

# **Mid-Term Evaluation of the Effectiveness of ENRICH Program at the Household level of 21 Unions of Bangladesh**

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## **Introduction**

Introduction Over the past decades, discourse on poverty and development has taken different perspectives. The discourse now focuses on sustainable development. It is meaningful when human dignity is associated with poverty alleviation and economic upliftment. An individual in poverty cannot have dignity in a society. Similarly, an individual with some economic improvement because of one or some economic or financial interventions will not have dignity unless she has access to right-based institutions like health, education, and market. Therefore, poverty, sustainable development and human dignity are interwoven. This is well reflected in a statement of Nelson Mandela: “Like slavery and apartheid, poverty is not natural. It is man-made, and it can be overcome and eradicated by the actions of human beings. While poverty persists, there is no true freedom...overcoming poverty is not a gesture of charity. It is an act of justice. It is the protection of a fundamental human right, the right to dignity and a decent life.” This calls for “people centred and planet sensitive agenda to ensure human dignity, equality, environmental stewardship, health economies, freedom from want and fear”<sup>1</sup> (Bang-KeMoon, 2015). Palli Karma Sahayak Foundation (PKSF), established as a wholesale lending agency for micro finance sector, has been transformed into an institution for development initiatives for sustainable development, human rights and dignity. Such transformation is evident from the changes in the approaches and strategies. Until 2010, PKSF has been a lending agency with supply leading finance strategy, the strategy being promoting demand for financial and non-financial services for sustainable poverty alleviation through subsidized programs. It now recognizes that poverty alleviation should be sustainable, and poor should have freedom and dignity. However, as the Chairman of PKSF argues, development and freedom involves political process. Therefore, sustainable poverty alleviation approach requires an integrated approach with components of access to finance, health, education, institutional infrastructure and

political process. In light of the changes in the perspective, PKSf has introduced a different program known as “Enhancing Resources and Increasing Capacities of Poor Households towards Elimination of their Poverty (ENRICH)”. The ‘Enrich’ program differs from PKSf’s conventional mode of operation. The primary role of PKSf has been wholesale lending to its partner micro finance institutions (MFIs). As argued above, the ‘Enrich’ program seeks to change this role dramatically. It is now a development agent. In this dispensation, it continues to play the role of a wholesale lender and the role of financing partner MFIs for bringing changes in the lives of deprived and marginalized poor households. The ENRICH program has been designed based on certain premises. First, development should cover both poor and non-poor households, as economic activities are inter-linked. Second, poverty alleviation process requires large investment in social and economic enterprises. Third, poor households are vulnerable; economic gains may be outweighed by higher intensity of idiosyncratic and covariate shocks. Fourth, long run investment in education particularly for the poor households is a necessary condition. Finally, fifth, access to credit supply must commensurate with large investment for enterprise development, employment creation and high-income growth. Taking these premises together, the ENRICH program envisages that all elements and components should be inter-linked and integrated for better outcomes. The components of the ENRICH are: (a) a finance and economic component that includes supply of optimum amount of credit, provisions for savings and training; (b) an education component, particularly for the students of poor households, with focus on the issues of dropout and quality education, (c) a health component with focus on primary health services, child and maternal nutrition and maternal health in general, (d) a youth training and job creation component that focuses on linkages between job-seekers and job-givers, (e) an environment component focuses on better use of resources for activities that are environmentally sound; and (f) a community development component, which aims at enabling the socially weak households to better access community resources through political immersion. Therefore, the strategic objectives of the ENRICH are to: (i) attain total development of each household as well as of the whole community participating in ENRICH; (ii) ensure freedom and human dignity for all members of all households under ENRICH; (iii) empower the poor households towards sustainable development, human freedom and dignity; and (iv) ensure access of all participants in ENRICH to all capacity enhancing activities. How all these strategic objectives can be attained? The design of ENRICH warrants that –

- Supply of credit should be need based and scale of credit supply should ensure a sustainable livelihood for the households;
- A multidimensional approach is needed for sustainable development for poor household with access to credit, savings, training, healthcare, education and community development.
- An integrated development approach is required for coordination of multidimensional development activities. ‘One partner MFI for one union’ strategy is pursued for better coordination of multi-faceted activities;
- Participatory approach is proven to produce better results. A family and community development strategy through participatory approach along with immersion of the local governance structure. Therefore involvement of the local community and public administration (such as union chairman) is one of the pre-conditions for successful implementation of ENRICH

As such, the design of ENRICH is comprehensive, broad based and integrated. As argued earlier, any integrated program requires a systematic coordination. That is why a single partner MFI in each union of operations implements the program. The activities being implemented are as follows:

- Primary health services
- Informal education
- Need based credit
- Promotion of economic activities
- ENRICH Centre – Community level Centre
- Special programs – Beggars and/or physically handicapped
- Environment focus

### **Objectives**

The Research Questions During the past five years, PKSf has implemented the program in 143 unions covering some almost one million households. At the inception of the program, it was implemented in 21 unions including two unions - Shemanto in Jibannagar upazila, Chuadanga and Shombhag in Dhamrai upazila, Dhaka. Some 23 interventions have been introduced. How effective the program has been? What have been its impacts in the unions where program was implemented in 2010? As ENRICH is a multi-dimensional program, it will perhaps take long time to have long run sustainable impacts. Therefore, assessment of long run impacts rather than the short run impacts is critical issue. As noted in Osmani et. al. (2015), the research questions for an evaluation of the Enrich program should be related to operational issues and systematic issues. The operational issues are specific to each component of the programs –finance, health, education, environment, and community development. As each component has a set of targeted objectives or goals, an evaluation of the operational issues will focus on the questions of ‘to what extent, targeted objectives have been achieved?’ and/or ‘to what extent achievements of the targeted objectives are different from those of the non-Enrich participants?’. We can remind the readers succinctly of the objectives of each of the components under ENRICH. The finance component has two major objectives: (a) to enable poor households to improve their living standards significantly and sustainably by providing them with a much larger amount of credit than is usual, and (a) to enable extremely poor households to accumulate assets over time by providing them incentives to save. In the health component, the major objective is to improve the access of rural poor, especially of women and children, to basic health services and to improve their health awareness. The education component aims at reducing the drop-out problem, specifically of pre-primary and primary level children from the relatively disadvantaged segments of the society, by creating a more conducive learning environment for them. The environment component has the twin objectives of both cleaning the environment and of promoting the environmental health of the rural people by providing them with useful environmental goods such as improved cooking stoves and solar energy and by encouraging the cultivation of medicinal plant. The community development component aims at improving the access of rural poor to community level services – related specifically 11 to hygiene, clean water and

infrastructure. A major research objective of the present evaluation is to assess how well the stated objectives of each component are being achieved and whether the program modalities should be changed in any way to achieve those objectives better. More specifically, the questions will be as follows: (1) Is the health component effective? Who are benefitted most and what are its impacts? (2) Has informal education reduced dropout of the children of the poor households in particular from the school? Has it contributed to improving academic performance? (3) To what extent, the ENRICH program has contributed to economic upliftment through higher level of investment and assets creation? (4) Are the participating households better off? Has the level and intensity of poverty declined? (5) To what extent the households have been empowered? (6) Has participation in the ENRICH program increased empowerment and dignity of the participants or participating households? Although there are quite a number of systemic issues, in this report, we will examine in the context cost-benefit of the subsidized intervention, particularly of health and education, and immersion of political process. The health component is heavily subsidized. As argued by the management of PKSF, cost of health services will be covered from the revenue to be generated from sale of health cards. However, subsidy is justified when social benefits are higher than social cost. On the other hand, as ENRICH program is an integrated program, it implemented with immersion in the political process. Ward members and Union Council Chairman are involved particularly in the community development program. Therefore, the relevant question will be, how effectively the political institutions are integrated in the ENRICH program from the perspective of socio-political balancing.

## **Methodology**

The sampling and methodological issues can be realistically addressed if we in the first place discuss about the issues pertaining to assessing impact. Any impact assessment requires comparison of the outcomes of participants with their counter-factual group. But outcomes of both participants and counterfactual are not observable at the same time. That is why we need to find out control representing the characteristics of the participants. But in case of ENRICH, as it involves both poor and non-poor households, we may find difficult to locate control areas with similar characteristics of poor and non-poor households as well as distribution of the population of the program areas. Secondly, this is quite common in Bangladesh that in most cases, we do not collect data on impact assessment related outputs and its determinants in benchmark survey as the implementing agency does not take impact assessment issue at the inception of the program. Consequently, differences in outcomes of the pre-and-post program period are often not estimable. Third, as no benchmark data is available for the control households, impact outcomes cannot be measurable through using two-point data set of both program and control areas. All these constraints suggest that impact outcomes need to be assessed using cross-sectional data. But one condition of homogeneity of the areas with 12 distribution of population and economic opportunities needs to be satisfied. With this background, we address the issues of sampling and methodology.

## **Sampling Frame**

We used multi-stage sampling strategy to make the study effective. In the first stage, we selected program and control unions. In the second and third stages, we selected villages and households, respectively.

Stage One: Selection of Program and Control Unions: Two unions – Shemanto and Shombhag- were selected by PKSF for impact assessment.

Stage Two - Selection of Villages: The ENRICH program covered all the villages in the program unions. Therefore, union was the basis of our sampling frame. In total, 28 villages including 18 program villages were selected and surveyed.

Stage Three - Selection of Households: As a matter of policy, all households in selected villages had equal probability of being selected under the study as 'Enrich' covers poor and non-poor households. But not every household is entitled to every intervention. PKSf identifies target households in the program unions based on a set of criteria indicating their socio-economic status. Participants belong to the following three categories

1. Poor households already covered under one of the PKSf supported interventions being implemented by the selected partner MFI;
2. Eligible and willing poor households not covered by any MFI; and
3. Excluded poor households, considered ineligible under the traditional microcredit program

Based on the number of households in both program and control unions and in consultation with the Chairman of PKSf and the management of 'Enrich' program in PKSf, we decided to take a total sample of 1800 including 1200 program households. In Shemanto union, we selected 600 households with 75 households from each randomly 13 selected villages. Similarly, we selected 600 households with 60 households from each of the randomly selected villages under Shombhag union. Based on the benchmark survey data, in our selected villages in Shemanto union, total number of households was 3,988. Eighty two percent of these households were identified as targeted households. We selected a sample of 600 households, of which 82 percent were targeted also Enrich households.

We collected both secondary and primary data. Secondary data was collected from PKSf. This set of data provides information on program deepening. We collected primary information from the selected sample households and selected villages. In order to capture the insight, we also did some case studies representing all components and major economic activities. Two sets of questionnaires were prepared to collect primary data from the household and community level. Most of the basic information was collected on socio-economic parameters and program components. They are:

- Household demography including age, gender, schooling, occupation and migration
- ENRICH services received by project members
- Measure the present status of their households using key indicators included in the household profile. This includes ownership and rental of cultivable land and fish ponds, and ownership of livestock and farm equipment
- Investments and commercial production enterprises – both farm and non-farm
- Adoption of production technology and access to service providers
- Household land, housing quality, water supply and sanitation as well as households assets
- Food security, income and expenditure

- Information on all ENRICH components such as health, education, loan, shocks, training and technical assistance, environmental components, empowerment and human dignity. However, community level information was also collected by this household level questionnaire. We also collected village level information that may influence outcomes of Enrich. This included information on wages and prices, agricultural production, accessibility, infrastructure, and so on. The village level questionnaire was used to program and control villages.

### **Important Findings**

Impact will depend on the intensity of penetration of the program interventions. We found that almost 99 percent of the households have access to health services. Considering access to health and/or education, we found that 67 percent of the households had access to these services. As almost all the households have access to primary health services, and when needed households can also access static and satellite clinics. We found several impacts of the health services. First, it has increased awareness of the households about health services. Second, most households expressed their satisfaction at the quality of the services. Third, participating households have lower cost of health services. Fourth, the most important question that arises about the health services is cost of health and long run sustainability. There will always need for some subsidy for some right-based services like health. There will be always some social cost. Considering the subsidy associated with program and the benefits derived from it, we found that social benefit, net of social cost, is positive.

The education component is quite prominent. It is provided at the community level to reduce drop out of the children from school, and also to ensure quality of education. Our analysis suggests that the informal education at the community level has reducing dropout rate. It is almost zero. In addition, we found that the participating students have been excelling in examinations. The most important benefit that we noticed during our field visit is ability to interact and demonstrate their abilities in public. However, there are plenty of scopes for improving the overall performance of the scheme.

Only 31 percent of the households had access to financial and economic interventions, but only 13 percent of the households had access to loans. With so little penetration of financial services, one would perhaps be skeptical about positive impact of Enrich. Our descriptive and econometric analyses support this apprehension. There was no positive effect on income. But there were positive impacts on expenditure, investment and value of total assets.

We found that the Enrich program has contributed to reducing poverty. We measured this using both uni-dimensional and multidimensional poverty analysis. We found that income poverty was lower for the program households than in control households. Higher percentage of people in program unions was above the poverty line. This was statistically significant. However, results of the multi-dimensional poverty index are not very encouraging, and there was no difference between MPI of program households and control households. This may have been due to the fact the program has been focused more on community and social development. We therefore, recommend that PKSf needs to increase intensity of economic interventions so that program effects are sustainable and large.

Although penetration of Bandhu Chula, Enrich Home, Enrich Centre, Basakplant, rehabilitation of beggars is low, these programs have created enormous impacts and sensation in the program areas. Our field level experiences and case studies suggest that these services have created positive impact. But because of its few frequency in our samples, its effects cannot be truly captured.

As the ENRICH program has been focused more on community and social development, its effects are found on women empowerment, status of women in the community, awareness about the program components, and self-respect and dignity. We found that there was significant difference between latent scores on the above mentioned dimensions. The value was higher for the program households. Households that are female headed and whose primary occupation is labor, are lagging behind. These households negatively contribute to the latent scores of the empowerment-related variables. Therefore, we recommend that ENRICH should take extra-steps for improving status of the female headed households and households engaged in labor. One of the ways would be to create multiple income opportunities for them.

Improving self-esteem and dignity is the core objective of the program. As such, we focused specifically to measure impacts on Enrich on respect and dignity. We considered 17 items to generate latent score of self-esteem and dignity. Our results showed that the Enrich has positive impact on human dignity. The program participants have higher level of dignity than the control households. We also measured the changes in the latent scores for 2010 and 2015 as PKSF had information in the 2010 benchmark survey. The results shows that the Enrich program has contributed to self-esteem and dignity as explained before. Based on the latent score, our econometric analysis showed that program alone contributed the major share in increasing participant's self-esteem and dignity. Compared to 2010, estimated latent score for self-esteem and dignity increased by 29.85 percent or almost 30 percent in 2015 for the participating households compared to the control households.

## **Recommendations**

### Health Services

- Provision of some basic pathological tests as well as dispensing some essential medicine at discounted rate are some critical areas to add. This is to note that there is provision of dispensing essential medicine at free of costs from community clinics.
- For better management as well as efficient use of resources the ENRICH health scheme may make some liaison with the government to work these two institutions together.
- Another critical area is to introduce some referral link to the nearest government and private/NGO hospitals.
- The health camps are very useful for the rural people. These also generate huge ramifications. Hence organizing health camps more frequently is important for both demand and supply side aspects.

### Education

- The informal education should be separately organized for preschool students and students of class I and II. We find the existing arrangement is detrimental for the preschool students as we found that community teacher is more preoccupied with the real students. Moreover, it is difficult for a teacher to pay attention to all the students with diverse background. Therefore, we recommend that preschool batch should be separated.

- We found the size of the class as not optimum. As the program is for reducing drop out and improving quality of education particularly for the student of poor households, in a community multiple informal educational centres may be organized.
- As Enrich is implemented in collaboration with political institutions, we feel that a formal collaboration between primary school and informal educations will ensure improving further quality of education.
- For avoiding the duplication of the resource use and absence of pre-school system in the government provision the ENRICH education scheme may give more emphasize on preschool students in the long run.

### Finance

- There is an evident mismatch between the criteria that has been set for selecting the beneficiaries for special savings programme (i.e., the extreme poor households) and the amount that they are expected to save on a monthly basis. It is, in fact, difficult for most of them to save regularly on a monthly basis.
- The credit programme is now operating like the old model of financing, with a couple of differences. ENRICH should go back to the original idea of providing IGA & non IGA loans on the basis of a comprehensive Family Development Plan (FDP).
- To conclude, unless the lending programme expands substantially, financial sustainability of ENRICH will remain in doubt.

### Community Development

- Since ENRICH is a very new program, it will naturally take time to change the social balance of forces in a way that will enable the previously marginalized groups of the society to take active part in social decision-making processes.
- One of the basic hypotheses of ENRICH was clearly right in proclaiming that development is essentially a political process and that no development intervention at the local level can hope to succeed by being isolated from the process of local governance. The challenge remains, however, of successfully fostering and sustaining a mutually supportive relationship between ENRICH and local government in all regions.

### Environment

- The problem of low adoption rate is inadequate technical support from the POs. The current small scale of use of these services does not justify employing full-time technical staff by POs. The consequent lack of after-sale service leads to few takers of the interventions offered by the POs. In this circumstance, PKSF or the POs has to subsidize the employment of full-time technical staff, which may not be economic in the short run, but may well be so in the long run if the prospect of satisfactory after-sale services gradually encourages a much larger rate of adoption over time.