

Social Protection Package for the Retrenched Workers of State-owned Enterprises: A quick Assessment

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Abstract

BRAC designed and implemented a project namely *Kallyan* project aiming to improve the quality of life of the retrenched workers of state-owned enterprises of Bangladesh. This study aimed to map the project's cumulative achievements, and to assess its impact on the livelihood of the participant households. We conducted a critical review of the project's performance for mapping the cumulative achievement on different targets, and conducted a survey on both the project participants and non-participants to analyze impacts of the project on the livelihood status of the participants. Besides, four case studies were carried out to reflect the qualitative changes taken place in the lives of the participants and barriers confronted. The review of project performance indicated that it was successful in achieving the initial targets. In some components such as employment generation, the project achievements far exceeded the targets. Impact assessment of the project showed that the participants experienced significant positive impacts on asset holding, per capita income, food security, and education. A comprehensive social protection package may be useful to facilitate socioeconomic well-being of the retrenched workers and their households. With some modifications the project can be scaled up to cover more target participants, who remained out of the project purview in Bangladesh.

Introduction

The privatization of losing state-owned enterprises of Bangladesh left thousands of workers jobless and financially challenged. In order to protect them from resulting vulnerabilities, BRAC offered a social protection package for the retrenched state owned enterprise workers (SPPRW) which is also known as *Kallyan* project. The initiative is part of a government of Bangladesh (GoB), World Bank and DFID joint venture titled Enterprise Growth and Bank Modernization (EGBM), EGBM intended to support the retrenched workers who lost their jobs due to privatization of losing state-owned enterprises (SOE) (BRAC 2008).

The *Kallyan* project extended skill training for enhancing retrenched workers' social and economic capabilities, and also provided health services to the household members, education support to children and microcredit for employment and income generation.

SOE reform has provided macro level savings and benefits, but at micro level it has been less beneficial. Many retrenched workers have gone into extreme poverty, and others ended up with more economically vulnerable than they used to be while under SOE employment. The *Kallyan* project specifically targets formerly enlisted workers, formerly casual workers not formally enlisted as employees by the government, and their household members, who have lost their job since 2001. Its primary objective was to enable these workers to build, secure and use their assets to improve their well-being, reduce their vulnerabilities, and take advantage of new opportunities (BRAC 2007). To what extent the project's primary objective was achieved?

To answer this question, this study was undertaken before the project ended in December 2009. It explored basic changes taken place in the livelihoods of participant retrenched workers compared to non-participant retrenched workers, and achievements of the project. Findings showed that the project had significant positive impact on the livelihoods of the participant households and different targets were met in most intervention areas.

An overview of the *Kallyan* project

Six major objectives of the project

1. To make necessary information of the retrenched workers available to the potential employers by setting up job information bank (JIB).
2. To build confidence and competency of the retrenched workers.
3. To aware the affected groups how to cope with this crisis in their lives.
4. To foster self-employment by providing credit support.
5. To make their children feel socially protected.
6. Ensuring better living condition through medical support.

BRAC, the largest not-for-profit development organization in the world works with people whose lives are dominated by extreme poverty, illiteracy, disease and other disadvantages. Towards this endeavor of BRAC, *Kallyan* project is one of the innovative programmes. Working with the retrenched workers was not an easy task because it was a challenge to trace them as they were scattered in terms of geographical location. The package combines the microfinance and other services (human resource development, medical services, dissemination of job-related information, etc.) so that the participants could effectively improve their livelihoods.

The *Kallyan* project was initiated in July 2005 and completed in December 2009. It specifically targeted families of formerly enlisted retrenched workers and unlisted formerly casual workers who had lost their jobs since 2001, from 16 closed factories nationwide. The project's primary objective was to provide human resource development services and loans for self-employment or job-market re-entry, while at the same time protecting households through building productive capacity of household members and bearing their health and education costs. In terms of specific activities, the project enables retrenched workers to improve their overall well-being through building and using assets, training for skill-enhancement, securing employment, and protecting households from critical health shocks, and education stipends to children.

Major project activities included the following:

- (i) Initial counseling was provided on programme details and dimensions, and participants were oriented into the programme. Counselors built a personal relationship with participant workers, and discussing about workers' skills, needs and future plans. Analyzing workers' capabilities along with their income requirements allows counselors to provide informed suggestions for optimum use of available programme supports.
- (ii) Participants and their households were able to engage in skill training along with different sectoral activities. This helped workers and their household members re-enter the employment sector or develop small

businesses using the loans. Training areas reflected the current job market, and workers were placed in sessions based on their individual skill, and future plans as expressed during the initial counseling session.

- (iii) Participant workers' children received a monthly education stipend of Tk. 200 each for both girls and boys attending primary and junior secondary and secondary schools. For those attending higher secondary schools or higher, need-based funds were available for examination fees and other expenses given on good performance.
- (iv) Participant workers received financial support for medical treatment of accidents and critical illnesses for themselves or household members.
- (v) The programme provided credit to workers across various economic groups like BRAC's microcredit products *DABI*, *UNNOTI* and *PROGOTI*. Interested households could enroll a female household member as a member of any of these programmes for loans to invest in small enterprises. Loan conditions included a 15% flat rate of interest rate, repayable with 12-18 months, prioritizing of more profitable sectors, requirement of collateral for *PROGOTI* loans, a personal guarantor, close monitoring of loan use and rebates for advance loan repayment.
- (vi) A Job Information Bank connected job seekers with employment opportunities based on workers' individual skills and financial needs.

Operation strategies and experiences

Since its inception in 2005 the *Kallyan* project evolved along with each challenge it faced. Successful project outcomes were the result of continuous commitment of the project team to provide the target group with improved services.

Although the project activities were initially planned for five years, the first two years were spent on initial set-up, and major activities completed in the remaining three years. A number of critical obstacles slowed down project operations. An important unforeseen issue that the project could not address initially was the scattered locations of retrenched workers. The project started operations with a team of only 18 persons through two project offices in Dhaka and Khulna. Identification of the target group was the toughest task, especially due to highly dispersed locations. As initially designed, the project aimed to seek retrenched workers around their factory premises. Some of the identified enterprises were operating temporarily and already downsized, making it difficult to identify and locate retrenched workers in the adjacent areas. In addition, a large number of located workers could not present proper VRS (Voluntary Retirement Scheme) documents. Finally, political instability and change in government shifted the pace and dynamics of privatization. Political leaders' lack of accountability, and corruption at all levels influenced the privatization policy,

and the politics of SOE reform. Programme strategies, therefore, had to be adapted accordingly, requiring much time.

The project's own surveys reveal that discrepancies in the policy reform and reopening of some of the previously closed industries have complicated the privatization scenario. A list prepared by the privatization commission in 2005 contained the names of some of the already sold out industries. However, the process of hand over of the industries to private owners was incomplete. Therefore, none of the retrenched workers of those industries was found in the adjacent areas to the former industries. The privatization list brought in by the commission was, therefore, incorrect. Taking that faulty list as point of reference delayed the target identification process of the project. The project's target group was, instead, found scattered all over the country, having already left the SOEs. Additionally, the information collection process was very lengthy as the related government organizations had some reservation regarding sharing the departmental information in public. Thus, identification of the target group and strategies applied for the purpose was very elaborate, extensive and time consuming. Verification became more lengthy and cumbersome with incorrect list of the retrenched workers available at the concerned offices. The project team, therefore, went through the personal files found in the mill offices for verification. The two project offices identified 24,340 retrenched workers among 53,269 (retrenched during 2001-2005) by the end of the first year. Thus implementation of project activities progressed at a slow pace due to scattered position of the target group, unstable political situation, confusion regarding targeting, unfamiliarity of workers with safety net programme, etc.

As a consequence, in 2006 the project had to be revised and amended to suit with the practical situation. Weak SOE reform and government political strategy of reopening privatized mills during election period turned the focus of the project towards those who were previously retrenched rather than those who were about to be retrenched as was originally planned (in 2005). The project's revised strategies included extensive publicity, campaign, use of BRAC's strong infrastructures, increase project team members, introduction of eight substations, targeting retrenched workers since 2001, inclusion of household members and casual workers in the target group.

Furthermore, scattered position of the target group, lack of business knowledge, limited skill and experience, low level of education and over age of target group had made reentry in the job market, linking with employers and getting involved in new business ventures, incredibly hard. So, lifting the entire household's status by involving other younger members to alternative employment was considered. They were thus given skill training for making them eligible to compete in the job market or start up income generating activities (IGA).

The *Kallyan* project continued parallel to another GoB implemented programme, the *Karmashangsthan Bank* without much interactions and coordination with the government. The project by its objective required collaboration with Privatization Commission of GoB. However, lack of interest of the commission in collaboration

and ambiguity in policies has resulted in inadequate sharing of required information. This has been critical in delaying activities of the project.

The *Karmashongsthan* Bank, implemented by the Ministry of Labour and Employment, has been performing poorly, having a low recovery rate. As a result, there was a misconception among the retrenched workers that loan money would not have to be repaid. This had a negative effect on the *Kallyan* project's microfinance operations, as borrowers believed that this loan, too, would not have to be repaid. When *Kallyan* project staff were explaining the terms and conditions of the loan programme, the participants initially did not welcome it. The project team put extra effort to convince that this was not a grant money and the loan amount had to be repaid in monthly installments with interest. Thus, the project's loan scheme progressed slowly initially. Eventually, the loan scheme expanded from two project offices to 79 branches under 8 sub-offices.

However, the project reached all its targeted beneficiaries (45,000). The relentless efforts of the project team, support from donor in necessary policy changes, strong infrastructures of BRAC, etc. have made this project possible to implement with more than 80% target achievement. The project ended in December 2009. Since initiation, it was delayed due to the various constraints stated above, but the actual project period has been three years instead of five years.

Objective of the study

The study aims to map the project's cumulative achievements, and to assess its impact on the livelihoods of the participant households. Specifically, it investigates impact of the project on (1) employment and income; (ii) asset holding; (iii) food security; and (iv) health and education.

Methods

Mapping the project's cumulative achievements

To map the project's cumulative achievements, the project documents and database were used. The effect table, prepared based on project documents and database, maps project output in cumulative numbers along the project's several dimensions from June 2005 to October 2009. It provides a snapshot of the support provided to participants from the project's inception to the time of data collection. We have also conducted an interview of an area manager of the *Kallyan* project to comment on the achievements on different targets or reasons for any failure.

Impact assessment of the project

Data

Assessment of livelihood impacts was done using primary data collected in November 2009. Sample participants were purposively selected from one sub-office under each of the two main offices (Dhaka and Khulna) based on highest concentration of participants. These two sub-offices are Bandar and Gopalganj from Dhaka and Khulna offices, respectively (Annex 1). Sample households were selected from the total list of project participants maintained by each project sub-office. A total of 200 project participants were drawn at random from the two sub-offices i.e. 100 participants from each sub-office. An equal number of sample households were selected from retrenched non-participant workers from the same localities to serve as a comparison group for impact assessment. As project offices were unable to maintain a list of non-participants, we selected the target households using the snowball sampling method.

The survey targeted retrenched workers who participated in the project activities between January 2006 and December 2007. This allowed an assessment of programme impact after 3-4 years of participation, providing a period that was both long, and recent enough to ensure accurate recollection. The sample, therefore, is not representative of all project participants, but only in the Bandar and Gopalganj offices, and within the 2006-2007 timeframe.

Besides, four cases were tracked for qualitative exploration of the benefits accrued by the participants or problems confronted. These four cases were selected based on their self-perceived assessment of the programme and food security status.

Analytical approach

To examine impact of the project using an endline survey, we measured the difference in outcome variables between participant and non-participant retrenched workers. However, the differences in the outcome variables between participants and non-participants were attributable to programme effect, if the two groups of households were similar in terms of benchmark socioeconomic characteristics. In the absence of a benchmark evidence during the survey the respondents were asked to recall household's asset holding, which is an important indicator for household economic condition. It is relatively easy to recall about assets holding status before programme participation. This allowed us to compare the two groups of households in terms of their initial endowment. Besides asset holding, household demographic characteristics of 2009, which were unlikely to be affected by the programme, were analyzed to provide a sense of comparability of the households.

Demographic information collected in 2009 includes household size, years of education of the retrenched workers, and age of the retrenched workers. Besides, information on the types of retrenched workers (i.e. workers from jute, fabrics and chemical industry) was collected. Analyzing those it was found that among the demographic variables, household size was larger among the participant households, which was significant at 10% level (Table 1). For all other demographic variables and types of worker, the differences between participants and non-participants were insignificant.

Analysis of benchmark asset holding (recalled) reveals that the difference between proportions of the two groups of households in all kinds of asset holding was insignificant (Table 2). This indicates that the difference in various livelihood outcomes of the participant and non-participant households may be attributable to programme effect. As such, the analysis was carried out using 'difference' technique. Statistical significance was tested using t-test. In order to provide robustness of the impact assessment using 'difference technique', as an example, we have conducted impact on per capita income using regression analysis. The regression analysis estimates difference in per capita income between participants and non-participants by controlling the baseline characteristics. One limitation of this study is that it could not account for whether the control group received support from non-BRAC resources.

Table 1. Demographic profiles (collected through 2009 survey)

	Participant	Non-participant	Difference
Household size (mean)	5.61	5.21	0.40*
Years of education of the retrenched worker	4.36	3.93	0.43
Age of the retrenched worker (years)	49	48	1
Proportion (%) of jute mill workers	97	96	1

Note: *Denotes statistically significant at 10% level.

Table 2. Asset holding in the baseline (recalled)

	Participant	Non-participant	Difference
% of HHs owning cow	24	26	-2
% of HHs owning goat	12	9	3
% of HHs owning duck/hen	69	67	2
% of HHs owning shop	10	7	3
% of HHs owning television	42	38	4
% of HHs with mobile set	43	38	5

Note: None of the differences is statistically significant at 10% level.

Findings and Discussion

Project output: cumulative achievement

We reviewed the *Kallyan* project's cumulative effect in terms of overall achievements on various project targets (Table 3). Between its inception

Table 3. Cumulative target and achievements of the projects (June 2005-October 2009)

	Cumulative target	Cumulative achievements on target		Achieved
1. Counseling	45,000	46,689		104%
2. Training	23,150	22,214		96%
a. Agro based	9,000	8,602		96%
b. Technical	6,150	6,256		102%
c. Others	8,000	7,356		92%
3. Credit	12,500	13,147		105%
4. Child Education Stipend		Male	Female	15,423 (114%)
a. Secondary Level	13,500	7,209	5,872	13,081
b. Higher Secondary Level		1,272	1,070	2,342
5. Health care support	N/A	11,231		-
a. Minor illness		5,102		-
b. Severe illness		1,006		-
c. Safe latrine installation	N/A	5,123		-
6. Job Information Bank (JIB)				
a. No. of registered	-	2,809		-
b. No. of employed	500	1,139		228%

Source: Collected from field offices of *Kallyan* project.

in June 2005 and October 2009, the project reached 46,689 households, and all the retrenched workers living in these households received counseling on the modalities for participation in project activities. This was 4% more than the target of 45,000. On training, the project achieved 96% of its target, engaging 22,214 workers and/or household members. A total of 13,137 workers and household members received credit, reaching 105% of the programme target. About 15,423

children of the retrenched workers received education stipends, which was higher by 14% on the overall target. Achievement in employment generation was more than double of the target—an achievement of 1,139 against the target of 500.

The above mentioned findings indicate a substantial success in terms of targets achieved. However, a number of findings need further explanation. Skills training is logically expected to compliment microfinance loans to generate successful small enterprises. However, while the microfinance component reached 104% of its target, employment generation was more than double of the target.

Understanding project output by component: the experience of an Area Manager of Kallyan project

According to the area manager, the project achieved maximum success in education, health and microfinance, but the project's skill training segment remained under-utilized. The following section sheds light on each project component, highlighting major challenges for implementation.

Eligibility: Despite immense interest, many candidates were ineligible to get enrolled in the project. Some were unable to produce necessary official documents from their previous employers, which was a basic requirement for enrollment. Others had lost their job before the cut-off year of 2001. Some had left their jobs voluntarily due to unfriendly working conditions, before the mill was shut down. Thus, they did not fall into the target for the project participation. The project, therefore, was unable to include them.

Training: The project participants remained largely scattered. The distance between participant's house and the project office significantly limited the mobility for project staff and participants alike. Longer travel time reduced the participants' enthusiasm for continued attendance at skills training sessions. Compared to need the number of project staff was inadequate. Thus, the project staff were unable to maintain constant communication to mobilise the eligible workers for participation. In addition, the project planned to impart skill training in a batch of minimum of 25 participants. Often, it was arduous to enroll 25 trainees for a batch resulting in a cancellation of many training sessions.

Credit: Though most participants showed their interest in credit for trading, many were ineligible for the purpose. Most retrenched workers lacked the entrepreneurial skills to effectively implement a business loan. Other loan applications were rejected due to not meeting the loan eligibility criteria. During the project's initial phases, several loan recipients were having trouble in timely repayment of installments. Secondly, a number of ineligible candidates – including non-mill workers – were using fake documentation to apply for project membership and loans. For effective project implementation, loan eligibility requirements were set along high standards in order to identify suitable candidates who would pay-off their loans timely.

Employment: The participant retrenched workers were initially eager to obtain project support for searching jobs. However, as they discovered lack of employment opportunities at their preferred mills, their enthusiasm for employment declined. Most of the participant retrenched workers had education below class five and therefore, ineligible for other professions. In addition, most participants were unwilling to receive skill training for a new profession, rather were more interested in receiving loans or employment. The lack of interest in training, combined with an unfriendly job market made it impossible for the project to help the participants get employed in large number. Regardless, the project output table illustrates that the project could successfully generate employment for 1,139 individuals against the target of 500.

Health: The project provided emergency healthcare support for participant workers and their household members. However, during the initial phase of the project, the participant workers were unable to identify critical illnesses and accidents for which the health component was actually incorporated in the project. Therefore, the health component of this project initially fell behind due to participants' inability to recognize and report relevant health crises.

New strategies adopted: In order to tackle the above challenges the project adopted a comprehensive approach. Initially, most participants did not seek the maximum number of available services. Project staff thus focused on a detailed and comprehensive counseling session for new participants to educate them on various opportunities available in the project. Staff members visited existing participants, engaged in constant dialogue to ensure their continued participation, and used this network to identify new target recipients. To ensure that the education component was benefiting all eligible school-going children, the participants were invited to the project office for discussion sessions. Through this process eligible children were identified. Workers were educated about critical illnesses so that they could identify and report such incidents in their households, and seek appropriate support. On the employment front, job-counseling sessions informed workers and household members on job-seeking strategies from various organizations. Those unqualified for employment due to limited skills were counseled on self-employment strategies, including small businesses.

Until the project evaluation in September 2009, education, health and microcredit remained the most successful components. Education was particularly most successful. Since retrenchment, limited income had led workers to sacrifice their children's education. Workers were eager to receive education stipends and send their children back to school. Before project participation, treatment for critical illnesses ate up a significant part of workers' household income. However, health support during project participation helped save the money spent on emergency healthcare.

The area manager identified a number of existing needs that should be addressed in the future endeavours. Every project office should implement a longer and more rigorous training process for participant workers. The more

successful health and education components should be further expanded. Close monitoring of the loan disbursement and repayment process could strengthen the microfinance operation. If loans are repaid on time, the credit dimension of the *Kallyan* project could fund its other dimensions. Thus, there is potential for the project to become financially self-sustainable.

Impact of the project

Asset holding

Table 4 presents impacts on asset holding of the surveyed households. The analysis was carried out by comparing the proportion of households owning asset and size of asset of the two groups of households in 2009 (when survey

Table 4. Impact on asset holding

Assets	% of HHs own the asset			Amount of the assets#		
	Parti- cipants (1)	Non- participants (2)	Difference (3=1-2)	Parti- cipants (4)	Non- participants (5)	Difference (6=4-5)
No. of goat	18.7	11.6	7.1**	2.2	2.0	2.3
No. of cow	26.7	37.7	-10.9**	2.54	1.8	0.74***
No. of hen	74.7	74.8	-0.1	14.2	6.0	9.9
No. of shop	10.6	8.5	2.1	1.1	1.1	0
No. of boat	9.5	3.0	6.5***	1.0	1.0	0
No. of van	6.6	11.1	-4.4	1.0	1.0	0
No. of ceiling fan	70.2	60.3	9.9**	1.87	1.86	0.01
No. of mobile telephone	65.2	49.3	15.9***	1.36	1.14	0.22**
Homestead land (dec.)	97	97	0	13	10	3***
Cultivable land (dec.)	42	36	6	72	49	23*
Mortgage in land (dec.)	28	29	-1	101	95	6
No of observations	198	199				

Note: ***, **, and * denote statistically significant at 1%, 5% and 10% level.

#Average amount listed for only those that owned each type of assets.

was conducted). A significantly higher proportion of participant households had goats, boats, ceiling fans and mobile telephones compared with non-participant households. A greater proportion of non-participant households owned cows; the difference was significant at 5% level. However, the mean number of cow holdings was higher among participant households. Though the ownership of

rickshaw/van was higher among the non-participants, the difference was insignificant.

Although we do not see statistically significant difference between the proportion of households with land holding, size of own land (homestead and cultivable) was higher among participant households. This may be an indication that programme participation helped increase land holding, although this can be questionable because rural land market in Bangladesh is relatively tight and there is relatively less transaction of land through buying and selling and price of land is remarkably high. However, in the absence of baseline information it is difficult to conclude either of those.

Employment and income

The *Kallyan* project's key objective is to help engage the retrenched workers and their households in new income generating activities through skills training followed by BRAC loans. As project intervention was expected to impact on participants' employment, employment was considered to be a key outcome variable for the impact assessment.

An analysis of participants' and non participants' primary occupations reveals that business activity was higher among the participants (Table 5). While business was the main occupation for 26% of the participant retrenched workers, the corresponding proportion for the non-participant retrenched workers was 18%; the difference was significant at 5% level. This indicates that project intervention might have enabled a higher number of participants to engage themselves in business activity, as primary occupation. However, since this analysis only shows the primary occupations of the retrenched workers, the overall occupational change of the household members is unclear.

Table 5. Impact on employment (main occupation) of the retrenched workers

Occupation	Participants (1)	Non-participants (2)	Difference (3=1-2)
Service (%)	12.6	12.1	0.5
Business (%)	26.3	18.1	8.2**
Day labour (%)	17.2	21.1	-3.9
Agriculture (%)	27.8	31.7	-3.9
Unemployed (%)	5.6	5.0	0.5
Others (%)	10.6	12.1	-1.5
No of observations	198	199	

Note: ** denotes statistically significant at 5% level.

Programme had positive impacts on per capita income of the participant households (Table 6). Per capita annual income of the participant households was Tk. 11,314 while the corresponding figure for comparison households was

Tk. 9,669, a 17% higher for the participant households than the non-participant households. The difference was statistically significant at 10% level. Positive impact on per capita income was expected because both asset holding and engagement in business (as primary occupation) was found to increase significantly among the participant households.

Table 6. Impact on per capita income

	Participants (1)	Non-participants (2)	Difference (3=1-2)
Per capita annual income (Tk)	11314	9669	1644*
No of observations	198	199	

Note: * denotes statistically significant at 10% level.

In order to check robustness of the analysis of effect on per capita income, a regression analysis was performed by controlling for household physical asset base (cow, goat, hen/duck, shop, van/rickshaw) in 2006/07 (baseline, recalled). Household size and education of the retrenched workers in 2009 which are unlikely to be affected by project participation were also included as regressors. Besides, a dummy variable for type of retrenched worker was included. Finally, a dummy variable for project participant was included as a regressor. This variable takes the value of “one” if the household is a project participant. A positive and statistically significant coefficient of this variable would signify that the project had positive impact on per capita income.

The regression analysis shows that the coefficient of the *participant* carried a positive sign and it was statistically significant at 10% level (Table 7). This indicates that programme had positive impact on per capita income of the participant households. The regression analysis also reveals that number of goat holding and ownership of shop in the baseline are positively associated with per capita income. Coefficient of household size is significant with negative sign. This may be due to the fact that in smaller households there were fewer children than the larger households.

The coefficient of *Years of education of the retrenched worker* bears negative sign although it is statistically insignificant. This might be so because this variable measures only participants’ education level and does not include education levels of other members of the households. In other words, this does not reflect impact on actual human capital of the household members.

Table 7. Impact estimate of income controlling for asset holding in the baseline and demographic characteristics

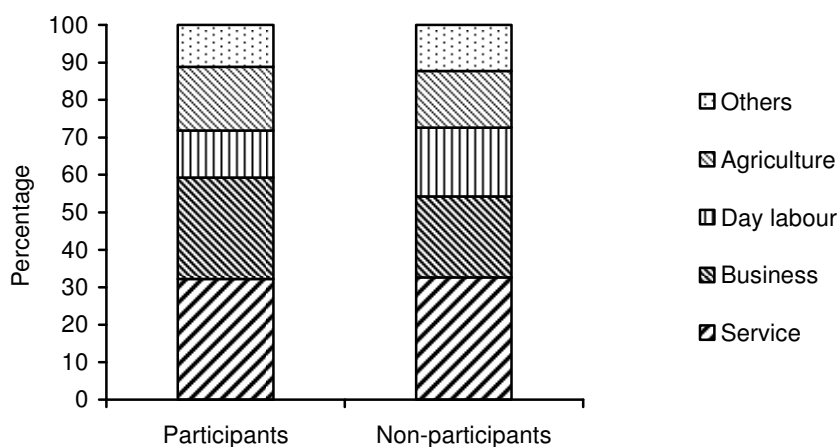
Dependent variable: log of per capita income

Regresors	Coefficient
Years of education of the retrenched worker (2009)	-0.020 (0.014)
Type of labor (Jute mill=1)	-0.060 (0.090)
Household size (2009)	-0.085 (0.020)***
No. of hen holding in 2006/07	0.001 (0.001)
No. of goat holding in 2006/07	0.075 (0.027)***
No. of cow holding in 2006/07	0.007 (0.043)
Had shop in 2006/07=1	0.363 (0.150)**
Had rickshaw/van in 2006/07=1	0.181 (0.113)
Participant=1	0.137 (0.084)*
Constant	9.392 (0.134)
No. of observation	394
R-square	0.07

Note: Robust standard errors in the parenthesis.
 ***, ** and * denote significant at 1%, 5% and 10% level.

Figure 1 presents income distribution by sources of income generated. Due to project participation there might have been a change in employment of the participant retrenched workers (and this actually happened as mentioned earlier) and other family members; and this can be reflected through distribution of income by sources. It was found that income share from business was higher for participant households indicating that project participation increased employment in business activity although service remained the single largest source of income, which probably indicate that many of the retrenched workers and other

Figure 1. Distribution of income by sources

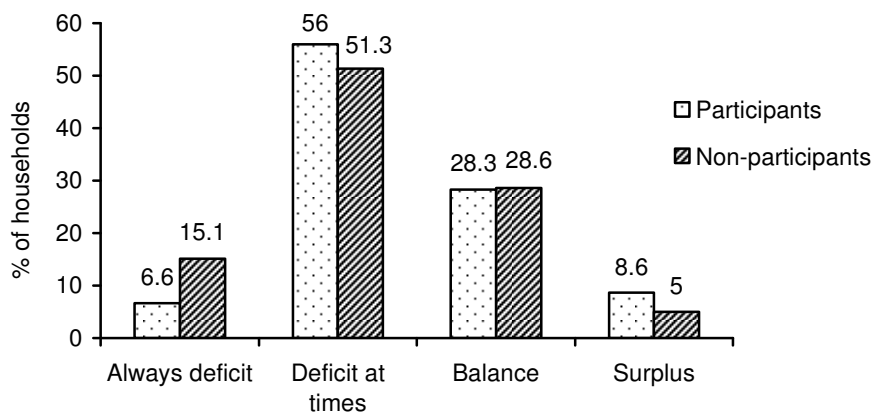


members of the households were engaged in service. We also observed that income share of day labour was higher for non-participant households, which might indicate that dependency on day labouring decreased among the participant households due to programme participation.

Food security

To analyze food security status among the households, respondents were asked about food security situation of their households during the last one year of survey. Self-rated food security data show that 7% of the participant households faced chronic food deficit over the last one year as opposed to 15% of the non-participant households (Fig. 2). The difference was significant (Annex 2). This indicates that project participation help reduce severe food insecurity of the participant households. However, more than half of the households (both participant and non-participants) were found to face food deficit at times. Food surplus was found to be insignificantly higher among the participant households.

Figure 2. Self-perceived food security of the households



Financial market participation

Financial asset (such as borrowing and saving) is the important liquidity asset used to meet immediate needs such as for coping with vulnerability and to finance potential business capital. Access to financial market is thus very important. Analysis of financial market participation of the two groups of households shows that the project participants' savings behaviour was somewhat identical to the non-participant households (Table 8). Savings in formal institutions (NGOs and Banks) earn interest. However, about 40% of both participants and non-participants kept their savings in formal institutions.

Analysis of outstanding credit also did not reveal significant difference between participant and non-participant households. Mean difference in amount of

outstanding loans was insignificant. Credit from moneylenders, which is often said to be associated with high interest rates, was found to be minimal for both participant and non-participant households.¹ Proportion of outstanding loans from NGOs was insignificantly higher for the participant households.

Table 8. Financial market participation

	Parti- pants (1)	Non- participants (2)	Difference (3=1-2)
Cash saving (mean, Tk.)	16120	12169	3950
% of saving in formal institution	43	40	3
Outstanding credit (mean, Tk.)	31783	25493	6289
Proportion of credit from moneylender (%)	5	4	1
Proportion of credit from NGO (%)	40	32	8

Note: None of the differences was statistically significant at 10% level.

Health and sanitation

Use of sanitary latrines for defecation was remarkably high among the participant and non-participant households (92% vs. 88%), but the difference was insignificant (Table 9).

Table 9. Health and sanitation

	Participants (1)	Non- participants (2)	Difference (3=1-2)
Use sanitary latrine (% HHs)	92	88	4
At least one member of a household suffered from illness (% of HHs)	85	84	1
Seek treatment (% of sick persons)	100	93	7*
Source of money for medical expenditure			
From BRAC (%)	4.7	3.6	1.1
From loan (%)	33.3	24.8	8.4*
Self finance (%)	61.9	71.5	-9.6*

Note: * denotes statistically significant at 10% level.

Incidence of illnesses among the household members during the last one year was identical for both participants (85%) and non-participants (84%). But treatment seeking rate was significantly greater for the participant households than the non-participant households (100% vs. 93%). This implies that the project

¹ Mallick (2009) showed that interest rate for moneylender loan is 103%. On the other hand, Sinha and Matin (1998) reported that about 87% of rural households in the northern Bangladesh borrow from informal sources

participation had positive impacts on the healthseeking behaviour. However, to meet the cost of medical expenditure, the participant households depended more on borrowing compared with the non-participant households. On the other hand, compared to the participant households, the non-participant households were more dependent on own household income.

Education

Of the school-aged girls in the surveyed households, enrollment rate was 89% among the participants which was higher than the non-participants (80%) (Table 10). The difference was significant at 10% level, indicating the project's positive impact on girl's education. On the other hand, enrollment rate for school aged boys was found to be 79% and 74% among the participant and non-participant households, respectively, but the difference was insignificant. Table 10 also reveals that the rate of enrolment of school going aged girls for both groups of households was higher than the rate of enrolment of school-going aged boys. Table 10 further shows that BRAC's support to girls' education was higher compared to supporting boys' education (girls 28% vs. boys 12%). This indicates the project's emphasis on girls' education.

Table 10. Impact on education

	Participants (1)	Non- participants (2)	Difference (3=1-2)
Proportion of school going aged girls are enrolled (%)	88.62	79.87	8.74*
No of observations	104	104	
Proportion of school going aged boys are enrolled (%)	79.24	73.81	5.4
No of observations	142	127	
Boys' education supported by BRAC (% of boys)	12		
Girls' education supported by BRAC (% girls)	28		

Note: * denotes statistically significant at 10% level.

However, while the project appears to put emphasis on girls' education for participants enrolling in 2006-2007, the overall project achievement effects shows a higher number of boys receiving stipends, both in secondary and higher secondary school over the entire span of the programme (between June 2005 and October 2009) (Table 3). This is because the project did not give education stipend to girls during its first two years of operation as the Government of Bangladesh implemented an education component for female children under the EGBM initiative.

Perception of the participants about the project components

Respondents were asked to report which component(s) is (are) most useful for livelihoods. Analyzing those (allowing multiple responses) it was found that 13% of the total responses indicated that none of the components was helpful for livelihoods (Table 11). Twenty eight percent responses indicated that credit was the most useful component for livelihood improvement. On the other hand, twenty two percent of the responses reveal that education and training were helpful for livelihoods.

Table 11. Programme components which were helpful for livelihoods

Components	% of responses (denominator was responses)
None of the components	13
Credit	28
Education	22
Training	22
Others	15
Total	100

Note: Multiple responses considered.

Total number of cases (respondents) and responses were 198 and 292, respectively.

Regarding the relevance of the project components the respondents were asked to mention which components should be continued while operating the project. Over 8% of the responses indicated that all components of the projects should be continued (Table 12). Education was found to be single most important component (29%) that was said to be continued. Credit was found to be another important component of the project to be continued, as indicated by 26% responses. Health and sanitation were perceived to be relatively less important components than education and credit.

Table 12. Participant's perception about continuation of the programme

Components	Components to be continued (% of responses)
All components	8.56
Credit	25.94
Education	28.88
Health	12.83
Sanitation	16.04
Don't know	3.74
Others (training, advices, sanitation)	4.01
Total	100

Note: Multiple responses considered.

Total number of cases (respondents) and responses were 198 and 374, respectively.

Stories behind numbers: case studies

Although our findings indicate that the *Kallyan* project helped improve participants' livelihoods, there is no presumption that all participants were equally benefited. Were some participants better able to use this comprehensive social protection package than others? Which components were the more successful that the participants better able to use, compared to the non-successful cases? A close follow-up of participants' entrepreneurial ventures helped answer some of the above questions.

Mr. X

Status before project participation

When Adamjee Jute Mills was closed down in 2002, Mr. X lost his income source of 25 years. At that time his two sons were of school-going aged, and his four daughters were yet to be married off. As he was a permanent worker, Mr. X received Tk. 1.5 lac from the government, which he used to buy a pond and some cultivable land. However, his pond was on sticky soil and yielding muddy waters, it did not breed fish. He sowed seeds on his land, but it was destroyed by flood. He then took another loan of Tk. 1.7 lac from the government to sow seeds, but again his crops were destroyed by flood. He then sold his pond to repay the loan, and bought an irrigation pump that he rented out for profit.

Status after programme participation

Mr. X joined the *Kallyan* project three years ago, and has taken out three consecutive loans during this period. With his first loan of Tk. 40,000 he bought a cow. In addition he registered for a six-day training on raising and rearing calves. During this time he had side income from his irrigation pump which combined with money from the cow's milk helped sustain his family and repay loan installments. Upon repaying the loan amount in full, Mr. X borrowed Tk. 50,000, which he used to buy another cow. He took a third loan of Tk. 60,000, which he used to lease in some land and cultivate rice.

Mr. X believes that the poor need training on income generation activities. He hopes for more intensive training on income generating activities. Six days of training on cow rearing, in his point of view, is not enough. His daughter received training in sewing. He bought her a sewing machine which she now uses for income generation.

In terms of other project components he received a latrine which he installed. However, he had applied for health aid after he faced several instances of illness, but was denied. Mr. X suffered from severe headaches which caused him loss of sleep, and his wife had serious illnesses which he paid for out of pocket. When he visited the project office to apply for reimbursement, the office claimed to have lost his application. This disappointed him, because he knows of others who had received such aid. Project staff then asked him to reapply with photocopies of

doctors' bills, etc., which he did. He has not heard from them since then. He has not returned to the project office due to his disappointment.

He finds the *Kallyan* project a good initiative because loans are accessible. Other banks - including the Krishi Bank - require intensive paperwork, including home ownership as collateral. The BRAC loan process was simple, providing the poorest with easy access to usable funds.

Mr. Y

Status before programme participation

Mr. Y was retrenched from Adamjee Jute Mill before the mill closed. He did not receive anything from the government. In fact, the government took Tk. 10 from him for loan forms that he filled out, but while others received loans he did not receive any. He was not informed of the *Karmashangsthan* Bank or any other loan initiative. During retrenchment he had five sons and one daughter all were of school going aged, living with him. However, he had a long-established convenience store and corn seed business that his sons looked after. He used this to sustain his family. His first son passed HSC; the others studied up to class nine.

Status after project participation

Mr Y has 15 members in his household, including his children and 8 grandchildren. He went to BRAC in 2007, and took the first loan of Tk. 40,000. He received education stipend of Tk. 2,400 for his one school-going grandchild. He did not receive any health support despite asking for it.

Mr. Y had been to the BRAC office several times to seek different types of support as informed during counseling. However, he felt that the BRAC staff ignored him as his old age made him unlikely to set higher loan. Thus he became less attractive for other support as well. He thinks that BRAC does not value old people; they even denied him health support during his extreme illness.

Mr. Y used his loan in business. He gave the money to his sons who bought corn and made it into popcorn, packing it and transporting it to markets as far away as Comilla. He had also established a corn seed business while he was employed. He buys corn seeds and sells them to retailers. He believes that BRAC took a few extra installments from him, which he was able to pay because of his side business. His monthly installment is Tk. 3,800 which is very high.

Mr. Y needed an additional loan of Tk. 20,000, but he did not approach BRAC as he believed that the project staff were not good people. He wanted a one-day extension to pay back his loan, which they did not allow. Because they did not treat him well, he did not approach them to ask of training opportunities for his sons. In addition, when training was offered his popcorn business was going well

and his sons did not feel the necessity to participate or learn a new income generating activity.

Mr. Y thinks that poor people can do wonderful things with loans, but the insult they have to go through to receive it, is not worth it. It is better to live a poor and dignified life, than a wealthy and insulted one. He does not understand the savings plan, and wonders why BRAC has to keep Tk. 2,000 because the poor people need this money more. They could invest this money for further returns.

If his family was doing so well, then why did he state in his interview that they were often facing crisis? He argues that in a rolling business people don't always have the same income. When business is good, all is good.

Mr. A

Status before project participation

Mr. A worked for about 13 years in Adamjee Jute Mill which was closed in 2002. He earned about Tk. 300 per week. He was the only earning member of his then six-member family and had no cultivable land but only two decimals of homestead.

Mr. A's job at the mill was only made permanent in 2001. Since he had been a permanent employee for only a year, he received a meager pension of Tk. 4,000 when the mill was shut down. Immediately after being retrenched, his wife took a loan from BRAC microfinance programme (DABI programme) of Tk. 5,000 with which he started a small business. He purchased fish locally and sold them in Dhaka. He claimed his earnings from this business to be good, and as a result, his wife was able to repay the loan installments on time. She took the second and third loans of Tk. 12,000 and Tk. 15,000 respectively, investing the money in her husband's business. By this time Mr. A had married off his elder daughter.

Status after project participation

In 2007 BRAC identified Mr. A as a retrenched worker and offered membership in the *Kallyan* project. When he joined the project his youngest daughter and the only son were studying in class seven in a local high school. They were both eligible for the student stipend. The stipend was designed to disburse every six months for a period of two years, through the local school. Mr. A obtained the first and second installments of the stipend (i.e. for one year) through the local school, using his retrenchment certificate as evidence. He used the stipend money to buy books and clothes, and pay for tutors.

BRAC disbursed the remaining installments of stipend through the project office. He showed a photocopy of his retrenchment certificate to the BRAC office, having lost the original. The project management did not accept the photocopy. He could not locate the original and never bothered to return. Upon being asked why he didn't further visit BRAC office and let them know that he could not locate

the original copy of the certificate and request for the amount with the photocopy of the certificate, he replied that at that time his business was running well and thus he didn't wanted to visit BRAC office again and forego earning from his well-running business.

Mr. A did not obtain any loan from BRAC *Kallyan* project because his wife was continuing her fourth loan from BRAC *DABI* programme. He claimed to have invested a good amount of money in his business, and thus did not require any loan from the BRAC *Kallyan* project.

Mr. B

Status before project participation

Mr. B was employed at the Adamjee Jute Mill for about 23 years before retrenchment. Even prior to closure of the mill he had difficulty in maintaining his large five-member household with his meager income. Mr. B has two sons and one daughter. During retrenchment his daughter and youngest son were enrolled in school, while his eldest son began to learn tailoring after passing class five. He owns some homesteads (18 decimals) and cultivable land (20 decimals).

Following the closure of the mill Mr. B received a pension of Tk. 210,000. He used this money to repay a previous loan of Tk. 100,000 which he had to borrow for meeting family expenditures. With the rest of the money he built a house in his homestead. He then started a small business of selling betel leaves in the local market. Then his eldest son started to work as a tailor for a monthly salary of Tk.1,200. Soon the youngest son also started earning as a garment worker, although his earning was not sufficient to support the family.

During this time Mr. B married off his eldest daughter, borrowing about one lakh Taka to pay for the wedding and dowry. He sold his house for about Tk. 60,000 to repay this loan.

Status after project participation

In 2007 the *Kallyan* project traced Mr. B as a retrenched worker and offered him membership. He joined the project and visited the BRAC office to attend the initial counseling session. He described that BRAC gave him Tk. 75 as transportation cost and served lunch during the training session.

When Mr. B became member of the *Kallyan* project none of his sons and daughter was going to school, so they were not eligible for stipends. But Mr. B obtained a loan of Tk. 50,000 and started a tailoring business for his eldest son. The business was running well, but required additional investment. After repaying the first loan he took the second loan of Tk. 50,000 to invest in that business. He expanded his business, hiring 3-4 employees. As his youngest son was not earning much from his garment factory job, Mr. B engaged him in this business as well. Earning from the business is quite good; every month they earn about

Tk.15,000. He hopes to build up a new house this year. His family uses sanitary latrine which he installed with the help from *Kallyan* project. He claimed that the *Kallyan* project's loan was very useful for improving his family's livelihood.

Conclusion

Although the project faced constraints in timely finding out retrenched workers due to their dispersed geographical locations, the review of project achievements shows that it was successful in achieving the initial target. In some of the components such as employment generation, the achievements exceeded target, indicating that such a project may set more ambitious thresholds.

Impact assessment shows that the participants experienced significant positive impacts on assets. There was also evidence of increasing engagement in business activity as primary occupation among the participants. Per capita income of the participant households increased due to participation in project activities. Income share of day labour was lower for participant households compared to non-participant, implying that participant households' dependency on day labouring reduced as a result of project participation.

Analysis of self-perceived food security reveals that chronic food insecurity was lower among the participant households compared with the non-participant households. The project was found to have remarkable positive role for educating girls of the participant households; rate of girl enrollment among the participant households was found to be higher than that of the non-participant households. The quick assessment suggests that a comprehensive social protection package has substantial potentials for rehabilitating skilled/semi skilled workers and their households in the society. Replication and scale up with some modifications will help cover more target participants across Bangladesh and if tailored to context of other countries.

BRAC has learned several lessons through implementing this project. The most important among others are summarized below.

(1) Retrenched workers are likely to be vastly dispersed in terms of geographical locations. This is because upon retrenchment they are likely to return to their permanent home where their families have certain establishments. Thus, to find out them, both the vicinity of the mills and permanent establishments should be visited. Such endeavours need sufficient time, resources and flexibility.

(2) In case of project implementation parameters', dependency on public policies, private-public partnership should be strengthened and a common forum needs to be included in the project design to achieve such objective. The forum can be a

platform of coordination among various stakeholders. It should be useful for cautioning on possible policy reforms, sharing feedbacks on lessons emerging on ground implementation, etc. Budget allocation under various heads needs to be planned carefully. For instance, more than 125 staff have been engaged for implementation of *Kallyan* project in reality, certainly bigger than the originally designed size of project team (18).

(3) Most loan applicants were unlikely candidates for microfinance due to limited skills or resources for entrepreneurship. Participants should be encouraged to combine loans with skills training as necessary. One possible strategy would be to combine microfinance loans with skills-training, or courses on small business establishment as a programme component.

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Annex

Annex 1. Retrenched workers in different sub-offices

Sub-offices	No of retrenched workers
Bondor	25,984
Shiddhirgonj	3,038
Begumgonj	8,388
Matlab	3,543
Chittagong	3,027
Sirajgonj	2,985
Pabna	2,409
Gopalganj	3,000
Total Sub-office Coverage	52,374
Two Main Project Office Coverage	17,174

Annex 2. Impact on food security (self-perceived)

	Participants	Non-participants	Difference
Always food deficit (% of HHs)	6.6	15.1	-8.5***
Deficit at times (% of HHs)	56.6	51.3	5.3
Balance (% of HHs)	28.3	28.6	-0.4
Surplus (% of HHs)	8.6	5.0	3.6

Note: *** denotes statistically significant at 1% level.