they had regular savings. Finally, 59.70% of respondents said they had to spend money from savings to meet necessary expenditures, which has decreased to 45.43%.

### *A subjective judgement on savings*

Since there was no baseline study, we must rely on respondents' recall of situations before 10 years. Moreover, the information collected from the respondents through the survey needs to be validated. Despite the inherent limitations of subjective judgment in measuring graduation, we used respondents' savings assessment. The respondents were asked whether their savings have increased over the last 10 years. It has been found that 35% of the respondents agreed, whereas 45% disagreed with the statement. As mentioned in the previous section, people's expenditures have increased substantially, resulting in lower savings.



**Figure 16: A subjective judgement on savings**

## **6.5.5 Ownership of durable assets**

### **Comparison of ownership of durable assets over 10 years**

Ownership of durable assets is an important instrument to fight against poverty and empower poor people with resilience. Our definition of durable assets include house for

living with electricity, drinkable water, and sanitary toilet and cultivable land with required equipment to carry agricultural activities. Ownership of durable assets gives poor people the confidence to live sustainably in an area where they can dream of a sustainable livelihood.

**Table 38 Comparison of ownership of durable assets over a 10-year period**

	Land (Home + Cultivation, in Katha)	Home for living with electricity, water, and toilet		Cultivable land with equipment	
		Yes	No	Yes	No
<b>Before 10 years</b>	14.62	60.70%	39.30%	24.92%	75.08%
<b>Now</b>	17.46	83.44%	16.56%	35.75%	64.25%
<b>Difference</b>	2.84	22.74%	22.74%	10.83%	10.83%

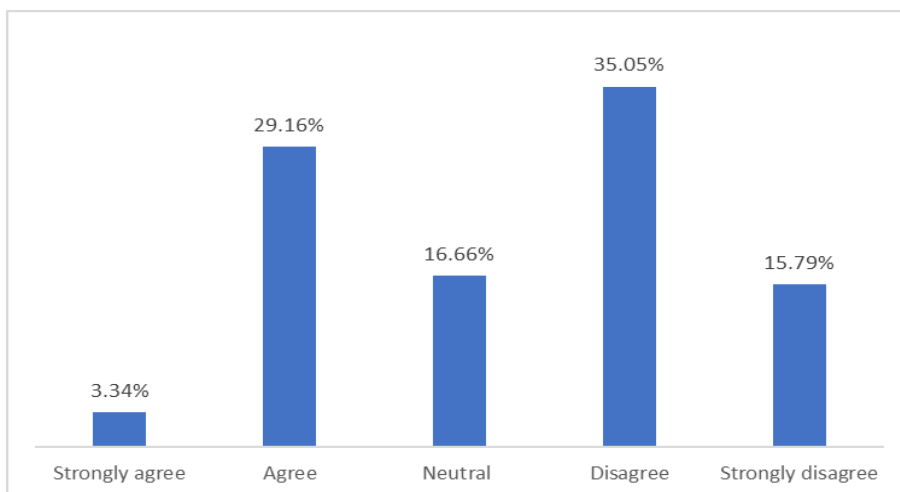
Land and homelessness are still considered the largest impediment to securing finance for productive economic activities. Thus, in our sustainable socioeconomic graduation model, we observed the ownership of land, homes with electricity, pure drinking water, sanitary latrines, cultivable land with machinery, and land ownership of neighbors.

Our study finds that, before 10 years, the average ownership of home and cultivable land was 14.62 katha. Among the respondents, 60.70% reported having a home with electricity, water, and a toilet, 39.30% did not, and 24.92% said they had cultivable land and equipment. The average land ownership increased to 17.46 katha in the current period. The proportion of respondents with dwelling homes with electricity, water, and sanitation significantly increased to 83.44%, and ownership of cultivable land with equipment increased to 39.18%. Among the ownership of durable assets, homes with electricity, water, and sanitation facilities have improved significantly, but cultivable land and equipment ownership has not. Still, 64.83% of MFI borrowers do not have land and equipment for cultivation.

#### ***A subjective judgement on the ownership of durable assets***

Since there was no baseline study, we must rely on respondents' recall of situations before 10 years. Moreover, the information collected from the respondents through the survey needs to be validated. Despite the inherent limitations of the subjective judgement in measuring graduation, we used respondents' assessment on ownership of assets. It was found that 32.5% of the respondents agreed that they have more resources than in the last

10 years. However, the % of people who “disagreed” with this statement is 50.84%, meaning that half of the respondents cannot obtain more resources than in the last 10 years.



**Figure 17: A subjective judgement on the ownership of durable assets**

### 6.5.6 Ownership of productive assets

#### Comparison of ownership of productive assets over a 10-year period

Productive assets, also known as income-generating assets, are resources or investments that have the potential to generate income or provide a return on investment over time. These physical or financial assets are typically acquired to generate wealth or passive income. In our sustainable socioeconomic graduation model, we observed respondents' ownership of productive assets to start a business independently, their training and skills required to be successful in the business, the permanence of income capacity, and local support for the business initiative.

The following table shows respondents' company assets, employment training, income-generating capacity, and local assistance. Only 11.57% have enough funds to establish a firm before 10 years, while 88.43% did not. 3.28% received new job training, whereas 96.72% did not. 12.71% thought their income-generating potential was permanent, whereas 87.29% did not.

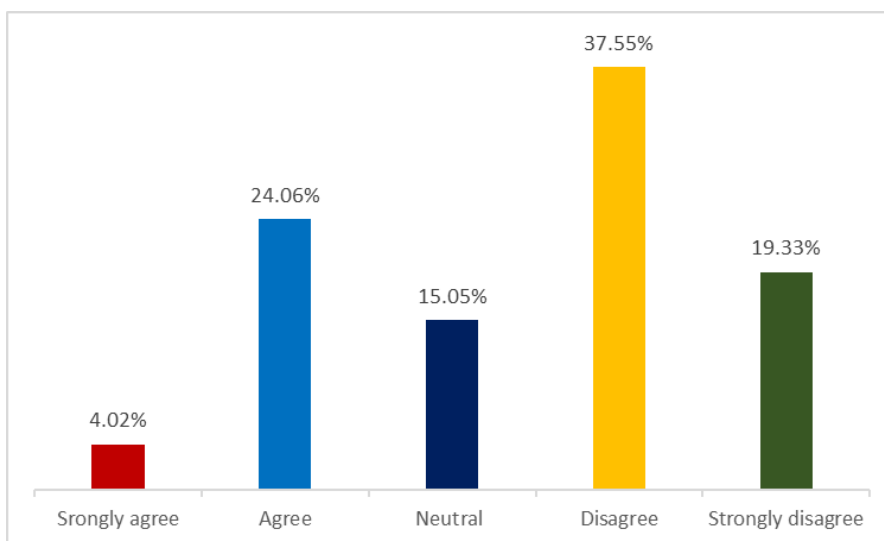
**Table 39: Comparison of ownership of productive assets over a 10-year period**

	Do you have enough assets to start a business?		Have you received training for the new business?		Do you expect a permanent Income generation from the business?		Do you have local support for your initiatives?	
	Yes	No	Yes	No	Yes	No	Yes	No
<b>Before 10 years</b>	11.57%	88.43%	3.28%	96.72%	12.71%	87.29%	18.85%	81.15%
<b>Now</b>	36.22%	63.78%	18.58%	81.42%	28.27%	71.73%	48.63%	51.37%
<b>Difference</b>	24.65%	24.65%	15.30%	15.30%	15.56%	15.56%	29.78%	29.78%

18.85% had local support for their ideas, whereas 81.15% did not. This has changed. 36.22% had adequate assets to start a firm, compared to 63.78%. 18.58% received new-job training, while 81.42% did not. 28.27% felt their income-generating potential was permanent, whereas 71.73% did not. 48.63% obtained local support for their ideas, while 51.37% did not. Both times show significant changes. Respondents with enough assets to start a business, receive work training, perceive income-generating potential as permanent, and receive local assistance have increased. These findings imply improvements in entrepreneurial resources and talent development. The increase in responders with enough assets and skills for new employment suggests a better business and professional climate. The chart shows how changing opportunities and support systems help people pursue their goals and increase their income.

### *A subjective judgement on the ownership of productive assets*

Since there was no baseline study, we must rely on respondents' recall of situations before 10 years. Moreover, the information collected from the respondents through the survey needs to be validated. Despite the inherent limitations of subjective judgment in measuring graduation, we used respondents' assessment of the ownership of productive assets. Results show that 56.88% of respondents reported that they couldn't create income-generating assets. The reason might be increased expenditure due to high living and maintenance costs and hyperinflation. Hence, only 28.08% agreed with this statement, and another 15.05% provided a "neutral" response.



**Figure 18: A subjective judgement on the ownership of productive assets**

### 6.5.7 Development of SME

#### Comparison of business maturity over 10 years

The maturity and development of businesses are important parts of the livelihoods and resilience strategies for poor households. Globally, SMEs are being considered the driver of growth. MFIs across the world have mixed experience in MSE financing. Several studies suggested that the impact of microcredit on SME development is modest (Banerjee et al. 2015; Banerjee et al. 2017; Augsburg et al. 2015; Buera et al. 2017). This is primarily because an entrepreneurial mindset is crucial to success in business. Nevertheless, the lack of access to finance and skills is often the reason people do not convert their micro-level business to a medium enterprise and later graduate to an enterprise. Generally, poor people start with micro-businesses in agriculture, poultry, fishing, and these kinds of businesses with MFI financing and skills training. However, with time, many MFI borrowers have graduated from MSE, and MFIs are now focusing more on MSE financing. In our study, we asked borrowers about the type of business and amount of loan involved and compared the scenario with the records after 10 years.

**Table 40: Comparison of business maturity over 10 years**

	Directly involved in business	Nature of business

	<b>Yes</b>	<b>No</b>	<b>Micro</b>	<b>Small Enterprise</b>	<b>Medium Enterprise</b>
<b>Before 10 years</b>	25.11%	44.89%	81.57%	16.85%	1.58%
<b>Now</b>	33.98%	66.02%	34.71%	57.15%	8.11%
<b>Difference</b>	21.13%	21.13%	46.86%	40.30%	6.53%

Table 39 provides information on the percentage of respondents directly involved in business activities and the nature of their business. The essence of business indicates whether the business is micro, small SME, or large SME. The results show that 25.11% of MFI borrowers were involved in business activities 10 years ago, which has increased to 33.98%. The results also show that before 10 years, 81.57% of the businesses were at the micro level, meaning that capital involved in their business was less than BDT100,000, and the number of employees was less than 10. Again, 16.85% of the borrowers owned small enterprises with a capital of BDT100,000 to BDT500,000 and medium enterprises with more than BDT500,000. We observe a descent scenario of graduation in business development. Only 34.71% of the MFI borrowers own micro, 57.15% own enterprises, and 6.53% own medium enterprises.

### **6.5.8 Access to Banking Institutions**

#### **Comparison of access to Banking Institutions over 10 years**

Access to banking financial institutions refers to the ability of individuals and businesses to utilize the services and products offered by regulated financial institutions such as banks and other equivalent institutions. This access allows them to perform various financial activities, including depositing and withdrawing money, obtaining loans, accessing credit, making investments, and utilizing other financial services. Limited infrastructure, financial exclusion, and lack of awareness and financial literacy are common challenges to accessing formal financial institutions. In our sustainable socioeconomic graduation model, we have observed whether respondents have a bank account and banking transactions and compared those with the situation in 10-years ago. We assume that a successful and sustainable graduation from poverty requires that people have accessibility and regular banking activities with bank and non-bank financial institutions.

**Table 41: Comparison of access to banking institutions over 10 years**

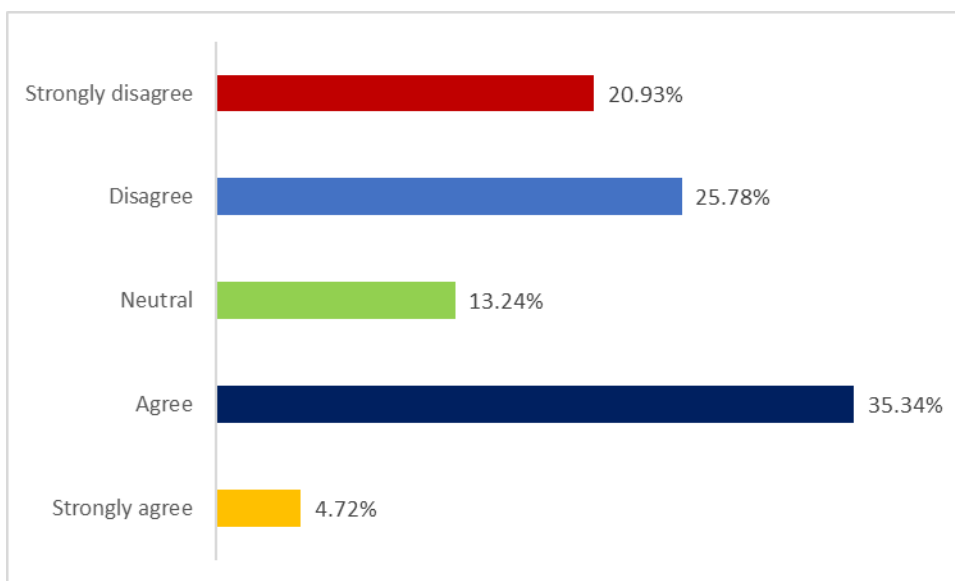
	<b>Do you have a bank account?</b>	<b>Do you have active banking transactions in both savings and loans?</b>

	<b>Yes</b>	<b>No</b>	<b>Yes</b>	<b>No</b>
<b>Before 10 years</b>	24.71%	75.29%	15.11%	84.89%
<b>Now</b>	38.74%	61.26%	28.79%	71.21%
<b>Difference</b>	14.03%	14.03%	13.68%	13.68%

The table provides information on respondents' bank accounts and uses of banks for savings and credit purposes. 10 years ago, only 24.71% of respondents had a bank account, and 15.11% had active banking transactions. Currently, 38.74% have bank accounts, and 28.79% have active banking transactions. However, the results have to be interpreted with the scenario at the field level. While access to banking financial institutions is a sign of financial inclusion, many borrowers from MFIs are somewhat reluctant to take loans from banks and intend to continue with MFIs. Extended credit granting procedures and requirements of papers make MFI borrowers reluctant to get bank credit. Instead, they can easily and quickly get loans from MFIs. Thus, a low financial inclusion rate does not mean people are out of the banking channels and cannot sustain their businesses.

### ***A subjective judgement on the accessibility to banking institutions***

Since there was no baseline study, we must rely on respondents' recall of situations before 10 years. Moreover, the information collected from the respondents through the survey needs to be validated. Despite the inherent limitations of subjective judgment in measuring graduation, we used respondents' assessment of the accessibility to formal financial institutions. Respondents were asked whether they got access to traditional financial institutions. As shown in the following chart, 46.71% of the respondents either disagreed or strongly disagreed with this statement, meaning a lack of access to financial institutions. Only 40.6% responded positively as they had access, while the remaining 13.24% provided neutral responses.



**Figure 19: A subjective judgement on the accessibility to banking institutions**

### 6.5.9 Access to education for children

#### Comparison of access to education for children over 10 years

Children's education is essential for individual development, social progress, and sustainable development. By investing in quality education for all children, societies can empower future generations, promote equal opportunities, and build a prosperous and peaceful world. Education is one of the most effective means of breaking the cycle of poverty. When children receive quality education, they gain the knowledge and skills needed to secure better employment opportunities in the future. This increases earning potential, improves living conditions, and reduces dependence on welfare programs. Education empowers children by providing them with the knowledge and skills to make informed decisions, participate in civic life, and advocate for their rights. It enables social mobility by offering children from disadvantaged backgrounds opportunities to improve their socioeconomic status and achieve their full potential. Education plays a crucial role in achieving sustainable development goals. It equips children with the knowledge and skills to address pressing global challenges such as climate change, poverty, inequality, and environmental degradation. Education cultivates ecological awareness, responsible citizenship, and sustainable practices necessary for building a more sustainable and equitable future.

**Table 42: Comparison of access to education for children over 10 years**

	<b>Do you send your children to school?</b>		<b>Do you have the capacity to provide continuous education to your children?</b>	
	<b>Yes</b>	<b>No</b>	<b>Yes</b>	<b>No</b>
<b>Before 10 years</b>	54.18%	45.82%	40.29%	59.61%
<b>Now</b>	82.99%	17.01%	69.35%	30.65%
<b>Difference</b>	28.81%	28.81%	28.96%	28.96%

The table shows data on sending children to school and the capacity to provide continuous education. Before 10 years, 54.18% of respondents sent their children to school, while 45.82% did not. The percentage of respondents sending their children to school has increased to 82.99%, while the percentage of those not sending their children to school has decreased to 17.01%. There has been an overall increase of 28.81% in the percentage of respondents sending their children to school. Regarding the capacity to provide continuous education to your children, before 10 years, 40.29% of respondents could provide continuous education to their children, while 59.61% did not. The percentage of respondents with the capacity to provide continuous education has increased to 69.35%, while the percentage without the capacity has decreased to 30.65%. There has been an overall increase of 28.96% in the percentage of respondents who can provide continuous education. In summary, the table indicates a positive change over time, with an increased percentage of respondents sending their children to school and having the capacity to provide continuous education. This suggests progress in ensuring access to education and sustaining it for children.

### **6.5.10 Social security**

#### **Comparison of social security over 10 years**

Microfinance significantly enhances social security, particularly in providing financial services to individuals and communities traditionally excluded from formal financial systems. Microfinance targets the economically disadvantaged by providing them with capital to start or expand small businesses. This access to credit enables individuals to generate income, create employment opportunities, and lift themselves out of poverty. By addressing poverty at its root, microfinance contributes to long-term social security. Microfinance goes beyond financial assistance. It empowers individuals, particularly women, with financial literacy training, business management skills, and social support networks. This empowerment fosters social mobility, allowing individuals to improve their

economic and social standing within their communities. Microfinance is often implemented at the community level, encouraging collective action and cooperation. MFIs support community-based organizations, self-help groups, and cooperatives, which foster social cohesion, mutual support, and community development. These initiatives strengthen social networks and resilience within communities.

**Table 43: Comparison of social security over a 10-year period**

	<b>Financial security</b>	<b>Social security</b>	<b>Family violence</b>	<b>Social harassment</b>
<b>Before 10 years</b>	39.52%	50.14%	18.46%	15.26%
<b>Now</b>	69.92%	86.73%	25.73%	13.90%
<b>Difference</b>	30.40%	36.59%	7.33%	1.36%

Table 43 shows the scenario of financial security, social security, family violence, and social harassment. The results show that before 10 years, 39.52% of respondents reported having financial security; now, the percentage of respondents with financial security has increased to 69.92%. There has been an overall increase of 30.40% in the percentage of respondents or individuals with financial security. Regarding social security, 10 years ago, 50.14% of respondents or individuals reported having social security, whereas now, the percentage of respondents or individuals with social security has increased to 86.73%. There has been an overall increase of 36.59% in the percentage of respondents or individuals with social security. Regarding family violence, 10 years ago, 18.46% of respondents or individuals reported experiencing family violence, whereas now, the percentage of respondents or individuals experiencing family violence has increased to 25.73%. There has been an overall increase of 7.33% in the percentage of respondents or individuals experiencing family violence. Regarding social harassment, 10 years ago, 15.26% of respondents or individuals reported experiencing it, whereas now, the percentage of respondents or individuals experiencing it has decreased to 13.90%. There has been an overall decrease of 1.36% in the percentage of respondents or individuals experiencing social harassment.

In summary, the table indicates changes in the reported experiences of financial security, social security, family violence, and social harassment over time. There have been notable improvements in financial security and social security, with increased percentages of individuals reporting these conditions. However, there has been a slight increase in the reported incidence of family violence. Social harassment, on the other hand, has shown a slight decrease in reported incidents. These changes provide insights into the evolving dynamics of these social issues over the given period.

### 6.5.11 Social empowerment

#### Comparison of social empowerment over 10 years

Social empowerment enables individuals and communities to control their lives, make decisions, and participate actively in society. It involves providing individuals with the knowledge, resources, and opportunities necessary to overcome social, economic, and political barriers and to exercise their rights and agency. Social empowerment is crucial for achieving equality, social justice, and inclusive development. Social empowerment helps individuals develop a sense of self-worth, belief in their abilities, and confidence to make decisions and take action. It enables them to recognize their strengths, talents, and potential, improving their mental well-being and resilience. Empowered individuals have the confidence and agency to participate actively in social, economic, and political spheres. They are more likely to engage in community organizations, civic activities, and decision-making processes. Social empowerment ensures that marginalized voices are heard, promoting inclusivity and democratic participation. Reduced inequality and social exclusion: Empowerment addresses power imbalances and promotes equality. It focuses on dismantling systems of discrimination, prejudice, and social exclusion based on factors such as gender, ethnicity, caste, disability, or socioeconomic status. Social empowerment strives for a society with equal rights, opportunities, and dignity. A significant aspect of social empowerment is the promotion of gender equality and women's empowerment. It aims to challenge gender norms, address discrimination, and ensure women have equal rights, opportunities, and access to resources. Women's empowerment has far-reaching social, economic, and political benefits, contributing to societal progress. Microfinance institutions (MFIs) significantly promote social empowerment by providing financial services and support to individuals and communities, particularly those who are marginalized and underserved.

**Table 44: Comparison of social empowerment over 10 years**

	<b>Active participation in family decision-making</b>	<b>Active participation in family financial issues</b>	<b>Active participation in social events</b>	<b>Membership in social/community groups</b>
<b>Before 10 years</b>	64.00%	62.01%	28.41%	12.86%
<b>Now</b>	94.41%	87.63%	51.98%	29.93%
<b>Difference</b>	30.41%	25.62%	23.57%	17.07%

Table 44 presents data on active participation in family decision-making, financial issues, social events, and membership in social/community groups. Before 10 years, 64.00% of respondents or individuals reported active participation in family decision-making, whereas now, the percentage of respondents or individuals actively participating in family decision-making has increased to 94.41%. There has been an overall increase of 30.41% in the percentage of respondents or individuals actively participating in family decision-making. Regarding active participation in family financial issues, before 10 years, 62.01% of respondents or individuals reported active involvement in family financial issues. The percentage of respondents or individuals actively participating in family financial issues has increased to 87.63%. There has been an overall increase of 25.62% in the percentage of respondents or individuals actively participating in family financial issues. Regarding active participation in family financial issues, before 10 years, 28.41% of respondents reported active involvement in social events, while the percentage of respondents actively participating in social events has increased to 51.98%. There has been an overall increase of 23.57% in the percentage of respondents or individuals actively participating in social events. Regarding membership in social/community groups, 10 years ago, 12.86% of respondents reported membership in social/community groups. In contrast, the percentage of respondents or individuals with membership in social/community groups has increased to 29.93%. There has been an overall increase of 17.07% in the percentage of respondents or individuals with membership in social/community groups.

The table indicates significant increases in active participation in family decision-making, family financial issues, social events, and membership in social/community groups over the given period. This suggests a positive trend towards greater involvement and engagement in these areas. These changes reflect a potential shift towards more inclusive and participatory decision-making processes within families and increased community engagement.

#### **6.5.12 Sustainable socio-economic graduation: An overall assessment**

We provide the pathway for sustainable socio-economic graduation over five important indicators: monthly income, food consumption, ownership of productive assets to start a business, multiple sources of income, and access to formal financial institutions. Our sustainable graduation criteria include having a monthly income of more than BDT16835, having three meals with at least one nutritious meal per day, graduating from medium enterprises, having multiple sources of income, and having an active bank account with formal banks. Clients who have graduated from the below poverty line are placed in the transitory domain if they fail to achieve the sustainable criteria. We prepared two tables for the graduation scenario: one for the clients under the graduation level or extremely poor 10 years ago and the other for those above the graduation level 10 years ago. If the clients who

met the graduation criteria 10 years ago at least continue to hold similar conditions, their graduation can be considered sustainable.

**Table 45: Graduation scenario of MFI clients who were below the poverty line before 10 years**

	<b>Income capacity</b>	<b>Food consumption</b>	<b>Graduation from micro to medium enterprise</b>	<b>Multiple Source of Income</b>	<b>Access to Banking Financial Institutions (BFI)</b>
<b>Sustainable Graduation</b>	37.97%	85.26%	2.76%	67.34%	31.18%
<b>Transition</b>	39.88%	-	55.65%	-	-
<b>Under the graduation level</b>	22.15%	14.74%	41.59%	32.64%	68.82%

**Table 46: Graduation scenario of MFI clients who were above poverty line before 10 years**

	<b>Income capacity</b>	<b>Food consumption</b>	<b>Graduation from micro to medium enterprise</b>	<b>Multiple Source of Income</b>	<b>Access to BFIs</b>
<b>Sustainable Graduation</b>	54.33%	96.79%	20.31%	71.54%	24.45%
<b>Transition</b>	31.28%	-	54.97%	-	-
<b>Under the graduation level</b>	14.39%	3.21%	24.72%	28.46%	74.55%

Table 45 shows the graduation scenario of MFI clients below the poverty line before 10 years. The results show that 22.15% of those under the poverty line 10 years ago remained under the poverty line, 39.88% of the clients graduated and stayed at the transitory level, and 37.97% achieved the sustainable graduation benchmark. In terms of food consumption, 14.74% are still under the graduation level and 85.26% achieved the sustainable graduation benchmark, i.e., the ability to consume three meals per day with one nutritious food per day. Regarding graduation from micro to medium enterprises, our focus was on the ability of the clients to grow their businesses sustainably. The results show that 41.59% remain under the graduation benchmark of less than BDT100000 of capital, 55.65% in the transitory phase (between BDT100000 and BDT500000 of capital), and only 2.76% of the clients have achieved the sustainable graduation criteria of more than BDT500000 of capital. Similarly, regarding the availability of multiple sources of income, 32.64% remain under the graduation level, and 67.34% have achieved the sustainable criteria of having multiple sources of income. Finally, our results show that 68.82% of clients outside the formal financial institutions remain in the same position, and 31.8% have achieved the graduation criteria for an active banking transaction.

Table 46 shows the graduation scenario of MFI clients above the graduation level 10 years ago. The results show that 14.39% of those above the poverty line 10 years ago went under the poverty line, 31.28% of the clients remained in the same position, and 54.33% achieved the sustainable graduation benchmark. In terms of food consumption, 3.21% went under the graduation level and 96.39% achieved the sustainable graduation benchmark, i.e., the ability to consume three nutritious meals with least one nutritious meal per day. In terms of graduation from micro to medium enterprises, our results show that 24.72% remain under the graduation benchmark of less than BDT100000 of capital, 54.97% in the transitory phase (between BDT100000 and BDT500000 of capital), and only 20.31% of the clients have achieved the sustainable graduation criteria of more than BDT500000 of capital. Similarly, regarding the availability of multiple sources of income, 28.46% remain under the graduation level, while 71.54% have achieved the sustainable criteria of having multiple sources of income. Finally, our results show that 74.55% of clients remained under the graduation level while 24.45% graduated sustainably in banking transactions.

However, interpreting the graduation scenario concerning access to banking institutions requires caution. While development studies often view clients' access to these institutions as a sign of progress, we've observed that microfinance clients frequently choose not to engage with banking institutions. This decision is often due to delays in fund disbursement and extensive paperwork, even when they meet the prerequisites for obtaining a bank loan. Presently, many Microfinance Institutions (MFIs) offer substantial loans for Small and Medium Enterprises (SMEs), prioritizing capable MFI clients over bank loans.

Consequently, a lower graduation rate in terms of accessing banking institutions doesn't necessarily indicate a lack of capacity on the clients' part, but rather their preference to continue their relationship as clients with MFIs.

Likewise, the graduation pathway from micro-level businesses to medium enterprises requires additional clarification. While the conventional developmental trajectory typically moves from micro to SMEs to larger-scale enterprises, our observations often reveal diverse graduation patterns that do not align precisely with our defined parameters but can still be considered as instances of graduation. For instance, while transitioning from micro-level businesses to SMEs with the aid of MFIs is a common and documented phenomenon, numerous prosperous MFI clients opt not to scale their successful SMEs into medium-sized enterprises. Instead, they prefer initiating entirely new ventures. Although this expansion diversifies their business portfolio, it often goes unrecognized as a graduation to medium-sized enterprises within the existing framework. Hence, the graduation scenario does not always conform to established frameworks but necessitates comprehension alongside the ground-level realities for a comprehensive understanding.

## **Chapter 7: Socioeconomic graduation in Char, Haor, and Hill Tracts areas**

### **7.1 Introduction**

Bangladesh's char, haor, and hill tracts are known to have higher poverty levels than other regions of the country. Char areas, which are riverine islands, are particularly vulnerable to poverty. The people living in these areas often face challenges such as geographical isolation, limited access to basic services, and frequent natural disasters. Poverty rates in char areas tend to be higher than the national average. The lack of infrastructure, including roads, schools, healthcare facilities, and markets, contributes to the inhabitants' economic struggles. Haor areas, characterized by their seasonal flooding and subsequent agricultural productivity during the dry season, also experience higher poverty rates. Although these areas have agricultural potential, the irregular water flow and limited access to credit, technology, and markets pose challenges to sustainable livelihoods. The vulnerability of agriculture to climate change and natural disasters further exacerbates poverty in haor areas. The Chittagong Hill Tracts (CHT) region is home to various indigenous communities. While the hill tracts have rich cultural diversity and natural resources, poverty rates are relatively high due to historical marginalization, limited access to education and healthcare, and lack of economic opportunities. The region has faced socio-political conflicts that have hindered development efforts and contributed to poverty. Efforts have been made by the government and various organizations to address poverty in these areas. Development initiatives include infrastructure projects, social safety nets, and programs that improve access to education, healthcare, and livelihood opportunities. Microfinance institutions (MFIs) also play a crucial role in providing financial services and support to individuals and communities in these regions, helping alleviate poverty by promoting entrepreneurship and income generation. However, it's important to note that poverty is a complex issue influenced by various factors such as socioeconomic conditions, geographical location, infrastructure, access to resources, and historical contexts. Ongoing efforts are needed to address the specific challenges these areas face and uplift the living conditions of those residing there.

Char areas are riverine islands formed by sediment deposition in the riverbeds of major rivers like the Ganges, Brahmaputra, and Meghna. High levels of poverty and limited infrastructure characterize these areas. MFI plays a crucial role in providing financial services to the population living in char areas. By offering microcredit and other financial products, MFIs help promote entrepreneurship, income generation, and poverty alleviation in these underserved regions. Haor areas are large bowl-shaped depressions located in the northeastern part of Bangladesh. They are flooded during the monsoon season but become vast expanses of fertile land during the dry season, supporting agriculture and fisheries. In haor areas, MFIs contribute to rural development by offering microfinance services tailored

to the needs of farmers, fishermen, and other local communities. These services can include crop loans, equipment financing, and insurance products to protect against natural disasters. The Chittagong Hill Tracts (CHT) is a hilly region in southeastern Bangladesh inhabited by various indigenous communities. The region has unique cultural, social, and economic characteristics. MFIs operating in the Hill Tracts area focus on empowering indigenous communities through financial inclusion. They provide microfinance services, such as small loans for agricultural activities, cottage industries, and handicrafts. MFIs also work towards preserving and promoting traditional indigenous practices and crafts to create sustainable livelihood opportunities. Overall, MFIs significantly promote economic development, poverty reduction, and empowerment in Bangladesh's char, haor, and hill tracts areas. By extending financial services to underserved populations, MFIs contribute to building a more inclusive and sustainable economy in these regions.

Microfinance Institutions (MFIs) significantly promote socioeconomic graduation in Bangladesh's Char, Haor, and Hill Tracts areas. MFIs provide financial services such as microcredit, savings accounts, and insurance products to individuals and small businesses in the Char, Haor, and Hill Tracts areas. These services enable people to access capital for income-generating activities, invest in productive assets, and build financial resilience. By having access to formal financial services, individuals can expand their economic opportunities and break the cycle of poverty. MFIs often provide training and capacity-building support to their clients. In Char, Haor, and Hill Tracts areas, these programs focus on entrepreneurship development, imparting knowledge and skills necessary for starting and managing small businesses. By equipping individuals with the tools needed, MFIs empower them to generate income, create employment opportunities, and improve their socioeconomic conditions. The Char, Haor, and Hill Tracts areas primarily depend on agriculture and fishing. However, MFIs help individuals diversify their livelihoods by supporting non-agricultural income-generating activities. They provide loans for small-scale enterprises, cottage industries, and service-oriented businesses. This diversification helps reduce vulnerability to climate-related risks, market fluctuations, and natural disasters, leading to increased household incomes and improved living standards. MFIs often work towards social empowerment alongside economic empowerment. They promote financial literacy and encourage forming self-help groups and community-based organizations in Char, Haor, and Hill Tracts areas. These initiatives foster social cohesion, promote collective decision-making, and empower marginalized communities to advocate for their rights and access to resources. Some MFIs implement graduation programs specifically designed to facilitate the transition of the ultra-poor from extreme poverty to sustainable livelihoods. These programs provide a holistic approach by combining financial services with training, mentorship, and social support. Graduation programs have shown success in helping individuals build assets, improve their incomes, and achieve long-term socioeconomic stability. Overall, MFIs contribute to socioeconomic graduation

in char areas by providing access to financial services, supporting entrepreneurship, diversifying livelihoods, fostering social empowerment, and implementing targeted graduation programs. These efforts help individuals and households lift themselves out of poverty, create sustainable livelihoods, and improve their overall well-being.

## 7.2 Socioeconomic Graduation Indicators

### 7.2.1 Food-related indicators

The food consumption capacity of households is an important indicator of graduation from poverty and vulnerability. Food is a basic human need that people prioritize to secure over other needs. Poverty and vulnerability could affect household food consumption patterns in several ways. For example, extremely poor and vulnerable people are unlikely to eat three nutritious meals daily. Thus, it is important to measure the capacity of the household to consume the number of meals per day, the number of nutritious meals per day, and the number of sub-standard meals per day. Nutritious meals include a basket of food that supplies necessary nutrients to the body, i.e., rice, wheat, meat, fish, pulse, vegetables, etc. In contrast, sub-standard foods include only rice or rice with some vegetables or pulse. Along with the number of meals, we also measured the reserve for food as an indicator of vulnerability, as poor people usually do not have much capacity to reserve food for several weeks or months. We collected information on the indicators mentioned above over ten years and compared their situation.

**Table 47: Food consumption scenarios in Char, Haor, and Hill Tracts**

	No. of meals	Nutritious food at least once a day	Sub-standard food in all meals in a day	Food reserve
Char Area				
<b>Before 10 years</b>	2.54	59.09%	7.67%	8.49
<b>Now</b>	2.84	66.67%	4.35%	11.00
<b>Difference</b>	0.30	7.58%	3.32%	2.51
Haor Area				
<b>Before 10 years</b>	2.65	65.05%	5.34%	4.22
<b>Now</b>	2.93	59.01%	4.33%	5.52
<b>Difference</b>	0.28	6.04%	1.01%	1.30
Hill Tracts				
<b>Before 10 years</b>	2.69	57.75%	8.41	6.71
<b>Now</b>	2.90	54.34%	4.21	8.81
<b>Difference</b>	0.21	3.41%	4.20%	2.10

We enumerated the food consumption capacity in regions like Char, Haor, and Hill tracts areas. In Char areas, before 10 years, on average, individuals consumed 2.54 meals per day. Now, the average number of meals has increased to 2.84 per day. There was an increase of

0.30 meals per day, which is statistically significant. In Haor areas, before 10 years, on average, individuals consumed 2.65 meals per day. Now, the average number of meals has increased to 2.93 per day. There was an increase of 0.28 meals per day, which is statistically significant. In Hill Tracts areas, before 10 years, on average, individuals consumed 2.69 meals per day. Now, the average number of meals has increased to 2.90 per day. There was an increase of 0.21 meals per day, which is statistically significant. Moreover, the data shows a increase in the consumption of nutritious food and an decrease in the consumption of sub-standard food in all three regions.

Regarding food reserves, in Char areas, before 10 years, on average, individuals had 8.49 days of food reserves. Now, the average amount of food reserves has increased to 11.00 days. There was an increase of 2.51 days of food reserves, which is statistically significant. In Haor areas, before 10 years, on average, individuals had 4.22 days of food reserves, which now increased to 5.52 days. There was an increase of 1.30 units of food reserves, which is not statistically significant. In Hill Tracts areas, before 10 years, on average, individuals had 6.71 days of food reserves, which now increased to 8.81 units. There was a significant increase of 2.10 units of food reserves.

The table presents data on meals consumed, nutritious and sub-standard food consumption, and food reserves in three regions and two periods. The data shows an increase in the number of meals consumed in all regions. Data also show that there is an increase in the consumption of nutritious food and a decrease in the consumption of sub-standard food. There are significant increases in food reserves in the Char Area and Hill Tracts, indicating an improvement in the availability of food reserves over time in these regions.

### **7.2.2 Income capacity**

Income capacity refers to an individual's or a household's potential to generate income. It measures their ability to earn money through various sources, such as employment, entrepreneurship, investments, or other income-generating activities. Income capacity is influenced by factors such as education, skills, experience, market conditions, and access to resources and opportunities.

The following table presents results related to the percentage of people below the poverty line, regularity of income, and sources of income for three different regions: Char areas, Haor areas, and Hill Tracts areas. In Char areas, before 10 years, the average monthly income was 40.45%. Now, the average monthly income decreased to 27.35%. There was a decrease of 13.10% in average monthly income. In Haor areas, before 10 years, the average monthly income was 49.55%. Now, the average monthly income has decreased to 35.30%. There was a decrease of 14.20% in average monthly income. In Hill Tracts areas, before

10 years, the average monthly income was 38.61%. Now, the average monthly income decreased to 26.41%. There was a decrease of 12.20% in average monthly income.

**Table 48: Income Capacity in Char, Haor, and Hill Tracts**

	Below the poverty line (\$ 2.15 per day at 2017 prices)	Regularity of income		Sources of income (person)	
		Yes	No	1	2 or more
<b>Char areas</b>					
Before 10 years	40.45%	36%	64%	92%	8%
Now	27.35%	47%	53%	83%	17%
Difference	13.10%	11.00%	11.00%	9%	9%
<b>Haor areas</b>					
Before 10 years	49.55%	41%	59%	49%	51%
Now	35.30%	52%	48%	35%	65%
Difference	14.20%	11%	11%	14%	14%
<b>Hill Tracts</b>					
Before 10 years	38.61%	20%	80%	88%	12%
Now	26.41%	43%	57%	77%	23%
Difference	12.20%	23%	23%	11%	11%

Regarding regularity of income, in Char areas, before 10 years, 36% of respondents reported having regular income. Now, the percentage of respondents with regular income decreased to 27.35%. There was a decrease of 11.00% in the regularity of income. In Haor areas, before 10 years, 41% of respondents reported having regular income. Now, the percentage of respondents with regular income decreased to 35.30%. There was a decrease of 11.00% in the regularity of income. In Hill Tracts areas, before 10 years, 20% of respondents reported having regular income. Now, the percentage of respondents with regular income decreased to 26.41%. There was an increase of 23.00% in the regularity of income.

Regarding sources of income (person), In Char areas, Haor areas, and Hill Tracts areas, before 10 years, most respondents reported income sources from one person. The percentage of respondents reporting income sources from two or more people increased in all regions. There was an increase in the percentage of respondents reporting income sources from two or more people.

### 7.2.3 Consumption expenditure

Consumption expenditure is the total amount of money individuals or households spend on goods and services for personal consumption during a specific period. It includes expenditures on various categories such as food, housing, transportation, healthcare, education, entertainment, and other daily necessities. Consumption expenditure is an important economic indicator as it reflects the level of economic activity and the standard of living within a population. Governments and policymakers often use consumption expenditure data to monitor and assess the economic well-being of individuals and households. It helps identify areas of economic growth, measure the impact of policy interventions, and formulate strategies to promote sustainable and inclusive development.

The cross-analysis among Char, Haor, and Hill tracts shows that, before 10 years, average expenditure on food was higher in Hill tracts areas (Tk.10,893) comparatively in Char areas (Tk.5273.07) and Haor areas (Tk.3,566.7). Though after 10 years the amount has increased, in char areas expenditure in food increased mostly in char areas in terms of difference (Tk.6000) than haor (Tk.4049) and hill tracts (Tk.4903). Moreover, the average expenditure on education areas after 10 years has increased mostly in Hill tracts areas (Difference Tk.6379.9) and slightly in Char areas (difference Tk.2063.2). However, in haor areas, the expenditure on education has decreased after 10 years (difference Tk.-115.2). Furthermore, people living in the char areas (Tk.3675 > Tk.1575) and hill tracts (Tk.8111.1 > Tk.5851.9) areas have experienced an increase in average expenditure on medical after the 10 years. However, a slight increase in average medical expenditure in haor areas (Tk.1300 > Tk.1100) indicates the poor condition of haor areas. Finally, average expenditure in others in char and haor areas has increased representing the difference of Tk.1681.30 and Tk.874.00 respectively.

**Table 49: Consumption Expenditure in Char, Haor, and Hill Tracts**

	<b>Expenditure in food (BDT)</b>	<b>Expenditure in education (BDT)</b>	<b>Expenditure in medical (BDT)</b>	<b>Other expenditures (BDT)</b>
<b>Char Area</b>				
Before 10 years	5200	1736.8	1575	3350
Now	11300	3800	3675	5031.3
Difference	6100	2063.2	2100	1681.3
<b>Haor Area</b>				
Before 10 years	3566.7	2400	1100	1500
Now	7615.7	2284.8	1300	2375
Difference	4049	115.2	200	875
<b>Hill Tracts</b>				
Before 10 years	10893	7250.1	5851.9	-
Now	15796	13630	8111.1	-
Difference	4903	6379.9	2259.2	-

#### **7.2.4 Savings**

Savings play a crucial role in poverty reduction for several reasons. For impoverished individuals, unexpected expenses or emergencies can have devastating effects. Having savings provides a buffer against unforeseen events such as medical emergencies, natural disasters, or job loss. It allows individuals to cope with these shocks without falling further into poverty or resorting to harmful coping mechanisms such as borrowing at high-interest rates. Savings provide a means to smooth income fluctuations and stabilize livelihoods. Many people in poverty work in sectors with irregular or seasonal incomes. Individuals can ensure a more consistent cash flow during leaner times by saving during higher income or productivity periods. This stability helps meet basic needs, maintain investments in income-generating activities, and reduce vulnerability to income shocks. Savings can be used to accumulate capital for investment in income-generating assets. This includes

purchasing tools, equipment, livestock, or agricultural seeds, starting or expanding a small business, or investing in education or skills development. These investments can enhance productivity, create employment opportunities, and increase earning potential, reducing poverty in the long term. Savings can also act as collateral or a demonstration of financial discipline, enabling individuals to access formal credit. With savings as collateral, individuals can secure loans at better terms and interest rates, which can be used for business expansion, education, or housing improvements. Access to credit can provide additional resources to invest in income-generating activities, accelerate asset accumulation, and lift individuals out of poverty. Poverty often traps individuals in a cycle of debt, where they rely on high-cost loans or informal sources of credit. By building savings, individuals can reduce their reliance on expensive borrowing and avoid falling deeper into debt. Savings can help break the cycle of debt and promote financial stability and resilience. In summary, savings are essential for poverty reduction as they provide a safety net for emergencies, stabilize income, facilitate investments in productive assets, enable access to credit, break the cycle of debt, and support long-term planning and goals. Promoting a savings culture and facilitating access to formal financial services can empower individuals and households to build resilience, escape poverty, and achieve sustainable economic well-being.

In Char areas, the average savings were 1,055 BDT before 10 years. Only 5% of respondents believed they had enough savings for survival and changing their lives. 13% reported regularity in savings, and 83% spent savings for their expenditure. Now, the average savings increased to 2,341 BDT. 42% of respondents believed they had enough savings for survival and changing their lives. 54% reported regularity in savings, and 17% spent savings for their expenditure. There was an increase in average savings of 1,286 BDT. The percentage of respondents with enough savings and regularity in savings also increased by 37%.

**Table 50: Savings in Char, Haor, and Hill Tracts**

	Average savings (BDT)	Do you have enough savings for survival and changing your life?		Regularity of savings		Savings to expenditure	
				Yes	No	Yes	No
		Yes	No	Yes	No	Yes	No
<b>Char</b>							
Before 10 years	1055.00	5.00%	95.00%	13.00%	87.00%	83.00%	17.00%
Now	2341.00	42.00%	58.00%	54.00%	46.00%	35.00%	65.00%
Difference	1286.00	37.00%	37.00%	41.00%	41.00%	48.00%	48.00%
<b>Haor</b>							
Before 10 years	2435.71	10.00%	90.00%	26%	74%	89.00%	11.00%
Now	3952.38	35%	65%	21%	79%	22.00%	78.00%
Difference	1516.67	25%	25%	5%	5%	67.00%	67.00%
<b>Hill Tracts</b>							
Before 10 years	8416.67	12.00%	88.00%	8%	92%	82.00%	18.00%
Now	11733.4	17%	83%	100%	0%	20.00%	80.00%
Difference	3,316.73	5%	5%	92%	92%	62.00%	62.002%

In Haor areas, before 10 years, the average savings were 2,435.71 BDT. Only 10% of respondents believed they had enough savings for survival and changing their lives. 26% reported regularity in savings, and 89% spent savings for their expenditure. Now, the average savings increased to 3,952.38 BDT. 35% of respondents believed they had enough savings for survival and changing their lives. 21% reported regularity in savings, and 22% spent savings for their expenditure. There was an increase in average savings of 1,516.67 BDT. The percentage of respondents with enough savings and regularity in savings increased by 25%.

In Hill Tracts areas, before 10 years, the average savings were 8,416.67 BDT. Only 12% of respondents believed they had enough savings for survival and changing their lives. 8% reported regularity in savings, and 82% spent savings for their expenditure. Now, the average savings increased to 11,733.4 BDT. 17% of respondents believed they had enough savings for survival and changing their lives. 100% reported regularity in savings, and spent savings for their expenditure. There was an increase in average savings of 3,316.73 BDT. The percentage of respondents with enough savings increased by 5%.

### **7.2.5 Ownership of durable assets**

Ownership of assets refers to the possession and control of assets by individuals, households, businesses, or other entities. Assets are valuable resources that generate income, provide security, and contribute to overall wealth. The ownership of assets is an important indicator of economic well-being and is often used to measure wealth distribution and inequality within a population. Examining asset ownership at the household level provides insights into individuals' or families' wealth and financial security. It includes the ownership of homes, vehicles, financial savings, and other household assets. Tracking changes in asset ownership over time provides insights into the dynamics of wealth accumulation, economic mobility, and the impact of various factors such as monetary policies, investments, and changes in asset values.

The table presents the results on land ownership (in Katha), residences with access to electricity, water, and toilet facilities, and cultivable land and equipment in three different regions: Char Area, Haor, and Hill Track. In Char Areas, before 10 years, the average land ownership was 5.71 Katha. Now, the average land ownership has increased to 6.31 Katha. There was an increase of 1.40 Katha in average land ownership. In Haor areas, before 10 years, the average land ownership was 6.6 Katha. Now, the average land ownership has decreased to 6.13 Katha. There was a decrease of 0.47 Katha in average land ownership. In Hill Tracts, 10 years ago, the average land ownership was 8.54 Katha. Now, the average land ownership has increased to 10.96 Katha. There was an increase of 2.42 Katha in average land ownership.

**Table 51: Ownership of assets in Char, Haor, and Hill Tracts**

	Ownership of land (in Katha)	Residence with electricity, water, and toilet		Cultivable land and equipment		Compared to neighbor	
		Yes	No	Yes	No	Yes	No
<b>Char Area</b>							
Before 10 years	5.71	55%	45%	25%	75%	5%	95%
Now	6.31	90%	10%	64%	36%	36%	64%
Difference	1.40	35%	35%	39%	39%	32%	32%
<b>Haor</b>							
Before 10 years	6.6	30%	70%	42%	58%	8%	92%
Now	6.13	82%	18%	50%	50%	11%	89%
Difference	0.47	52%	52%	8%	8%	3%	3%
<b>Hill Tracts</b>							
Before 10 years	8.54	69%	31%	51%	49%	35%	65%
Now	10.96	95%	5%	56%	44%	33%	67%
Difference	2.42	26%	21%	5%	5%	29%	29%

Regarding the ownership of residences with electricity, water, and toilets in Char, Haor, and Hill Tracts, 10 years ago, a relatively low percentage of respondents had access to electricity, water, and toilet facilities. The percentage of respondents accessing these facilities has increased significantly in all regions. There was a substantial increase in respondents with access to electricity, water, and toilet facilities. Moreover, there is a decreasing trend in the ownership of cultivable land with equipment in all areas.

### 7.2.6 Access to Banking Financial Institutions

Access to banking financial institutions is critical in promoting financial inclusion and reducing poverty. It allows individuals and businesses to access various financial services, including savings accounts, loans, insurance, and payment services. Access to banking financial institutions enables individuals to build economic resilience and cope with unexpected expenses or emergencies. By saving money and having access to credit or insurance, individuals can better manage economic shocks, reduce reliance on informal and expensive borrowing sources, and avoid falling into a cycle of debt. Banking financial institutions provide loans and investment capital that can be used for income-generating activities, business startups, and expansion. Individuals and entrepreneurs can invest in productive assets, acquire tools and equipment, and scale up their businesses by accessing

credit at reasonable interest rates. This leads to increased income, job creation, and poverty reduction.

The following table provides information on respondents' bank accounts, deposit or savings accounts, loan accounts, and the use of bank loans for their initiatives. In Char areas, before 10 years, 18.20% of respondents had a bank account. The percentage of respondents with a bank account has increased to 32.40%. There was an increase of 14.20% in the percentage of respondents with a bank account. In Haor areas, before 10 years, 16.32% of respondents had a bank account. The percentage of respondents with a bank account increased to 28.68%. There was an increase of 12.36% in the percentage of respondents with a bank account. In Hill Tracts, before 10 years, 28.50% of respondents had a bank account. The percentage of respondents with a bank account has increased to 35.50%. There was an increase of 7.00% in the percentage of respondents with a bank account.

Regarding active bank accounts in Char areas, Haor areas, and Hill Tracts, before 10 years ago, only a small percentage of respondents reported active banking transactions in savings and loan categories. The percentage of respondents with active banking transactions increased in all regions, which means there was an increase in the percentage of respondents with active banking transactions in both savings and loan categories in all regions.

The results show increased bank account ownership in all regions, indicating improved access to formal financial services. Additionally, there was an increase in the percentage of respondents engaging in active banking transactions in both savings and loan categories, suggesting a higher level of financial engagement and utilization of banking services. These changes signify progress in financial inclusion efforts and the promotion of formal financial services for individuals in the Char, Haor, and Hill Tracts.

**Table 52: Access to banking financial institutions in Char, Haor, and Hill Tracts**

	Do you have a bank account?		Do you have active banking transactions in both savings and loans?	
	Yes	No	Yes	No
<b>Char areas</b>				
Before 10 years	18.20%	81.80%	10.25%	89.75%
Now	32.40%	67.60%	21.45%	78.55%
Difference	14.20%	10.20%	11.20%	11.20%
<b>Haor areas</b>				
Before 10 years	16.32%	83.68%	9.78%	90.22%
Now	28.68%	71.32%	18.88%	81.12%
Difference	12.36%	12.36	9.10%	9.10%
<b>Hill Tracts</b>				
Before 10 years	28.50%	71.50%	13.65%	86.35%
Now	35.50%	64.50%	25.75%	74.25%
Difference	7.00%	7.00%	12.10%	12.10%

### 7.2.7 Extent of Subsidy and Support

Providing food, free education, and training are crucial components for poverty reduction in Bangladesh's char, haor, and hill tracts areas. Providing food support is essential in special areas due to the high vulnerability to food insecurity and malnutrition. Initiatives such as subsidized food distribution programs, school feeding programs, and targeted nutritional interventions can help ensure access to nutritious food for vulnerable populations. Education plays a vital role in breaking the cycle of poverty. Investing in education infrastructure, improving access to quality education, and implementing scholarships or stipend programs can enhance educational opportunities for children and adults in particular areas. This support can empower individuals to acquire skills and knowledge necessary for economic and social mobility. Vocational and skill development training programs tailored to the needs of char communities can enhance employability and income-generating opportunities. Training programs in agriculture, fisheries, handicrafts, and other relevant sectors can help individuals develop skills to engage in productive activities and create sustainable livelihoods. In all regions, it is crucial to adopt a holistic approach that combines food support, education support, and training support to address the multidimensional aspects of poverty. Collaboration among government

agencies, NGOs, and community-based organizations is essential for effective implementation and long-term impact. Additionally, involving the communities in designing and implementing these programs is crucial to ensure they are culturally appropriate, responsive to local needs, and promote ownership and sustainability.

The table compares food assistance, financial assistance, free education, and accessible healthcare facilities, particularly Char, Haor, and Hill tracts. The results show that in Char Areas, before 10 years, 24% of respondents received food assistance. The percentage of respondents receiving food assistance has increased to 80%. There was an increase of 56% in the percentage of respondents receiving food assistance. In Haor areas, before 10 years, 20% of respondents received food assistance. Now, the percentage of respondents receiving food assistance increased to 51%. There was an increase of 31% in the percentage of respondents receiving food assistance. In Hill Tracts, before 10 years, no respondents reported receiving food assistance. Now, 10% of respondents reported receiving food assistance. There was an increase of 10% in the percentage of respondents receiving food assistance.

**Table 53 Extent of subsidy and support in Char, Haor, and Hill Tracts**

	Food Assistance		Financial Assistance		Free Education		Free Health Facility	
	Yes	No	Yes	No	Yes	No	Yes	No
<b>Char Area</b>								
Before 10 years	24%	76%	40%	60%	4%	96%	20%	80%
Now	80%	20%	52%	48%	76%	24%	72%	28%
Difference	56%	0.56	12%	12%	72%	72%	52%	52%
<b>Haor</b>								
Before 10 years	20%	80%	9%	91%	14%	86%	3%	97%
Now	51%	49%	46%	54%	60%	40%	34%	66%
Difference	31%	31%	37%	37%	46%	46%	31%	31%
<b>Hill Track</b>								
Before 10 years	0%	100%	0%	100%	0%	100%	3%	97%
Now	10%	90%	3%	97%	3%	97%	7%	93%
Difference	10%	10%	3%	3%	3%	3%	3%	3%

Regarding financial Assistance, in Char, Haor, and Hill Tracts, before 10 years, the majority of respondents did not receive financial assistance. The percentage of respondents receiving financial assistance has increased to some extent in all regions. Regarding free

education, in Char, Haor, and Hill Tracts, 10 years ago, only a small percentage of respondents reported having access to free education. The percentage of respondents with access to free education has increased in all regions. Similarly, the percentage of respondents with access to free health facilities increased in all regions.

In summary, the results show an increase in the provision of food assistance, financial assistance, access to free education, and access to free health facilities across all regions. These changes indicate efforts to address poverty and improve the surveyed regions' access to necessities and services.

## Chapter 8: Microfinance and Women Empowerment in Bangladesh

### 8.1 Microfinance and Women Empowerment in Bangladesh

Microfinance is considered an important tool to improve borrowers' financial and social condition, especially female borrowers. Women empowerment is ensured when females can actively participate in economic activities, make decisions, and have economic independence. Equal opportunity for all members of society is important for the overall growth of any economy. Gender parity advocates empowerment. Since 2006, the World Economic Forum prepared the Global Gender Index. Economic participation & opportunity, educational attainment, health & survival, and political empowerment are four dimensions used to measure gender parity in the Global Gender Gap Index (World Economic Forum, 2023). This report shows Europe has the highest gender parity while Southern Asia has the second-lowest gender parity among the eight regions. In 2023, Bangladesh ranked 59<sup>th</sup> position with a .722 score (World Economic Forum 2023).

**Table 54: Global Gender Gap Index 2023 of Bangladesh in 2023 and 2022**

Index	Subindex	2023		2022	
		Score	Rank	Score	Rank
Global Gender Gap Index		0.722	59 <sup>th</sup>	0.714	71 <sup>st</sup>
	Economic participation and opportunity	0.438	139 <sup>th</sup>	0.427	141 <sup>st</sup>
	Educational attainment	0.936	122 <sup>nd</sup>	0.923	123 <sup>rd</sup>
	Health and survival	0.962	126 <sup>th</sup>	0.962	129 <sup>th</sup>
	Political Empowerment	0.552	7 <sup>th</sup>	0.546	9 <sup>th</sup>

Source: Compiled by the Researchers from World Economic Forum 2023: 100-101

Table 54 shows that the ranking of Bangladesh has improved from 2022 (71<sup>st</sup>) to 2023 (59<sup>th</sup>) in the Global Gender Gap Index. Each of the four dimensions depicts that Bangladesh has achieved a higher ranking in 2023 than last year. After independence, Bangladesh has shown slow progress in women empowerment. Successful implementation of family planning policies by the Government of Bangladesh; food for education policies for increasing the number of female children to schools by the Government of Bangladesh;

the growth of the Readymade garment sector and finally, the micro-credit revolution during the mid-1970s were identified as important factors that contributed to the women empowerment situation of Bangladesh (Khatun et al. 2015). Ali (2021) mentioned that Bangladesh is known as the land of the microcredit revolution. Women's economic empowerment has increased due to women's involvement in different occupations and businesses. Banu (2019) mentioned that women's involvement in economic activities allows them to access and utilize resources and improve their decision-making skills. Empowered women can access nutritious food, treatment, housing, water, and sanitary facilities. MFIs help women by increasing their affordability and living standards (Khursheed 2022). Microfinance is believed to create confidence, empowerment, belief, and independence in decision-making (Khursheed 2022).

In this study, the researchers interviewed 1443 female borrowers. They have answered questions regarding their status in comparison to the ten-year-old scenario. In this section, the researchers identified some dimensions closely associated with women entrepreneurs' empowerment. The researchers have focused on the savings and ownership of the assets of the female respondents. Empowerment is also observed by the participation rate of the female respondents in family decision-making and social groups. In addition, the social security feelings of the respondents are also considered here. Finally, the researchers also emphasized one specific issue: educational opportunities for the respondents' children. The respondents were asked to compare their current situations with their previous conditions ten years ago.

## 8.2 Savings

**Table 55: Savings of the Female Borrowers**

	Average savings	Do you have enough savings for survival and changing your life?		Regularity of savings		Expenditure from savings	
		Yes	No	Yes	No	Yes	No
10 Years Ago	4741.12	18%	82%	35%	65%	44%	56%
Now	5836.102236	30%	70%	47%	53%	54%	46%
Difference	1094.98	13%	13%	12%	12%	9%	9%

Source: Compiled by the Researchers

**Savings for the Respondents**

	10 Years Ago		Now	
	Yes	No	Yes	No
<b>Expenditure from savings</b>	56%	44%	54%	46%
<b>Regularity of savings</b>	65%	35%	47%	53%
<b>Do you have enough savings for survival and changing...</b>	82%	18%	30%	70%

From Table 55, it can be understandable that the female respondents have more savings than ten years ago. The same scenario is available in the regularity of savings and usage of savings. Now, the majority of female respondents use their savings to meet different expenses. From the KII, it was also found that the borrowers often use these savings to cope with shocks. Now, 54% of female borrowers use savings for expenditure, and it can be assumed that Covid 19 played a role here. More savings of the female borrowers might show that the respondents are more economically empowered than before.

### 8.3 Ownership of Assets

**Table 56: Ownership of Assets**

	Average land (in Katha)	Average housing, including electricity, water, and sanitary facilities		Harvesting land and equipment	
		Yes	No	Yes	No
10 Years ago	14.09	61%	39%	34%	66%
Now	16.85	83%	17%	44%	56%
Difference	2.76	22%	22%	10%	10%

Source: Compiled by the Researchers

Table 56 presents the ownership of the assets controlled by the respondents. 10 years ago, only 61% of the respondents owned housing with electricity, water, and sanitary facilities. Now, this number has increased to 83%. This housing may not be registered only for the name of the female borrowers. However, chances are that the name of the male family members registers those. Interestingly, borrowers tend to use at least partially that amount to improve their housing conditions whenever they take a loan.

### 8.4 Feelings of Empowerment

**Table 57: Participation in the family and social issues**

	Participation in Family Decisions		Participation in solving Family Financial Problems		Participation in Social Issues		Membership in Social Groups	
	Yes	No	Yes	No	Yes	No	Yes	No
10 Years Ago	65%	35%	63%	37%	29%	71%	13%	87%
Now	95%	5%	88%	12%	51%	49%	30%	70%
Difference	30%	30%	25%	25%	22%	22%	17%	17%

Source: Compiled by the Researchers

Feelings of Empowerment				
	10 Years Ago		Now	
	Yes	No	Yes	No
<b>Membership in Social Groups</b>	87%	13%	30%	70%
<b>Participation in Social Issues</b>	71%	29%	51%	49%
<b>Participation in Solving Family Financial Problems</b>	37%	63%	88%	12%
<b>Participation in Family Decisions</b>	35%	65%	95%	5%

Table 57 illustrates a wonderful picture of how female borrowers feel empowered by engaging in family decisions, financial issues, social issues, and being a social group member. 10 years ago, only 13% of female borrowers had membership in social groups, and now the rate has more than doubled. At present, 95% of female borrowers participate in family decision-making, while 88% are involved in solving family financial problems. These data clearly show that female borrowers' participation in decision-making has increased significantly.

## 8.5 Sense of Security

**Table 58: Sense of security**

	Financial Security		Social Security		Domestic Violence		Social Harassment	
	Yes	No	Yes	No	Yes	No	Yes	No
10 Years Ago	40%	60%	51%	49%	19%	81%	15%	85%
Now	70%	30%	87%	13%	26%	74%	15%	85%
Difference	30%	30%	36%	36%	7%	7%	1%	1%

Source: Compiled by the Researchers

Sense of Security				
	10 Years Ago		Now	
	Yes	No	Yes	No
<b>Social Harassment</b>	85%	15%	15%	85%
<b>Domestic Violence</b>	81%	19%	26%	74%
<b>Social Security</b>	49%	51%	87%	13%
<b>Financial Security</b>	60%	40%	70%	30%

Table 58 delineates that female borrowers feel more secured financially and socially than before. However, the rate of domestic violence has increased, and the social harassment rate has remained the same in the last ten years. From the FGD, it was also prominent that domestic violence was widespread in these families. Before, the females felt intimidated and pressured to talk about domestic violence publicly as they considered this shameful act very normal in Bangladeshi patriarchal society. Nowadays, females are more vocal about the violence.

## 8.6 Education Opportunities for next generation

**Table 59: Education Opportunities**

	Do your children go to school?		Did anyone drop out?		Do you have the capability to ensure continuity in their school?		Do you want them to be educated?	
	Yes	No	Yes	No	Yes	No	Yes	No
10 Years Ago	55%	45%	16%	84%	40%	60%	42%	58%
Now	84%	16%	14%	86%	69%	31%	58%	42%
Difference	29%	29%	2%	2%	29%	29%	16%	16%

Source: Compiled by the Researchers

Table 59 shows that the children of 84% of female respondents go to school. The government of Bangladesh has several policies and campaigns to promote education for all, especially for female children. Besides, female borrowers are very sincere about their

children's education, irrespective of gender. More emphasis on female children's education might bring positive results in the area of child marriage and the dowry system in the near future.


From the above discussion, microfinance has positive impact on women empowerment. Whenever the MFIs decide to give any loan, the first condition is that the beneficiary must be a female (in most cases). This characteristic of the MFIs empowered the poor women in the sense that the male members needed the females to get the approval of the loan. It might increase the women's status in the eyes of their husbands. In addition, women might feel courageous to raise their voices against several forms of violence and abuse. Ali (2021) and Pitt et al. (2006) support this statement. The name of the woman who takes the loans. Nevertheless, the loan might be utilized later by the family's male members in most cases. Whoever uses the credit, most importantly, it helps the overall economic conditions of the borrowers' families. Microfinance is positively related to the economic and social empowerment of Bangladeshi females, and it might be the ideal path for achieving sustainable development.

## Chapter 9: Case Studies

### 9.1 Case Study 1: Swapna Rani Das

#### Background Information

**Table 60: Profile of Swapna Rani Das**

Age	35 years (approximately)	
Gender	Female	
Academic Qualification	Primary	
Profession	Homemaker	
Marital Status	Married (for the last 22 years)	
Husband's Profession	Mechanic	
Children	1 (Daughter)	
Address	Titas, Daudkandi, Cumilla	

#### Microfinance and graduation

Swapna's microfinance journey starts after her marriage. Her mother-in-law was a beneficiary of the microfinance institutions, at first. Swapna received a credit of tk 30,000 from Grameen Bank. They bought a small piece of land (1 decimal = 1 shooting) with the credit and built their home. After one year, her father-in-law got sick, and his treatment required a lot of money. Again, Swapna took microcredit from Grameen Bank, which varies from 20,000 to 40,000. Later, her credits were used to get larger home with second storey. Initially, the house was made of bamboo, and now it is made of tin and brick.

Swapna Rani Das and her husband did not have their baby, and they needed to go through treatments in Dhaka. Fertility treatment was expensive, along with staying in the capital city. She took a loan for the treatment of her father-in-law and her fertility treatment. The amount of credit was used for different purposes instead of the purpose mentioned for microcredit. She also helped her brother by giving him loans to invest in his business. Eight years ago, she took credit and gave tk 1 lac to her brother to send her 18-year-old nephew to Dubai. Her nephew has been working as a road construction laborer in Dubai since then. After working in Dubai for one year, her nephew returned her credit amount in installments.

Two years ago, her brother-in-law also went to Dubai, and she took a loan for 4 lacs. She also took a loan from ASA to arrange this huge amount of money. Now, her brother-in-law has been sending money for the last 2 years. She took the latest loan of tk. 20,000 from ASA six months ago. Her niece got married this year, and she spent tk 10,000 on the gifts for the wedding.


Swapna has been taking loans for the last 18 years. She has a bank account, bKash, and a smartphone. At the same time, she has savings in the form of DPS with the microfinance institutions. In addition, she saves for her daughter's future. As she does not have a child, she adopted her sister's daughter, who is currently 14 years old. Swapna's daughter is now studying at school. Moreover, she can spend on her daughter's tuition and private coaching.

Swapna's husband is working as a mechanic. Her husband is the head of the family. When her father-in-law was alive, he was the head of the family. Her sister-in-law and their children also live with them in the same house. She has experienced domestic violence before, and it still exists in her family. She has a plan to start a furniture business for her husband.

## 9.2 Case Study 2: Muhammad Bakhtizer Ali

### Background Information

**Table 61: Profile of Muhammad Bakhtizer Ali**

Age	50 years (approximately)	
Gender	Male	
Academic Qualification	Kamil (Postgraduate; Madrasa background)	
Profession	Business (agricultural products)	
Marital Status	Married (for the last 23 years)	
Wife's Profession	Homemaker	
Children	1 (Daughter)	
Address	Chehel gazi, Dinajpur	

### Microfinance and graduation

Muhammad Ali started his job in 2000 as a teacher in a local Madrasa. He also got married in the same year. From his salary savings, he started his business, Messrs Setu Traders, in 200. He had his friend as a partner; however, his friend left the business after several years. He sells fertilizer and pesticides in his shop at Chehel Gazi. He sells seeds, fertilizer, insecticides, etc.

At first, he took tk. 10,000 loan from BRAC in 2003. He also takes microcredit from different microcredit institutions like ASA, TMSS, Polli Daridro Bimochon Foundation, Asroy, GUK, Buro Bangladesh, etc. Initially, he took a loan in his wife's name. For several years, his wife, Asmaul Hosna, was a microcredit client, and he used the loan. Then, they approached the microcredit by using both of their names. He took a loan for tk 4 lac and used that amount in businesses.

He has a house made of clay in his village. Then he bought land at Chehel gazi and constructed building with the foundation of three storied building in 2005. Moreover, he sequentially bought land, built houses, and rented them. He has a sanitary latrine now. He informed me that he usually went to a private doctor for treatment instead of a government one. Her daughter graduated last year. His business flourished as he received micro-credit

from different microfinance institutions. He performed hajj last year. He believed that he received recognition in the society. In the area, people respect him. He informed that at least 4 persons started businesses by following his advice.

He has enough savings and a banking relationship with Islami Bank. He used a Nokia phone. However, he used the bkaash number of his son-in-law for business purposes. In family matters, he and his wife make the decisions mutually. He has enough savings. Her daughter got a proper education, and he claimed he could spend on her tuition and private coaching.


10 years ago, his business was affected by a natural calamity. Terrible thunderstorms and rain influence the paddy cultivation. The weather harms the cultivation of rice. At that time, he bought materials from the wholesalers at credit. His business faced loss as the farmers could not pay for the product he sold on credit.

During Corona, the government Stimulus package helped him a lot. At that time, he received a tk. 2 lac loan from the Krishi bank. He has a loan with Sonali Bank for tk. 80,000. His business was profitable in 2007/08. After 2014, his businesses were narrowed down due to political conditions. He is now trying to reduce the loan amount for religious reasons. He wants to eliminate all the interest and installments after the hajj, as those are forbidden in Islam.

### 9.3 Case Study 3: Riazul

#### Background Information

**Table 62: Profile of Riazul**

		
Age	28 years (approximately)	
Gender	Male	
Academic Qualification	Primary	
Profession	Business	
Marital Status	Married (for last 6 years)	
Wife's Profession	Homemaker	
Children	1 (Son)	
Address	Ghotmachi, Madaripur	

#### Microfinance and graduation

Riazul has been doing business for the last 10 years. He has one brother and one sister. All the siblings are sick due to rare genetic disorders. In their childhood, they were healthy. In their adolescence (10/12 years old), they faced problems while walking. They came to Dhaka for treatment, but this family had no hope. The doctors suggested them to go back to their village. After a few years, it became impossible for them to walk without support.

Riazul took his first loan 8 years ago from Grameen Bank. The loan was for his mother. When he became disabled, he thought of starting a business. His mother took a 2 lac loan from Grameen Bank. He started his business by offering support services of bKash. People came to his shop to top up and make Flexi for their phones. 1.5 years ago, he took a 1 lac loan from BRAC. His monthly income is tk 15000. Six months ago, his brother started his business, and here, the monthly income is nearly Tk. 10000 monthly. Riazul's business and microcredit profits have been used to start a new business for his brother, Rana. His only son is 5 years old and is currently going to school. Initially, he took a loan in his mother's name. After his marriage, he started taking loans in his wife's name.


Riazul explained that the financial condition of their family has improved a lot. Now they have a house with a tin with a Tube well for drinking water. 10 years ago, 5 family members shared one egg for lunch. The situation has changed, and now each can have one egg in one meal. They arranged the marriage of his only sister with their income. 7 years ago, Riazul and his parents sent his brother-in-law to Saudi Arabia. Microcredit greatly supported his sister's marriage and his brother-in-law's job in Saudi Arabia.

During Covid 19, businesses faced losses. However, he received a lot of support from BRAC. He stayed at the BRAC office in his wheelchair and helped people with their payment of installments. BRAC manager allowed him to do that to support him.

#### 9.4 Case Study 4: Monowara

##### Background Information

**Table 63: Profile of Monowara**

Age	33 years (approximately)	
Gender	Female	
Academic Qualification	Secondary	
Profession	Homemaker	
Marital Status	Married (for the last 13 years)	
Husband's Profession	Works in a shop	
Children	2 (Daughters)	
Address	Mymensingh Ward 8, Mymensingh	

##### Microfinance and graduation

Monowara started somity 8 to 10 years ago. At first, she was a member of Grameen Bank and took credit for tk 30,000. Then she took a loan from ASA for tk 30,000. At that time, her husband did not have any job, and their financial condition was terrible. Monowara became member of several microcredit institutions: Asha, BRAC, Grameen Bank and Samaj Kalyan Unnayan Shangstha. Now she has a loan for tk 2 lac. In 2017, she bought an auto for her husband at tk 150,000. She used her loan to buy this vehicle for her husband. However, it did not improve their financial condition. His husband could not drive it properly as they needed to purchase a license and battery. 2 years ago, Monowara took tk. 40,000 credit for buying a battery for the auto. It took 60000 tk to get a new battery. The

government has some restrictions that the car cannot be on the road every day. In early 2023, her husband sold the auto and started working in a shop.

During corona, the financial situation worsens. At that time, Samaj Kalyan Unnayan Shangstha gave tk 20,000 credit, which helped them survive during the crucial period of the corona. Considering their situation, Monowara has two daughters, who are going to comparatively better schools. Her husband does not work very regularly. It becomes difficult for them to pay the installments, and she must depend on overlapping to pay them.

### **9.5 Cross Case Analysis**

From the above cases, it was observed the women members are taking the microcredits, but the male family members mainly use those. This behavior is not very uncommon in other societies. A study by Sharma & Mani (2016) and Nichols (2004) reflected that male members are engaged in other economic activities. Still, their female family members took loans, and the male members used and controlled those loans.

In these cases, it is also identified that microcredit is used for sending male members abroad. Bangladesh got its second-highest earnings from remittances, and here, micro-credit indirectly plays a role. The graduation of the beneficiaries is also positively influenced by the remittances of the family members. Usually, it is not easy to collect large amounts to send someone to foreign countries. Microcredit is a way to manage and use such an amount for this purpose.

Then, beneficiaries used those loans and got new houses, new land, and improved sanitary facilities with pure drinking water. Mamun (2013) supported the scenario that beneficiaries send on assets. However, domestic violence is still there. On the other hand, it is also observed that most families followed family planning and reproductive control, which can also be viewed as a sign of women empowerment (Norwood 2014). Moreover, all of the beneficiaries are very serious about their children's education. They do not bother spending more money on private coaching. These findings support the observations of Mamun (2013).

In these cases, it is also observed that microfinance is used in the coronavirus period and helps in survival. Coping with shock (Dunn & Arbuckle 2001) is observed here. Moreover, female members' loans are also used for intergenerational launching (Dunn & Arbuckle 2001). In Bangladesh, it is challenging to arrange marriages for girls without dowry. The beneficiaries took credit for gifts/ dowry in the marriages, which is also supported by Mamun (2013).

## Chapter 10: Recommendations and Conclusions

### 10.1. Recommendations

Our study demonstrates that in the past decade, Microfinance Institutions (MFIs) have played a significant role in fostering socioeconomic advancement among their clients. These clients have notably progressed in various aspects, including increased income generation, improved food consumption, establishment of diverse income sources, transitioning towards medium-scale enterprises, and gaining access to banking and financial institutions. Despite this positive trend in socioeconomic advancement, there remains potential for further improvement. Additionally, our study findings offer guidelines that could serve as a valuable framework for MFIs to enhance their efficiency and effectiveness. Several suggestions based on these findings include:

- MFIs ought to offer tailored loan products that cater to specific borrower needs, such as startup or expansion capital for businesses, funding for education, or housing loans. This approach can aid borrowers in achieving their objectives and elevating their living standards.
- MFIs should foster a supportive ecosystem beyond mere lending, providing business development services, networking platforms, and access to markets. Such initiatives can assist borrowers in scaling their businesses, boosting income, and ultimately transitioning away from microfinance dependence.
- To promote financial inclusion and reduce poverty, MFIs should prioritize extending loan accessibility to underserved regions and vulnerable populations.
- Collaborations between MFIs and diverse stakeholders like local governments, NGOs, and private entities can amalgamate resources and expertise. Such partnerships can significantly contribute to borrower graduation and overall socio-economic progress, fostering a more comprehensive approach to poverty alleviation and enhancing microfinance effectiveness.
- Embracing technological advancements, such as offering mobile banking and internet-based loan applications, can amplify service delivery. This step may enhance efficiency, reduce costs, and broaden financial access, especially for remote populations.
- Regular tracking and assessment of program impacts on borrower graduation and socio-economic development are crucial. Utilizing data-driven decision-making can help ensure program efficacy, aiding MFIs in making informed choices about program structure and execution.
- Considering that some clients rely on a single income source, both MFIs and regulatory bodies should contemplate encouraging diversification into multiple income-generating activities.

- MFIs should strengthen support during economic and natural disasters. This involves not only relaxing loan payments but also providing enhanced emergency loans, food supplies, asset transfers, etc. Introducing microinsurance or similar risk-sharing financial packages could help mitigate losses during such crises.

## 10.2 Conclusions

Microfinance is vital for low-income households, offering immediate financial aid and empowerment services. Beyond credit, it drives holistic progress in housing, education, health, and empowerment, combating poverty and fostering sustainable development. The MRA, established in 2006, ensures transparency in poverty alleviation efforts. In its decade-long tenure, the MRA intends to examine the impact of MFIs on economic and social graduation of their clients. This study investigates MFIs' role in fostering borrower graduation in Bangladesh, surveying clients using loans for a minimum of 10 years nationwide. Emphasizing regions like Char, Haor, and Hill tracts, it assesses socioeconomic advancements, focusing on income, food consumption, enterprise growth, diversified income, and access to BFI.

The extensive analysis of the role of MFIs in facilitating sustainable socioeconomic graduation among clients over a decade presents a multifaceted picture. The study reveals significant achievements, with a notable proportion of clients successfully attaining sustainable graduation from poverty and ensuring consumption of food, showcasing the effectiveness of MFIs in supporting socioeconomic advancement. Nevertheless, concerns remain, particularly in sustaining access to nutritious food and transitioning clients to small and medium enterprises (SMEs). Despite these challenges, a considerable number of clients have progressed from the lower threshold and are in a transitional phase toward meeting sustainability criteria in the near future.

This study underscores the necessity for specific interventions to tackle these ongoing challenges. Initiatives aimed at securing consistent access to customized loans for clients, ensuring nutritious food, supporting sustainable business expansion, and improving financial inclusion could significantly advance lasting socioeconomic progress among MFI clients. Overall, the study emphasizes the pivotal role of MFIs in facilitating progress and calls for strategic measures to address the remaining hurdles, fostering a more robust and sustainable socioeconomic upliftment of low-income households.

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২৫। কে আপনাকে প্রাথমিক স্বাস্থ্যসেবা প্রদান করে?

ক। সরকারি হাসপাতাল খ। কমিউনিটি ক্লিনিক গ। এনজিও ঘ। অন্যান্য \_\_\_\_\_

২৬। আপনার এলাকায় কতটি MFJ কাজ করছে?

ক। ১-৫ খ। ৬-১০ গ। ১১-১৫ ঘ। ১৬-২০ ঙ। ২০ অধিক

**খ: অর্থনৈতিক এবং সামাজিক অগ্রগতি সম্পর্কিত বিষয়**

প্রশ্ন ১। ১০ বছর আগের পরিস্থিতির তুলনায় বর্তমানে নিয়মিত পুষ্টিকর খাবার খেতে পারেন।

ক। দৃঢ়ভাবে একমত খ। একমত গ। নিরপেক্ষ ঘ। অসম্মতি ঙ। দৃঢ়ভাবে অসম্মতি

	প্রতিদিনের খাবারের সংখ্যা (কয় বেলা)	ভালো মানের খাবার (মাংস, মাছ, ডিম, দুগ্ধজাত পণ্য)	নিম্নমানের খাবার (শুধু ডাল সহ ভাত বা ভাত)	খাবারের মজুত (প্রকার এবং দিন)
দশ বছর আগে				
বর্তমানে				

প্রশ্ন ২। ১০ বছর আগের অবস্থার তুলনায় বর্তমানে আপনার মাসিক আয় বেশি।

ক। দৃঢ়ভাবে একমত খ। একমত গ। নিরপেক্ষ ঘ। অসম্মতি ঙ। দৃঢ়ভাবে অসম্মতি

	আপনার মাসিক আয় (টাকা)	আপনার বেশিরভাগ প্রতিবেশীর মাসিক আয়	আয়ের নিয়মিততা	আয়ের উৎস (১ জন, ২- জন)
দশ বছর আগে				
বর্তমানে				

প্রশ্ন ৩। ১০ বছর আগের পরিস্থিতির তুলনায় বর্তমানে আপনার খরচ বেশি।

ক। দৃঢ়ভাবে একমত খ। একমত গ। নিরপেক্ষ ঘ। অসম্মতি ঙ। দৃঢ়ভাবে অসম্মতি

পরিমাণ (টাকা)	খাদ্য	শিক্ষা	মেডিকেল	অন্যান্য
দশ বছর আগে				
বর্তমানে				

প্রশ্ন ৪। ১০ বছর আগের পরিস্থিতির তুলনায় বর্তমানে আপনার সঞ্চয় বেশি।

ক। দৃঢ়ভাবে একমত খ। একমত গ। নিরপেক্ষ ঘ। অসম্মতি ঙ। দৃঢ়ভাবে অসম্মতি

	মাসিক সঞ্চয় (টাকা)	আপনার জীবন পরিবর্তন এবং টিকিয়ে রাখার জন্য আপনার কি যথেষ্ট সঞ্চয় আছে?	সঞ্চয়ের নিয়মিততা	সঞ্চয় থেকে ব্যয়
দশ বছর আগে				
বর্তমানে				

প্রশ্ন ৫। দশ বছর আগের পরিস্থিতির তুলনায় বর্তমানে আপনার কাছে আরও টেকসই সম্পদ রয়েছে।

ক। দৃঢ়ভাবে একমত খ। একমত গ। নিরপেক্ষ ঘ। অসম্মতি ঙ। দৃঢ়ভাবে অসম্মতি

	জমির পরিমাণ (কাঠা)	বিদ্যুত, পানীয় জল, টয়লেট, ইত্যাদি সহ আবাসন	চাষের জমি, যন্ত্রপাতি ইত্যাদি	প্রতিবেশীদের তুলনায় (অধিক বা কম)
দশ বছর আগে				
বর্তমানে				

প্রশ্ন ৬। দশ বছরের সময়কালে, আপনি ভোগ/অর্থ, ত্রাণ, শিক্ষা, স্বাস্থ্য ইত্যাদি সংক্রান্ত সহায়তা পেয়েছেন।

ক। দৃঢ়ভাবে একমত খ। একমত গ। নিরপেক্ষ ঘ। অসম্মতি ঙ। দৃঢ়ভাবে অসম্মতি

হ্যাঁ / না	খাদ্য সহায়তা	আর্থিক সহায়তা	বিনামূল্যে শিক্ষা/বৃত্তি	বিনামূল্যে/ভর্তুকিয়ুক্ত স্বাস্থ্য সেবা
দশ বছর আগে				
বর্তমানে				

প্রশ্ন ৭। দশ বছরের মধ্যে, আপনার এলাকায় বড় অবকাঠামোগত উন্নয়ন হয়েছে।

ক। দৃঢ়ভাবে একমত খ। একমত গ। নিরপেক্ষ ঘ। অসম্মতি ঙ। দৃঢ়ভাবে অসম্মতি

হ্যাঁ / না	রাস্তা ও পরিবহন	পাওয়ার প্লান্ট	শিল্প বেল্ট/অর্থনৈতিক অঞ্চল	অন্যান্য
দশ বছর আগে				
বর্তমানে				

প্রশ্ন ৮। দশ বছর আগের তুলনায় বর্তমানে আপনার কর্মসংস্থান ভালো।

ক। দৃঢ়ভাবে একমত খ। একমত গ। নিরপেক্ষ ঘ। অসম্মতি ঙ। দৃঢ়ভাবে অসম্মতি

হ্যাঁ / না	প্রধান কর্মসংস্থান	খণ্ডকালীন চাকরি	আপনি কতবার চাকরি পরিবর্তন করেছেন	আপনার স্ত্রী কি চাকরির সাথে জড়িত?
দশ বছর আগে				
বর্তমানে				

প্রশ্ন ৯। দশ বছরের মধ্যে, আপনি আয় তৈরির জন্য সম্পদ করতে পেরেছেন।

ক। দৃঢ়ভাবে একমত খ। একমত গ। নিরপেক্ষ ঘ। অসম্মতি ঙ। দৃঢ়ভাবে অসম্মতি

হ্যাঁ / না	একটি নতুন ব্যবসা শুরু করার জন্য আপনার কি যথেষ্ট সম্পদ আছে?	আপনি কি নতুন উদ্যোগের জন্য প্রশিক্ষণ পেয়েছেন?	আয় উৎপাদন ক্ষমতা কি স্থায়ী?	আপনার নতুন উদ্যোগের জন্য স্থানীয় সমর্থন আছে?
দশ বছর আগে				
বর্তমানে				

প্রশ্ন ১০। দশ বছরের মধ্যে আমি আনুষ্ঠানিক আর্থিক প্রতিষ্ঠানে অ্যাক্সেস পেয়েছি।

ক। দৃঢ়ভাবে একমত খ। একমত গ। নিরপেক্ষ ঘ। অসম্মতি ঙ। দৃঢ়ভাবে অসম্মতি

হ্যাঁ / না	আপনার কি আনুষ্ঠানিক ব্যাঙ্ক অ্যাকাউন্ট আছে?	আপনার কি ডিপোজিট/সেভিংস অ্যাকাউন্ট আছে?	আপনার ঋণ অ্যাকাউন্ট আছে?	আপনি কি কখনো কোনো উদ্যোগের জন্য ব্যাংক ঋণ ব্যবহার করেছেন? (হ্যাঁ/না)
দশ বছর আগে				
বর্তমানে				

প্রশ্ন ১১। আপনি গত দশ বছরে আর্থিক সাক্ষরতা/অর্থ ব্যবস্থাপনার উপর প্রশিক্ষণ পেয়েছেন।

ক। দৃঢ়ভাবে একমত খ। একমত গ। নিরপেক্ষ ঘ। অসম্মতি ঙ। দৃঢ়ভাবে অসম্মতি

	কি ধরনের প্রশিক্ষণ?	কে প্রশিক্ষণ প্রদান করেছেন?	আপনি কতবার প্রশিক্ষণ পেয়েছেন?	আপনি কি প্রশিক্ষণ থেকে উপকৃত হয়েছেন? (হ্যাঁ/না)

প্রশ্ন ১২। আপনি গত দশ বছরে বড় আর্থিক ব্যয়/ক্ষতির সম্মুখীন হয়েছেন।

ক। দৃঢ়ভাবে একমত                      খ। একমত                      গ। নিরপেক্ষ                      ঘ। অসম্মতি                      ঙ। দৃঢ়ভাবে অসম্মতি

	আর্থিক ক্ষতি কি ধরনের?	আপনি কতবার ক্ষতির সম্মুখীন হয়েছেন?	আপনি কি কোনো ক্ষতিপূরণ/সহায়তা পেয়েছেন?	সমর্থন/ সাহায্য বেঁচে থাকার জন্য যথেষ্ট ছিল?

প্রশ্ন ১৩। দশ বছর আগের তুলনায় বর্তমানে, আপনি পরিবার এবং সমাজে আরও বেশি ক্ষমতাবান বোধ করছেন।

ক। দৃঢ়ভাবে একমত                      খ। একমত                      গ। নিরপেক্ষ                      ঘ। অসম্মতি                      ঙ। দৃঢ়ভাবে অসম্মতি

হ্যাঁ / না	পারিবারিক সিদ্ধান্ত গ্রহণে অংশগ্রহণ	পারিবারিক আর্থিক সমস্যায় অংশগ্রহণ	সামাজিক ইস্যুতে অংশগ্রহণ	সামাজিক গ্রুপে সদস্যপদ
দশ বছর আগে				
বর্তমানে				

প্রশ্ন ১৪। দশ বছর আগের তুলনায়, বর্তমানে, আপনি আরও বেশি সামাজিকভাবে সুরক্ষিত বোধ করছেন।

ক। দৃঢ়ভাবে একমত                      খ। একমত                      গ। নিরপেক্ষ                      ঘ। অসম্মতি                      ঙ। দৃঢ়ভাবে অসম্মতি

হ্যাঁ / না	আর্থিক নিরাপত্তা	সামাজিক নিরাপত্তা	পারিবারিক সহিংসতা	সামাজিক হয়রানি/ নিগ্রহ
দশ বছর আগে				
বর্তমানে				

প্রশ্ন ১৫। দশ বছর আগের তুলনায় বর্তমানে, আপনার সন্তানদের জন্য একটানা শিক্ষার সুযোগ রয়েছে।

ক। দৃঢ়ভাবে একমত                      খ। একমত                      গ। নিরপেক্ষ                      ঘ। অসম্মতি                      ঙ। দৃঢ়ভাবে অসম্মতি

হ্যাঁ / না	আপনার সব সন্তানরা কি স্কুলে যায়?	ড্রপ আউট কোন ঘটনা?	তাদের নিরবচ্ছিন্নভাবে স্কুলে পাঠানোর ক্ষমতা কি আপনার আছে?	আপনি কতদূর তাদের শিক্ষিত করতে চান?
দশ বছর আগে				
বর্তমানে				

প্রশ্ন ১৬। আপনি কি মোবাইল ফিন্যান্সিয়াল সার্ভিস ব্যবহার করেন?

ক। হ্যাঁ

খ। না

	কখন আপনি শুরু করেছিলেন?	কোন উদ্দেশ্যে শুরু করেছিলেন?	আপনার কতগুলো অ্যাকাউন্ট আছে?	আপনি কি নিজে একাউন্ট পরিচালনা করেন?

প্রশ্ন ১৭। দশ বছর আগের তুলনায়, আপনার কি স্যানিটারি টয়লেট রয়েছে ?

ক। হ্যাঁ

খ। না

প্রশ্ন ১৮। দশ বছর আগের তুলনায়, আপনার কি নিরাপদ পানীয় জল রয়েছে ?

ক। হ্যাঁ

খ। না

	কখন আপনি শুরু করেছিলেন স্যানিটারি?	কখন আপনি শুরু করেছিলেন নিরাপদ পানীয় জল

আপনার সহযোগিতার জন্য আপনাকে ধন্যবাদ।

তথ্য সংগ্রহকারীর নাম ও মোবাইল নম্বর:

## Appendix 2: KII Checklist for MFI practitioners:

1. Changes you observed as key personnel in an organization (credit, savings, clients, etc.)
2. Is there any socio-economic development agenda in your organization?
3. Do you feel the necessity to change the development agenda?
4. What are the major challenges faced when implementing a development agenda?
5. In your opinion, what is client graduation from the viewpoint of socio-economic criteria?
6. Does your organization have any graduation criteria?
7. Is securing a loan from multiple sources a problem?
8. Have you changed products/services over the last few years?
9. What is your opinion about climate change as an additional risk factor?
10. How do you consider climate change in your operations?

## Appendix 3: KII participants

SL #	Position, affiliated organization
1.	Deputy Managing Director, PKSF
2.	Principal Officer, Grameen Bank, Cumilla
3.	Program Co-ordinator-Credit Program, Pollisree, Dinajpur
4.	Executive Director, Pollisree, Dinajpur
5.	Chief Executive, SHARP, Nilphamari
6.	Regional manager, BRAC, Madaripur
7.	Director Operations, Muslim Aid Bangladesh
8.	Executive Director, Dinajpur Polli Unnayon Prochesta, Dinajpur
9.	Director, SSS
10.	Head of FRA, SSS
11.	Program Head, BRAC
12.	Borrower
13.	Borrower
14.	Director, Research, MRA
15.	Director, Finance, BURO Bangladesh

### Appendix 4: FGD Checklist

FGD-1	<ul style="list-style-type: none"> <li>• Demographic information</li> <li>• Years of Membership</li> <li>• Purpose of loan</li> <li>• Participation in household decision making</li> <li>• Social status before and after the timeline</li> <li>• Women participation in Business Activities</li> <li>• Multiple sources of credit</li> <li>• Current challenges</li> <li>• Diversification of loan in size and purpose</li> <li>• Food, nutrition, education, sanitary situation, drinking water availability status</li> <li>• Climate issues and other challenges</li> </ul>
FGD-2	<ul style="list-style-type: none"> <li>• Discussion on the graduation model</li> <li>• Discussion on questionnaire and methodology</li> <li>• Discussion on the primary result</li> <li>• Demographic features of the respondents</li> <li>• Data collection procedures</li> <li>• Policy recommendations</li> </ul>

### Appendix 5: Participants List of FGD 1 (Clients)

Serial	MFI borrower	No of participants
1	BRAC	4
2	ASA	5
3	Small MFI	1

**Appendix 6: Participants List of FGD 2**

<b>Serial</b>	<b>Organization</b>	<b>Designation</b>
1	PKSF	AGM
2	PKSF	Manager
3	SETU	Assistant Coordinator
4	Sajida Foundation	Senior Coordinator
5	COAST Foundation	Director
6	ASA	Director (Finance & MIS)
7	MRA	Deputy Director
8	MRA	Director (Finance & Acc.)
9	Bangladesh Bank	Additional Director, Research Department
10	INDEPTH	Managing Director