



*Final Report**

Number of Microcredit Clients Crossing the
US \$1.25 a day Threshold during 1990-2008
Estimates from a nationwide survey in Bangladesh

Prepared for the
Microcredit Summit Campaign

by

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ACRONYMS

BBS	Bangladesh Bureau of Statistics
CB	Current Borrowers
CBN	Cost of Basic Needs (Method)
CHT	Chittagong Hill Tracts
DCI	Direct Calorie Intake (Method)
EB	Ever borrower
GED	General Economics Division (Planning Commission)
HES	Household Expenditure Survey
HIES	Household Income Expenditure Survey
LH	Life history
NM	Non-metropolitan
MA	Municipality area
MC	Microcredit
MCS	Microcredit Summit Campaign
MA	Metropolitan Area
MEC	Mega City
MFI	Microfinance Institution
OUA	Other urban area
PLH	Poverty Likelihood
PPP	Purchasing Power Parity
SMA	Statistical Metropolitan area
USD	US Dollar

GLOSSARY

Cost of Basic Needs (Method) - CBN

CBN stands for Cost of Basic Needs which is a measure for estimating the incidence of poverty. According to CBN method, poverty line represents the level of per capita expenditure at which members of a household are expected to meet their basic needs. The basic need basket is comprised of selected food and nonfood items. A household with per capita expenditure below the given poverty line is considered as poor. There are two poverty lines – upper and lower. Comparisons of poverty estimates over time require that CBN poverty lines in different years are of constant value in real terms. CBN-based poverty rates reported in this report are based on 2005 prices and those of previous years adjust for changes in the cost of living using a price index.

Direct Calorie Intake (Method) - DCI

Direct Calorie Intake method of measuring poverty incidence defines the threshold income that enables a household to avail a pre-defined amount of calorie. DCI measure was calculated till 2000 HIES, following which the CBN method has been introduced. Three poverty thresholds were estimated in Bangladesh: Absolute Poverty (less than or equal 2122 KC), Hardcore Poverty (less than or equal 1805 KC) and Ultra or Absolute Poverty (less than or equal 1600 KC).

Hardcore Poverty Line

The hardcore poverty line is used to define individuals living in Bangladesh who do not have sufficient income to meet a daily energy intake of 1805 calories.

Household Expenditure (& Income) Survey - HES/HIES

A nation-wide household survey is administered every five years to assess changes in households' expenditure (and income) behavior. In Bangladesh HES was first carried out in 1973-74 using the recall method for data collection and continued with the same kind of approach up to 1981-82. Subsequent surveys from 1985-86 to 1995-96 adopted a combination of both the recall and the diary method. The Household Expenditure Survey was renamed the Household Income and Expenditure Survey in 2000 because of the increased emphasis in collecting information on income in addition to expenditure and consumption. Moreover, the HIES 2005 questionnaire included more comprehensive coverage of different sources of income as well as income erosion.

Mega City - MC

According to 1991 and 2001 census, any metropolitan area with 0.5 million people is considered a Mega City. Dhaka is the one and only mega city of Bangladesh with 37.45% of the total urban population. Its current area is 432 square kilometer (as per SMA) and 1528 square kilometer when it includes area under the Capital Development Authority

(RajUK). Dhaka mega city includes the whole area of Dhaka City Corporation and parts or all of a few other thanas.

Municipality Area - MA

Municipality areas include small and medium cities. Medium cities are those with population in the range of 25,000-99,999, while Small Cities are those with a population of less than 25,000. Since the 2001 Population Census, Upazila centers (identified in the 1991 Census) were also included in the MA. There are 11 Municipalities (administrative unit) in Dhaka (Mega City) and 3 SMA that is Chittagong, Khulna and Rajshahi. Apart from that according to the 2001 census, 2/3 of municipalities are among the small and medium cities where only 9.62% of the total urban population live.

Other Urban Area - OUA

Other cities do not have any municipalities and their total population in 2001 was 97,14,960, which accounted for 34% of total urban population. These cities are very small with haat-bazar, markets and thana offices that show few urban traits.

Purchasing power parity – PPP

PPP is a criterion for an appropriate exchange rate between currencies. It is a rate such that a representative basket of goods in country A costs the same as in country B if the currencies are exchanged at that rate. In other words, a PPP for a specific good or service between two countries, A and B, is a ratio that measures the number of units of country A's currency needed in country A to purchase the same quantity of the specific good or service as one unit of country B's currency will purchase in country B. PPPs can be expressed in the currency of either country. PPP is used to convert the US\$1.25/day international poverty line into the national currency units, which allows one to determine the number of people who are below that threshold in a given year. This measure is used in this report to identify the threshold in Bangladesh Taka (local currency) to assess the progress towards the Millennium Development Goal on poverty embraced by the Microcredit Summit Campaign.

Upazila

The districts of Bangladesh are divided into sub-districts, or upazilas. Bangladesh currently has 482 upazilas. The upazilas are the lowest level of administrative government in the country.

Executive Summary

Background: At the Global Microcredit Summit in Halifax, Canada in 2006 the Microcredit Summit Campaign launched two new goals for 2015: 1) to reach 175 million of the world's poorest families, especially the women of those families, with credit for self-employment and other financial and business services; and 2) to ensure that 100 million families rise above the US\$1 a day threshold between 1990 and 2015. To assist in this second goal, a Movement above the \$US1/Day Threshold Project (MDP) Advisory Committee was formed. At the suggestion of this Committee, the Microcredit Summit Campaign commissioned a Bangladesh Expert Panel in April 2008. The Panel's task was to develop a plan that would allow them to estimate the number of microcredit clients in Bangladesh who were living below \$US1 a day adjusted for purchasing power parity (PPP) at the time of their first loan and who crossed that threshold, between 1990 and 2008. Initial exercises drawing upon research findings on microcredit and poverty in Bangladesh were considered inadequate and thus, a nationwide survey was commissioned to estimate the figure. The study, undertaken by the Economic Research Group, was administered between February and August 2009. This report presents the survey findings and details on the undertaking.

Objectives: It is important to note that this study makes no attempt to establish causality between microcredit and poverty alleviation. Instead, the study estimates the net number of ever borrower households (those who had ever taken a microloan) who crossed the threshold of an internationally comparable poverty line between 1990 and 2008, when compared with their status during the time of the first loan received by any member of the household. In light of concerns raised on an acceptable international poverty line and recent research done by the World Bank, the threshold was revised upward to US \$1.25 per day per person at PPP.

While clients are individuals, poverty status is empirically assessed at the household level. Thus, the focus of the estimation exercise was confined to only ever borrower households – a household, one or more of whose members had borrowed from one or more microcredit institutions at least once between 1990 and 2008. The study thus aimed to estimate the net number of people in ever borrower households (microcredit clients) who crossed the threshold corresponding to 'US \$ 1.25 a day per person' as of the end of 2008, when compared with their status during the time of the first loan received by any member of the household.

Methods: It is not possible to reach all ever borrower households, which may constitute almost two-third of the population outside the metropolitan areas in the country. Nor is there a database of such households wherefrom one may draw a random sample. In the absence of such a national level sampling frame, identifying the survey households involved stratified sampling and the stratum had to be initially defined over geographical space. The first broad division was across metropolitan and non-metropolitan areas, where the former included the six divisional headquarters in Bangladesh. Since microcredit operations had largely been in *non*-metropolitan areas accounting for almost

98 percent of all clients, robustness was ensured in the selection of the non-metropolitan sample. The metropolitan survey presumed that most microcredit clients, whether originating in non-metropolitan areas or first-time borrowers in a metropolis, reside in urban slums. Thus the sample (of slums) was drawn from census data on slums which was completed in 2005, and the metropolitan survey addressed two issues: 1) estimate the number of ever borrowers crossing the threshold from those who migrated out after borrowing in non-metropolitan areas, and 2) get rough estimates on first-time metropolitan borrowers who crossed the threshold.

During the time of the survey, Bangladesh was divided into six divisions; below which are the districts, sub-districts (upazilas), unions and villages. The choice of survey households followed several stages of stratified random sampling – probability proportionate sampling (pps) of upazilas (sub-district), unions within upazilas, and villages within selected unions. Complete enumeration of ever borrower households was undertaken in each of the selected villages, and the survey households were randomly selected from the list. Probability proportions used were based on shares of a given geographical unit (say, a union) in the total number of clients at a higher administrative level of a geographical unit (say, upazila). The same proportions were later used to blow up the sample estimates to the national level.

Poverty scorecards developed by Shiyuan Chen and Mark Schreiner allowed one to associate a poverty likelihood to a group of households with scores within a range, and the average poverty likelihood in a sample is interpreted as the percentage of the sample households below the threshold. Thus, the difference in poverty likelihoods, estimated for the same population in two different periods, provided an estimate on the net percentage of population crossing a threshold. Between 1990 and 2008, four national level surveys on household income and expenditure were administered by the Bangladesh Bureau of Statistics – 1991/92, 1995/96, 2000 and 2005. Per capita expenditure equivalent to the US \$1.25 PPP, estimated for each of those years, provided the threshold to develop four different scorecards. Since proxies of per capita expenditure are likely to have varied over the years, percentages of first time microcredit entrants in different sub-periods were assessed by administering scorecards developed for survey years that matched most closely to the year of their entry. Thus, four different groups of ever borrowers were evaluated and the changes in poverty likelihoods for each of these groups were estimated.

Strictly speaking, the methods allow us to estimate the net number of ever borrower households who had crossed the threshold. However, *ad hoc* measures were applied in order to arrive at consistent breakdowns of two opposing trends – the poor who crossed the threshold and the non-poor who slid below the threshold. In addition to the scorecard-based estimation, life histories of more than 10 percent of the sample households provided additional information that allowed us to fine-tune the estimates and address the issue of the absolute number of poor crossing the threshold. The approach allowed the study to circumvent the limitation of administering surveys in metropolitan areas with scorecards designed from rural-dominated Household Income Expenditure Survey (HIES) data.

Sample Coverage: The first part of the sampling led to the selection of 74 villages from 36 upazilas, spread over all six administrative divisions. Eight sample slums were selected from three divisional headquarters which had attracted the most migrants over the last two decades. The non-metropolitan sample (households) was drawn from information compiled on 10,972 ever borrower households; while the metropolitan sample was drawn from information collected on 1,400 households in selected slums. The base data from which the final sample was randomly selected was compiled by combining two methods – consulting several key informants in a neighborhood in a selected area, including field staff of microfinance institutions (MFIs) operating in the area; and door-to-door visits for complete enumeration. The latter approach was generally sought in slums and in 15 percent of the selected villages where community level cohesion was lacking. The final sample on which the questionnaire and the scorecard were administered included 3,620 households in the non-metropolitan areas, and 241 households in the eight slums of Dhaka, Chittagong and Sylhet.

Study Findings: The microcredit sector in Bangladesh had exhibited impressive growth, particularly since the early 1990's. Average growth rates in reported numbers of borrowers had been around 10 percent per year for most major microcredit institutions over more than a decade. It was 10.3 percent per year for Grameen Bank membership between 1991 and 2008. During the same period, the total population grew at roughly 1.89 percent per annum (population in metropolitan areas grew at 5.89% per annum and non-metropolitan population grew at around 1.58%). The share of the population covered by the microcredit institutions therefore steadily increased over the years. The survey finds two-third of the current non-metropolitan households to be ever borrowers. Of the first time entrants, on an average, 62 % were below the threshold defined by the \$1.25 PPP. The figure however varied across the four sub-periods during the time under scrutiny. Almost 74 percent of the new microcredit clients during 1994-97 were below the threshold at the time of their entry. The corresponding figure declined sharply to little more than 57 % during 1998-2000, which followed a long-lasting flood. Interestingly though, more of the early entrants had crossed the threshold while relatively more of the non-poor of the latter entry period (1998-2000) slid below the threshold. On the whole, therefore, the net progress was undermined – only 9.41% of the ever-borrowers currently residing in the non-metropolitan areas had crossed the threshold. Drawing upon poverty likelihood scores of individual households and information compiled from life histories, almost 25 % of those below the threshold at the time of entry into microcredit programs were found to have crossed the threshold, while almost one-fifth of those above the \$1.25 PPP threshold had slid below the reference point. Given the current household size in the survey population, the study finds that a total of 8.54 million people in ever borrower households in non-metropolitan areas crossed the threshold during 1990-2008.

Many of the ever borrowers, however, had migrated to urban areas and microcredit is believed to have often facilitated their mobility to areas with better opportunities. Drawing upon natural growth rates in population and differential growths in the number of people residing in metropolitan and non-metropolitan areas, it is estimated that the number of people who had migrated out during the 1990-2008 period is equivalent to 4.74% of the current population in the non-metropolitan areas. The urban survey also

found that one-fourth of these households had crossed the threshold. This meant another 0.89 million people in ever borrower households crossing the threshold. Thus, leaving aside the microcredit clients entering the programs from metropolitan areas, a total of 9.43 million people had crossed the threshold on net between 1990 and 2008.

The study observes wide variations in the extent of poverty reduction across regions and across cohorts defined in terms of their entry period. Pockets of failure in reducing poverty are found in all sub-national levels. Regional differences are broadly in line with those observed in the HIES findings, though there are significant differences in correlates. Some of the study areas with intense commercial activity and which are traditionally known for microcredit activities are found to have significant increases in poverty measured by indirect proxy inferences. The study suggests that such observations may be rooted in the timing of the survey, which was administered during a period when the global economy was in a recession and the informal sector of the Bangladesh economy had been through an adverse situation as a result of the political impasse during an unusually extended period under a caretaker government in 2007-08. The study also finds that clients entering during the 1994-97 period had the most reduction in poverty. Those entering immediately after, and half of whom were above the threshold at the time of entry, had on net regressed. Such differences may have been due to changes in the opportunities the macroeconomic environment provided to micro loans and micro-entrepreneurs; but no attempt was made to explain those in this exercise. No systematic relation between primary occupation of the household heads and loan disbursements was found when compared across entry cohorts. The study urges the need to look in greater depth at the relationship between migration, microcredit and observed data at any point in time and location; a more comprehensive understanding of which may enable better interpretation of the empirical estimates on poverty.

Interpretation and Limitations: The survey finding of 9.43 million people in ever borrowing households crossing the threshold on net, or, 14.14 million erstwhile poor crossing the threshold over a period of 18 years do not themselves reveal much unless compared with commonly acknowledged benchmarks. The study notes that no comparable figure is available for the changes in poverty measures during the period under study; and there is no national level data on a matched sample to track progress made by poor households over such a long period. National figures on poverty do not exactly match with the threshold of the US \$1.25 a day international poverty line. However, hardcore poverty defined under the Direct Calorie Intake method closely corresponds to the latter. Estimates published by the BBS up until 2005, show that around 10.62 million people had ‘graduated’ out of hardcore poverty during the period. There is however no consensus on the changes beyond 2005 – particularly, given the political impasse and agonies caused by sharp increases in world commodity prices during 2007-08. Recent discourse on the subject suggests stagnancy in poverty rates, if not an increase. This would imply an increase in the number of hardcore poor by almost 1.6 million – equivalent to one-fifth of the increase in population during 2005-08. Quite surprisingly, the survey estimates on the number of people from ever borrower households crossing the threshold of \$1.25 PPP during 1990-2008 comes close to the total figure for the country on graduation out of hardcore poverty. If the two measures are

comparable, one may infer that net changes among the microcredit clients alone account for most of this change. It would imply that any movement (during the reference period) across the threshold by the poor within the non-client group is likely to have been offset by almost equal number of non-poor non-clients sliding below the threshold.

There are however some caveats; and the study mentions several limitations of the exercise on counting numbers. General slack in economic activities and common crisis-coping strategies during times of crisis may lead to depletion of assets commonly chosen as proxies to measure poverty status. Thus, the timing of the study may have led to under-estimation of the number of ever borrowers who may have otherwise crossed the threshold. More importantly, it is recognized that there is no statistically reliable alternative to administering poverty scorecards in cost-effective assessment of poverty levels and changes in a population. Yet tastes change and patterns of asset accumulation also vary – thus, proxies of poverty in one year or any one location often may be inappropriate indicators of poverty in another year or location. The search for a number (of ever borrowers crossing a threshold) using proxy inferences may therefore appear less appealing. The study makes limited efforts to contextualize the numbers.

Number of Microcredit Clients Crossing the US \$1.25 a day Threshold between 1990 and 2008

1. Background

Following the formation of an Expert Panel in Bangladesh, the author of this report was assigned the responsibility of the Lead Researcher to review existing data and estimate the number of microfinance institution (MFI) clients crossing the threshold of \$1.25 a day. Accordingly, the first set of findings, using methods improvised from earlier works by Hernández and Schreiner 2007, was presented in a meeting of the Expert Panel held on 23rd April 2008.¹ The Meeting proposed that a nationwide survey be undertaken to arrive at the estimate, following which a second paper was prepared outlining the scope of the work and proposing a sample design. The meeting of the Expert Panel held on 5th October 2008 endorsed the methodology proposed in that paper with some minor revisions, finalized in Zohir (2008b). The preparation for the national survey commenced in January 2009 and the field survey was completed by early August 2009. Some of the data inputting and processing, particularly on the life history components, continued up until the end of September 2009; following which the analysis was completed. The draft report was ready in October, 2009, which included the two aforementioned background papers, in addition to the earlier presentation of study findings. Several comments and suggestions on the draft have been incorporated into this final report detailing the study design, sampling and the survey findings. Supporting information is summarized in the annexes.

2. Objectives and Scope

The primary objective of the nationwide survey was to estimate the number of microcredit borrowers in Bangladesh who moved out of ‘extreme poverty’ over the period from 1990 to 2008. Following the presentation of the second paper in October 2008, consensus was arrived at on several aspects that shaped the scope of the study. These are:

- The threshold for defining extreme poverty was set at US \$ 1.25 a day PPP².
- Microcredit clients are defined to include all ‘ever borrowers’, that is, any person who had borrowed at least once from microfinance institutions.
- Microcredit clients are individuals, but most measures on poverty status refer to households – thus, the study addresses mobility across a threshold at the household level. If a member (or more) of a household had ever been a client of

¹ See Zohir (2008a.).

² Even though the Microcredit Summit of 2005 had set the threshold at US \$ 1.08 a day PPP, general increases in commodity prices in the years that followed led some of the global players, including the World Bank and the Asian Development Bank, to revisit the threshold issue. With updated information on country level poverty lines and updated PPP, the measure of “international extreme poverty line” was also updated. Accordingly, the Microcredit Summit Campaign chose the new threshold. All references to the threshold in this report are at purchasing power parity (PPP) and per person per day.

an MCI between 1990 and 2008, that household is considered as an ‘ever borrower’ household.

- At the entry point, a borrower household may have been below or above the threshold. Some of the ‘extreme poor’ may have crossed the threshold, while a segment of the ‘non-extreme poor’ may have slipped below the threshold. It was agreed that we estimate the net number of people crossing the threshold³.

Thus, the objective of the survey may be rephrased as follows: *to estimate the net number of people in ever borrower households (microcredit clients) who crossed the threshold corresponding to ‘US \$ 1.25 a day per person’ as of the end 2008, when compared with their status during the time of the first microcredit loan received by any member of the household.*

Given the long period over which the movements across a threshold are being measured, it is not possible to ensure the stability of households which are the final objects of inquiry. This was discussed at length in an earlier note (Zohir 2008b); and the focus is primarily on rural and ‘non-metropolitan’ urban households that were present in those locations during the time of the survey. While microcredit lending in metropolitan urban areas has been in vogue, it remains quite insignificant in coverage⁴. The study however recognizes the presence of regular out-migration from rural areas, and the fact that many of these migrants had borrowed from MFIs before migrating out. In order to account for this group, separate surveys were also undertaken in some of the metropolitan clusters inhabited by poor households. The latter surveys also provided estimates on the proportion of metropolitan borrowers crossing the threshold.⁵

3. Methods, Survey Design and Sampling

Identifying the Sampling Population (of Ever Borrower Households)

The statistical population from which a sample could be drawn for the survey included all ever borrower households, and the universe of all such households may be termed as, $eb = \{eb_h\}$; where eb_h is the h -th household ($h=1,2,\dots,N$), a member of which had borrowed at least once from an MCI. Alternatively, there are N ever borrower (EB) households; of whom, the *net number* crossing the threshold may be defined as:

³ Use of a poverty scorecard in estimating the poverty likelihood, strictly speaking, allows one to estimate the net figure only. Thus, the estimate obtained understates the number of ‘extreme poor’ MC clients who had crossed the threshold and turned ‘non-poor’. Under certain restrictive assumptions, and with use of alternative indicators, the latter has also been addressed in a later part of this report.

⁴ We include all areas outside six divisional headquarters as ‘non-Metropolitan’. Less than 2.5 percent of all current MC borrowers are located in the metropolitan areas and divisional headquarters of Dhaka, Chittagong, Khulna, Rajshahi, Barisal and Sylhet (Source: ERG compilation of branch level MC membership data). This grouping does not correspond exactly to the urban-rural classification in national data compiled by BBS; even though SMAs are included in ‘metropolitan’ and a significant proportion of ‘non-metropolitan’ includes ‘urban’.

⁵ In the absence of alternatives, the number crossing the threshold arrived at from this estimate is added to the estimate on non-metropolitan borrowers. Even though the sampling was not appropriate for such estimates, the degree of error is likely to be less of a problem due to the small proportion of ever borrowers in the respective category.

$$n = n_c - n_s \quad (1)$$

where, n_c is the number of EB households who were poor during the time of their first microcredit loan and had crossed the threshold; and n_s is the number of EB households who were ‘non-poor’ (above the threshold) during the time of their first MC loan and had slid below the threshold.

In terms of location of EB households, one may distinguish across those who had their first microcredit loans in non-metropolitan areas and those who did so in metropolitan areas. The set of all ever-borrower households may be defined as follows:

$$\{eb_h\} = \{eb_h^{nm}\} \cup \{eb_h^m\} = (\{eb_{rh}^{nm}\} \cup \{eb_{mh}^{nm}\}) \cup \{eb_h^m\} \quad (2)$$

which may be re-grouped:

$$= \{eb_{rh}^{nm}\} \cup (\{eb_{mh}^{nm}\} \cup \{eb_h^m\}) \quad (2')$$

In the above, superscripts nm and m are associated with sets of households who took their first microcredit loan respectively in ‘non-metropolitan’ areas and in ‘metropolitan’ areas. We are assuming that the first-time microcredit borrowers in metropolitan areas do not settle in non-metropolitan areas; and even if there are such households, their number is insignificant. However, the same is not true for first-time borrowers in non-metropolitan areas, of whom a more significant proportion settles in metropolitan areas. Subscripts r and m are used respectively to distinguish between current residents in non-metropolitan (rural) areas and residents in metropolitan areas. The last subset includes all those who had migrated to metropolitan areas after borrowing from MFIs at their place of residence in non-metropolitan areas. The first subset in equation (2') defines the universe for our survey in non-metropolitan areas; while the last two subsets together define the universe for our survey in metropolitan areas.

In a given non-metropolitan locality, current residents include both ever borrowers (of whom, some are current borrowers and some had borrowed only in the past) and never-borrowers:

$$\{hh^{nm}\} = \{eb_{rh}^{nm}\} \cup \{nb^{nm}\} \quad (3)$$

The current study is not designed to generate a robust estimate for ‘metropolitan’ ever borrowers, $\{eb_h^m\}$ ⁶; but draws upon an urban/metropolitan survey to account for those crossing the threshold amongst the segment of ever borrowers defined by $\{eb_{mh}^{nm}\}$.

⁶ Preliminary information will be provided on the urban recipients of microcredit, but the urban sample does not permit a robust estimate on the number of people crossing the threshold. More importantly, the current design of scorecards has limitations in assessing such numbers, as will be discussed later in this report.

Sampling of Households

Design of the sampling is conditional upon the choice of estimation method, and yet, the minor details of arriving at a population statistic depend on the sampling structure. We have chosen to discuss the estimation methods at the end of this section. It is sufficient to note at this stage that poverty scorecards were the basis for calculating poverty likelihoods of different groups of the population; and comparing these estimates over a period allowed for the estimation of the number crossing a threshold on net.

The purpose of the survey is to estimate the net number of people crossing the US\$1.25 a day threshold amongst the ‘ever borrowers’. Ideally, one would like to stratify the sampling population in terms of the degree of success amongst the ever borrowers, and such success rates may be influenced by factors (such as, occupation and education of borrowers, etc.) other than variations across regions. In the absence of prior information, and in the absence of a sampling frame on ever borrowers, a simple approach was adopted in drawing a nationwide sample to estimate the total number crossing the threshold. The steps, which were broadly agreed upon during the October 2008 Expert Panel meeting, are outlined below:

- Compile information on the number of current borrowers by upazilas. Figures reported by individual MFIs were aggregated ignoring overlaps.
- The upazilas were grouped into four greater (old) divisions – Dhaka, Rajshahi, Chittagong (including Sylhet) and Khulna (including Barisal).⁷ From each of these strata, 8 to 11 upazilas were randomly selected with probability weights assigned to each upazila in accordance to its share in division-specific reported number of aggregate borrowers. The list of upazilas selected in this process is provided in Annex 2.
- In each of the selected upazilas, union-wise information on current borrowers was compiled from the MFIs working in those upazilas. One (and in some cases, two) unions were randomly selected using probability weights assigned to each union in accordance to its share in upazila-specific reported number of total borrowers.
- The above step was followed in the case of the selected unions, where village-specific information on the number of borrowers was compiled and two villages were randomly selected using probability weights similar to above.⁸
- In each of the selected villages, a complete list of households was prepared, which included information on household heads and whether any member of the household had ever borrowed from an MFI. In at least 15 percent of the selected villages, door-to-door visits were made.⁹

⁷ The first two (old) divisions each accounted for roughly 30 percent of total number of MC borrowers in NM areas, while each of the last two accounted for roughly 20 percent.

⁸ Two additional criteria applied (for exclusion) in village selection were: (i) a minimum number of borrowers in a village; and (ii) a minimum intensity in coverage. These were accounted for prior to random selection with probability weights.

⁹ In five upazilas (ten villages), a complete census of households was undertaken; while in another 6 villages, each household in the village had to be visited in order to ensure reliable information on ‘borrowing’ status.

- A random sample of 50 (or more) households was selected from the subset of ever borrowers. A questionnaire was administered on all selected households.¹⁰
- The life history interview was administered on approximately one-sixth of the sample households, which were selected randomly from those on whom poverty scorecards were administered. In addition, a village module was completed after consulting several key informants in each of the villages studied.

The non-metropolitan sample (households) was drawn from information compiled on 10,972 ever borrower households; and the two methods used for compiling the information were, (i) consult several key informants in a neighborhood in a selected area, and (ii) administering door-to-door enumeration of households in localities where community-level cohesion was less than adequate. A total of 3,620 non-metropolitan households were finally selected from all listed ever borrowers for administering a pre-designed questionnaire. The latter included elements of four different poverty scorecards as well as questions that allowed an assessment of the year when the first microcredit loan was taken. The life history, normally taking three hours to administer, provided additional insights and allowed us to trace the time path of a household's wellbeing status using several qualitative and quantitative dimensions that the questionnaires did not address.

In addition to the survey of the non-metropolitan area, the exercise initially aimed at covering clusters of poor households in metropolitan cities – the six (new) divisional headquarters – to assess the proportion amongst migrant ever-borrowing households who had crossed the threshold.¹¹ Analysis of limited slum-level data, from a census undertaken by the Center of Urban Studies in 2005, revealed a clear difference between two sets of cities. Of the six divisional headquarters, the slums in Khulna, Rajshahi and Barisal were found to have been in existence over a long period with stable populations - that is, with an insignificant proportion of recent migrants¹². In contrast, slums and slum populations in the other three cities (Dhaka, Chittagong and Sylhet) were found to grow at high rates. It was therefore decided to administer the metropolitan survey in only the latter three cities. A total of eight slums were randomly selected from amongst those established after 1985 – four of which were from three thanas (upazilas) in Dhaka city¹³. A complete listing of all households in the slums, covering 1,468 households was undertaken, following which a randomly selected sample of 241 households (30+ from each slum) was selected for administering a pre-designed questionnaire. As in the case of non-metropolitan survey, a subset of these households was interviewed for life history.

¹⁰ Since the number of households in a *Para*/village in the Chittagong Hill Tract region (Lama in our sample) is low, we chose 4 *Paras* in Lama, and had a sample of 25 households from each of the four *Paras*. A *para* means a cluster of households, neighborhood. A *para* in the hills (Lama) may constitute a village as in the case of CHT. A village in the plain land, however, more often than not, consists of several *paras*.

¹¹ For further details on the sampling of the metropolitan survey, please see Annex 3.

¹² This is in conformity with the widely accepted observation that the three divisions have been lagging; and are deprived of a growth pole to attract labor migration even from within the region. See GED (2008).

¹³ Prior consultations convinced us that slums in only three thanas were relevant for the purpose of capturing post-1990 migrants. These were, Mirpur, Mohammadpur and Demra. Since all census data could not be obtained, complete census information on slums in only these three thanas were collected for choosing the sample slums.

Methods of Estimation

As noted in equation (2), there are three components to estimation of the final *net* number of ever borrower households and population who had crossed the threshold of US\$1.25 a day (per person) between 1990 and the end of 2008.

- The first involves estimation of the number arrived at from the current residents in non-metropolitan areas based on poverty scorecards developed by Chen and Schreiner. The latter is adjusted at the margin with factors derived at by comparing the scorecard-based findings and the life trajectories for a subset of the sample.
- The second is the net number amongst those who had migrated out of the non-metropolitan areas, but had borrowed from MFIs at the place of their origin (in non-metropolitan area) during the period under study (1990-2008).
- The third component is the number crossing the threshold amongst microcredit clients in the metropolitan areas, which has only been marginally addressed in the present exercise, but not included in the final figures arrived at.

It is important to note, for any given population (or a subset of it), the average Poverty Likelihood (PLH) gives us an estimate of the percentage of that population who are below the threshold¹⁴. Comparing the measures for the same population at two different times gives us the net percentage of population who crossed the threshold – either going above or going below the threshold. Noting that all households covered by the sample survey are ever borrowers, the total number of households crossing the threshold amongst residents in non-metropolitan areas was thus estimated as follows:

$$\begin{aligned} & \# \text{ of households crossing threshold in an area} = & (4) \\ & \text{weighted average of change in poverty likelihood} \\ & \text{multiplied by } \# \text{ of ever borrower households in that area.} \end{aligned}$$

This was later expanded with information on current borrowers obtained at the village, union, upazila and division levels. The division-level figures were aggregated to arrive at the national level figure, upon ensuring consistency across different parameters, such as, population, household size, share of non-metropolitan areas, percentages of ever borrowers and of current borrowers.

In estimating the above, four different scorecards were administered, each corresponding to one of the four Household (Income) Expenditure Surveys administered by the Bangladesh Bureau of Statistics since 1991/92. For each household, we administered the scorecard whose survey year matched most closely to the year of the household's first

¹⁴ The primary data from which scorecards are developed also allow one to estimate the percentage of people within each score-group (say, those with scores between 35 thru 39) who are poor, called the PLH for that group. See, Annex 5 and Table A.5.4.

micro loan.¹⁵ Thus, there were four sets of ever borrowers and poverty likelihood measures were calculated for each set at two points in time – one, at the year of entry, and the other for end 2008.¹⁶ The ‘change in poverty likelihood’ was obtained for each of the entry groups. This allowed us to estimate the number of EB households in that group who, on net, had crossed the threshold.¹⁷ For a geographical unit, the weighted average of the measures provided the final estimate on the number of ever borrower households crossing the threshold. The weights corresponding to the entry year were derived from the time series data provided by various MFIs prior to the beginning of the field survey, cross-checked later by practitioner members on the Expert Panel.

In notations, the change in the poverty likelihood measure for a subset of a sample is given by,

$$\Delta PLH = \sum w_i \Delta PLH_i ; i = 1992, 1996, 2000, 2005 \quad (5)$$

Thus, the number of EBs crossing the threshold within a subset s is,

$$N_s = (EB_s * \Delta PLH_s) / 100 \quad (6)$$

The number was extrapolated to a higher geographical level (division) by ratios of numbers of current borrowers on which we collected detailed information. Since there were some MFIs from which the information could not be directly obtained, national level figures had to be adjusted by a factor (of 1.06), to account for the small segment left out.¹⁸ Thus, the number of EBs crossing the threshold in a division is given by,

$$N_d = \sum_s N_{sd} * (CB_d / (\sum_s CB_{sd})) * AF \quad (7)$$

where, CB stands for current borrowers; s stands for s -th subset of the sample within a given division and d (1 thru 4) stands for d -th division.

Adjustments with Findings from Life History

Limitations of the Poverty Scorecard measures have been noted previously, which provided justification for separate queries into changes in the poverty status of the households by administering the Life History (LH) method. The narrative transcripts of interviews were mapped into categorical variables for comparison with scorecard-based findings. In strict terms, there is no clear methodology to arrive at an adjustment factor

¹⁵ Those taking a first microcredit loan in 1993 or before are grouped into 1992 category (1991-92 HES); those taking a loan during 1994-97 are in the 1996 category (1995-96 HIES); those taking during 1998-2002 are in 2000 group; and those who had their first MC loan in 2003 or later have been included in 2005 group. Current poverty scores have been assessed on the basis of scorecards developed from HIES 2005.

¹⁶ Current period, early 2009, is considered to capture the poverty status of the groups at the end of 2008.

¹⁷ A negative figure is feasible suggesting worsening of poverty situation, that is, number of people sliding below poverty exceeded the number of people who crossed above the threshold.

¹⁸ The adjustment factor is to ensure consistency across the parameter estimates, field level compilation of data on current borrowers in surveyed unions and the data on current borrowers obtained from MFI head offices.

even if one assumes the LH captures the changes better than the changes in poverty likelihood measures. As a matter of fact, scorecard-based PLH measures cannot identify an individual household in binary terms as either poor or non-poor. Yet limited judgment was applied, such as, cut-offs at $50 \pm$ percent, in order to specify a household as either below or above the threshold. In mapping from one to the other measure, two aspects are considered relevant: scalar difference when the same groups of households are being assessed with the two measures at any point in time¹⁹ (i.e., entry year and current year are treated separately); and the difference in the measures of change captured by the two measures. Upon looking into the various relations, an adjustment factor has been suggested in this exercise, and applied to the estimate obtained by using poverty scorecards.²⁰

Since three of the divisional headquarters were dropped from coverage due to reasons discussed earlier, coverage for Dhaka was expanded. The ever borrowers were classified into three categories: those who borrowed from places of their origin (in non-metropolitan areas) only, those who borrowed from their current city of residence only; and those who had borrowed from both areas. The most difficult part was to assess the changes amongst ever borrowers in poor clusters (slums) in metropolitan areas. Poverty scorecards developed for the country were found to carry little meaning in capturing wellbeing of urban households (see Annex 5), even though such information is collected and the usual poverty measures are calculated for the purpose of comparison. A separate attempt was made to revisit the unit level HIES data for urban areas only. The purpose was to estimate regression equations that allowed a good fit to explaining per capita expenditure, and use the estimated equation to assess the poverty status of urban households within the current sample²¹. This, however, did not generate good fits (i.e., it had large unexplained errors), with all estimates giving R^2 less than 0.23 – that is, at most 23 percent of the variations in per capita expenditure could be explained by the variables on which information was available from the same survey (HIES) data. While some of these variables were retained in the questionnaire for future probing, the study falls back on the LH technique to generate some tentative estimates on the number of the migrant population crossing the threshold.

In order to extrapolate the survey finding on ever borrowers in metropolitan areas taking their first loans from non-metropolitan areas, a total figure on such migration between 1990 and 2008 had to be estimated. This was done by assuming that (i) the share of total population residing in metropolitan areas had increased from 5 percent in 1990 to 10 percent in 2008; (ii) the annual growth rate in total population was uniform over the

¹⁹ If there is only a scalar difference in the mean, one may argue that the percentage of people making gains due to a scalar change would be lower for the distribution with higher mean.

²⁰ Use of such adjustment factor raises questions. Due to several limitations (see Annex 5), one could choose LH method, but there are difficulties in drawing correspondence to a threshold defined in income/expenditure scale using the LH. In contrast, the scorecards allow one to do so at group levels. Obviously, LH is costly to administer compared to scorecards. Thus the proposal to benefit from LH on the margin was endorsed by the Expert Panel.

²¹ The attempt was made in spite of the prior recognition that ‘urban’ in BBS surveys overlapped with ‘non-metropolitan’ areas considered under the present study. Unfortunately, the sample size from SMAs was not sufficiently large to undertake any meaningful exercise.

reference period; (iii) the natural rate of population growth in urban areas, without immigration, was 1.5 percent per annum. These assumptions are consistent with a uniform out-migration of 'non-metropolitan' population to 'metropolitan' areas at a uniform rate of 0.335 percent every year; and the cumulative migrants of such nature is found to be 4.73 percent of current population. The latter figure is applied to scale up the survey findings.

4. Survey Findings

Estimates based on administering poverty scorecards and the estimates on poverty likelihood corresponding to different slabs of scores attained in different entry years suggest the following (see Table 1 on the next page; and Table 2 for calculations):

- Allowing for sliding below the threshold among non-poor clients, a *net* of 9.43 million people hailing from ever borrower households in Bangladesh have crossed the threshold defined by US \$ 1.25 a day over the period 1990-2008. This roughly corresponds to 9.41 percent of ever borrower households.
- The above figure is net, accounting for the number of 'non-poor' households sliding below the threshold. The actual figure on the number of microcredit borrowers who were below the threshold at the time of their first loan and crossed over is more than this net figure. Use of the poverty scorecard does not allow one to identify a household as either poor or as non-poor; and therefore, movement from poor to non-poor or vice-versa cannot be derived using such a technique. Use of the LH technique and using arbitrary cut-offs in the PLH scale allowed for a tentative estimation of the two contrary trends. Approximately 62% of the first-time borrowers were below \$1.25 a day threshold at the time of their entry and a quarter of them crossed (as of early 2009). The latter is estimated to have been 14.14 million people. Of the other 38% who were above the threshold at the time of their entry, more than 16% slid below the threshold.
- An obvious question, which was raised during the Expert Panel meetings, relates to apparently low figures, obtained in this study, on the percentage of population crossing the threshold when compared with the claims of a rapid reduction of national poverty levels. Moreover, the survey findings do not themselves reveal much unless compared with commonly acknowledged benchmarks. However, no comparable figure is available on changes in poverty measures for a period ending in 2008; and there is no national level data on a matched sample to track progress made by poor households over a long period. Prior to the introduction of the Cost of Basic Needs (CBN) method, BBS reports (including HIES 2005) used the Direct Calorie Intake (DCI) method. The latter differentiated between absolute poverty defined as 2122 Kcal/person/day and the hardcore poverty defined as 1805 Kcal/person/day. While the absolute poverty declined from 47.75% in 1991-92 to 40.40% in 2005, hardcore poverty declined from 28% to 19.5% during the same period. The critical aspect to note is the almost stagnant poverty level (in the case of hardcore poverty) during 2000-05, even though the absolute poverty level had declined. Estimates based on the CBN method, reported in HIES 2005, differentiate between upper and lower poverty lines. In the case of the latter, the

headcount rate is reported to have declined from 33.7% in 2000 to only 25.5% in 2005. During the same period, the poverty measure based on the upper poverty line declined from 48.9% to 40%. These latter estimates are the basis of optimism on the rate of decline in poverty, particularly at the lower end. In reality, such a perception on the trend is not commonly shared; and various other indicators lend support to increasing inequality, the failure of safety net programs and microcredit to reach the very poor, and a general neglect of rural Bangladesh since the turn of the century (until the recent realization from the shocks encompassing the food market).²² Our estimates based on the earlier DCI-based measure suggest that approximately 10.62 million people had crossed the threshold defined by the hardcore poverty line during 1990-2005. Given the adverse situation in the commodity markets, particularly in the food markets, and given the instability the country had passed through during the political transition in 2007 and 2008, one may assert that the net number may have been reduced, or at most, stagnated.²³ In such a context, our estimate seems quite in line with the national level poverty findings. Rather, one finds most of the net decline in the number of poor (below the US \$1.25 PPP a day) within the whole population to be accounted for by the corresponding figure estimated for the ever borrowers of MFIs in Bangladesh between 1990 and 2008!

Table 1: Summary of Findings on Number of People crossing US \$1.25 a day per Person at PPP between 1990 and 2008

Description	
Population, number	150,000,000
Average household size	5.13
Number of households	29,265,302
<i>Non-Metropolitan area</i>	
% Non-metropolitan in total population	90.00%
% of ever borrowing households in NM area	67.30%
Net number of people crossing from those in NM areas	8,546,110
Net % of EB households crossing the threshold in NM area	9.41%
<i>Migrants in Metropolitan area</i>	
% of households migrating to NMA (cumulative 1990-2008)	4.73%
% of migrants who had borrowed	55.18%
Net % crossing the threshold	25.00%
Net number of people crossing the threshold	886,137
Net number of people with NM origin crossing the threshold	9,432,248

²² The present study also finds a relatively lower proportion of first-time microcredit borrowers to be 'poor' among recent entrants compared to the early years.

²³ There is no consensus on the changes beyond 2005 – particularly, given a period of political stalemate (2006-08) and agonies caused by sharp increases in world commodity prices during 2007-08. Recent discourse on the subject suggests stagnancy in poverty rates, if not an increase. This would imply an increase in the number of hardcore poor by almost 1.6 million – equivalent to one-fifth of the increase in population during 2005-08.

Table 2
Summary Findings

Divisions	1	2	3	4	5	6	7	8	9	10	11	12
				=2*3/100				=4*5*6*7		=8*9*AF1		=10*11
	Current borrower in sample	# of ever borrowers in sample villages	Change in poverty likelihood	number crossing threshold in sample	AdjFact, at village=cbv,ol/vl	Scaling up to union=cbu/cbv,ol	Scaling up to upazila=cbuz/cbu	Number crossing at sample upazilas=sumu,ng	Scaling up to division=cbdiv/uz	AF1=1.06; # of hhs crossing threshold	HH size	Number of people crossing threshold
Rajshahi	925	3558	3.21	114.21	3.03	6.88	8.69	20690	9.64	211419	6.26	1323485
Khulna/Barisal	602	2546	5.11	130.10	2.46	8.99	5.31	15278	13.13	212637	5.65	1201400
Dhaka	668	2709	8.57	232.16	1.90	8.81	8.45	32838	15.21	529433	5.41	2864233
Chittagong/Sylhet	644	2159	7.15	154.37	3.28	6.03	7.00	21372	13.50	305835	4.26	1302858
All Bangladesh	2839	10972			2.67	7.46	7.20	90178		1259325	5.13	6691977

Note: cb=current borrowers (v for village level, u for union, and uz for upazila level).

Table 3

Estimates on Net Number of People Crossing Hardcore Poverty Threshold, drawn from various HES/HIES findings

	HIES Estimated Number of Poor (million)				Projected Number of Poor (using pop growth rates)			Graduation from Poverty (million) [Projected-HIES Estimate]			
	1990	1995	2000	2005	1995	2000	2005	1990-1995	1995-2000	2000-2005	1990-2005
National	29.96	29.15	24.90	27.00	32.77	31.20	27.69	3.62	6.30	0.69	10.62
Rural	26.30	23.90	18.80	18.70	27.62	24.75	19.54	3.72	5.95	0.84	10.51
Urban	3.66	5.24	6.00	8.30	5.06	6.54	8.50	-0.18	0.54	0.20	0.56

Source: Zohir (2008b); and HIES 2000 & HIES 2005 Report

5. Beyond the Numbers: Selected Observations

The objective of the study was to estimate a number, and the findings have been presented in the preceding section. Quite explicitly, a search for causality was not included in the pursuit; and no attempt will be made to do so in this section. Yet, it is important to understand the factors underlying the observed results so that the achievements of microcredit are not undermined. With that perspective, several observations are made below on the methods as well as on the population from which the estimates are derived.

5.1 Observations on Methods

Scorecards

There is no denial that there is no better alternative than the poverty scorecard for linking a cut-off with a quantitative figure such as \$1.25 a day per person. Yet, its limitations ought to be recognized, particularly those set by the limited scope of the data (HES/HIES) from which they are developed. Three issues are worth noting. First, these are not time and space invariant. The former was recognized at an early stage of the undertaking, and therefore, separate HES/HIES survey data were used to develop four different scorecards. The space dimension (i.e., urban-rural, or, metropolitan and non-metropolitan) could not be accommodated. The second relates to the algorithm for developing the scorecards. It is important to ensure a strict negative relation between the poverty likelihood measure and poverty scores, which unfortunately had not been addressed in the scorecards that the survey used (see Table A.5.4). Finally, PLH measures cannot locate an individual household in a poverty space as either below or above a threshold, and therefore, fail to provide estimates on the movement from either side of the threshold.

Life Histories

The obvious limitation for the current exercise is its arbitrariness in identifying a scale comparable to US\$1.25 a day per person, and ensuring its uniformity across all interviews. Yet, LHs give sufficient information to conclude whether a household's poverty status has worsened or improved over a period of time, including some measure of the relative degree of such change. These can supplement the quantitative estimates. In general, there is a correspondence between the measures under PLH and under LH. There is however a significant difference in the scale – poverty estimates are higher (often more than 10 percentage points) than those obtained from LH. One merit of the LH is its use in tracking movement across threshold from either side.

Bias in higher probability of inclusion

Area-specific estimates on PLH (Table A.7.1) reveal two distinct groups where the poverty situation worsened among EBs. The first includes areas prone to river erosion, such as, Bhurungamari in Rajshahi. The second includes a large group of areas which are

known for commercial activities. Both these groups are likely to have a higher concentration of microcredit activities and therefore had a higher probability of being included in our sample. The former, largely due to concern for poverty and since additional donor resources can often be attracted showing prior activities in such areas. The second group (Bhaluka, Kapasia, Belkuchi, etc.) attracted microcredit funds because of the commercial motive. It is quite possible that economic stagnation during the long political transition and global recession had adversely affected the businesses in those areas. Thus, the survey results may have been biased downward.

5.2 Poverty Levels and Trends – selected observations

Summary Observations from Life Histories

The factors that have been most mentioned as having caused a positive change in the life trajectory in descending order are²⁴:

- Increase in earning members;
- Increase in income generating assets (cows, van, rickshaws, boat);
- Good business (mostly fish cultivation);
- Good harvest/agriculture/ increased land cultivation;
- Increase in income (job/diversified/change/additional job taken);
- Lack of ‘shocks’ or events that involve a one-off expenditure;
- Migration to Dhaka;
- Dowry taken for male household members;
- Migration abroad;
- Separation of respondent from household;
- Help from in-laws (for male household members) and family;
- Government aid

The factors that have been most mentioned as having caused a negative change in the life trajectory in descending order are:

- Treatment costs (mostly illness, followed by childbirth complications and then accidents);
- Natural disasters (flood /storm/ heavy rain/ /river erosion/drought);
- Wedding (including dowry) costs;
- Loss in business;
- Bad harvest;
- Separation of household (usually son leaving and forming his own household);
- Increase in dependant members;
- Difficulties with repayment (including confiscation of property/jailed/absconding due to inability to repay loan);
- Litigation costs;
- Theft;
- Death of earning member;
- Loan trap;

²⁴ The order does not necessarily reflect the order of importance in terms of size of impact. It is based on only frequency of responses.

Lack of work;
Inflation;
Death of cow;
Loss in fish cultivation/ due to flood/storm;
Expenses to send son abroad;
Scam

Spatial differences

There is clearly a regional pattern in the progress made which generally is consistent with the national level statistics on trends and levels of regional poverty – greater Rajshahi and Khulna divisions are worse-off regions and the cities in eastern Bangladesh (Dhaka and Chittagong) have persistently moved ahead. Much of this trend has to do with differential infrastructure development, particularly, availability of cheap natural gas in the eastern regions. There is however one departure from the common expectation – in spite of the improvement of communication links with the opening of Jamuna Bridge in the late 1990's, new microcredit borrowers in the Rajshahi division during that period are the worst performers in our sample. As the figures indicate (Table A.7.3), PLH increased by almost 4 percentage points for the cohort of ever-borrowers in Rajshahi. PLH for the later cohort remained stagnant; and these together significantly dampened the results of the net number crossing the threshold.

There is a puzzle - earlier studies on impacts of Jamuna Bridge showed positive results and the common perception also suggests the same. HIES findings also suggest a significant decline in poverty in the northwest. The explanation possibly lies in the nature of labor movements as a result of improvements in the communication network and the implications such out-migration may have on a static picture captured in surveys. One may note, in Table A.7.14 compiled from village-level information, that there had been significant out-migration from the study area in Rajshahi – a 36 percent decline over only nine years (2001-09). The slum survey also indicates a very high proportion of Rajshahi population in Chittagong divisions (Table A.7.20). It is quite possible that most of these migrants are of more recent past and may not have been reflected in the 2005 survey of HIES. This may throw a light on the puzzle. It is quite possible that the more dynamic/competent among the poor in the Rajshahi region had migrated to the cities and had done well; and that microcredit may have facilitated such movements. The resident ever-borrowers, who were captured in the survey of non-metropolitan areas, may remain impoverished for a period until an inflow of remittances changes their status.

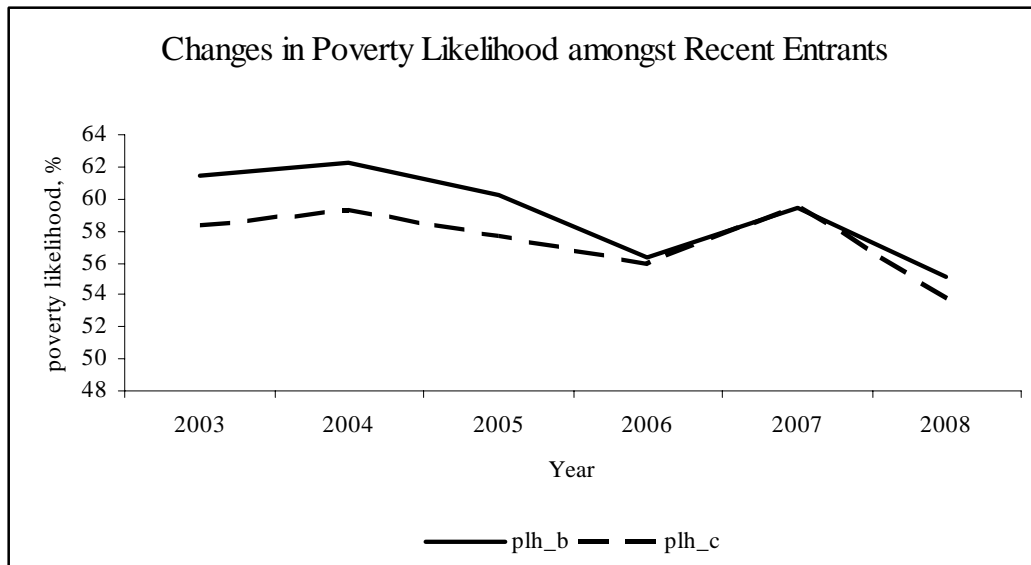
Temporal differences

The study finds that the early entrants, of 1992 and 1996 cohorts, had a significant decline in the likelihood of being poor (PLH) when compared with later entrants. The average age of the household head is found to be higher among early entrants (Table A.7.16) suggesting that one plausible reason lies with the ageing of a household, normally associated with an increase in the number of earning members. Interestingly, the number of earning non-resident members is also high among the early entrants –

partly due to the ageing of the household, and possibly, microcredit may have facilitated employment elsewhere and the benefits start to flow after a threshold period.

The use of borrowed funds and returns to such usages are important determinants of the size and direction of impacts that such borrowing may have. A detailed probing was beyond the scope of this study. However, a closer look was taken into recent entrants (2005 cohort) on whom a single scorecard was administered to capture status during both entry year and the year of survey. As Figure 1 below shows, PLH among the entrants in 2006 and 2007 remained unchanged while poverty situation improved among other recent entrants, especially those entering before 2006. It is possible that the funds borrowed during times of distress do not get channeled to usages that could bring financial returns, or deterioration in the general economic environment may at times reduce such returns.

Figure 1



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Annex 1
Terms of Reference (excerpts)

Movement above the \$US1/Day Threshold Project
Memorandum of Understanding (MOU) on Bangladesh Survey

The Bangladesh Expert Panel was formed by the Microcredit Summit Campaign to assist in assessing movement of Bangladeshi microcredit clients above the US\$1 a day threshold. At a meeting on April 23, 2008, the Expert Panel recommended that a nation-wide survey be used to estimate the number of microcredit clients who crossed the \$US1/Day threshold between 1990 and 2008. **It is important to note that this project is not seeking to establish causality between microcredit and movement above the threshold.**

This Memorandum of Understanding is entered into this 25th day of August 2008, between The Microcredit Summit Campaign, a project of RESULTS Educational Fund, which is a non-profit corporation, headquartered at Microcredit Summit Campaign, 750 First Street, NE Suite 1040 Washington, DC 20002, USA [hereinafter referred to as "MCS"], and Economic Research Group [hereinafter referred to as "ERG"].

Upon completion of the concept note and reaching consensus on the budget, ERG (represented by Dr. Sajjad Zohir) will lead in designing and implementing a nation-wide survey to estimate the number of microcredit clients who crossed the \$US1/Day threshold between 1990 and 2008. The work will involve training of field staff, conducting interviews, and collecting and analyzing the data, and a report will have to be submitted in due time.

Annex 2

List of Persons providing indirect contributions

Members of the Bangladesh Expert Panel

1. Sajjad Zohir, Director, Economic Research Group.
2. Mesbahuddin Ahmed, Managing Director, Palli Karma Shahayak Foundation
3. Syed Hashemi, Senior Microfinance Specialist, CGAP
4. Simeen Mahmud, Former Research Director, Bangladesh Institute of Development Studies.
5. Rushidan Islam Rahman, Research Director, Bangladesh Institute of Development Studies.
6. Atiur Rahman, Chairman, Shamunnoy (presently, Governor, Bangladesh Bank)

Practitioner Resource Persons

1. Dipal C Barua, Former Deputy Managing Director, Grameen Bank.
2. Shabbir Ahmed Chowdhury, Former Chief, Credit Operations, BRAC
3. Mostafa Kamal, Director, ASA

Members of Microcredit Summit Campaign

1. Sam-Daley Harris
2. DSK Rao
3. Jeff Blythe
4. Robert Driscoll
5. Anna Awimbo

Microcredit Summit Consultant on Poverty Measurement

1. Mark Schreiner

Members of the Microcredit Summit Advisory Committee

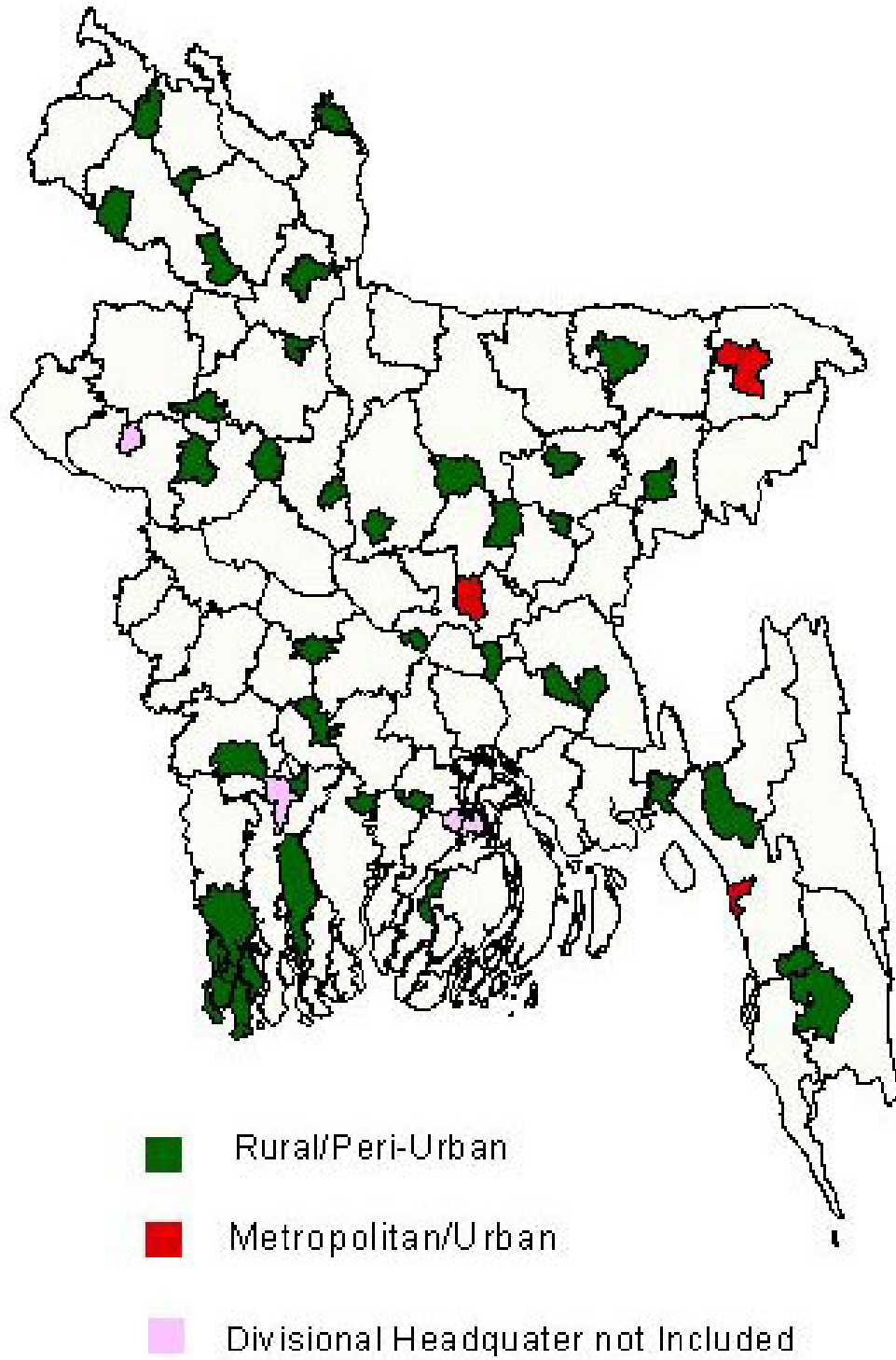
Jonathan Morduch, Professor of Public Policy and Economics, New York University
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Syed Hashemi, Senior Microfinance Specialist, CGAP
Brian Beard, Program Specialist, The IRIS Center
John Hatch, Founder, FINCA International
Alex Counts, President, Grameen Foundation.

Annex 3

List of Selected Villages

	District	Upazila	Union	Village
BARISAL/KHULNA	Barisal	Banaripara	Saliabakpur	Mohishapota; Bashar
	Patuakhali	Mirzagonj	Deuli Subidkhali	Deuli; Ranipur
	Bagerhat	Chitalmari	Char Baniari	CB Paschim Para; Uttar Kholishakhali
	Jessore	Monirampur	Bhojgati	Bhojgati; Tunighara
	Khulna	Dacope	Pankhali	Khatail; Moukhali
	Khulna	Dighalia	Dighalia; Senhati	Brahmagati; Batibhita
	Narail	Lohagora, N	Joypur	Beltia; Chorkhali
	Satkhira	Shyamnagar	Kashimari; Atulia	Purbo Gabindapur; Mollapara
CHTG/SYLHET	Comilla	Barura	Galimpur	Bankora; Galimpur
	Bandarban	Lama	Gazalia; Sarai	Akirampara, Mohammedpara, Baishfari; Tongujhiri
	Chandpur	Kochua	Sachar	Joynagar; Surail
	Chittagong	Fatikchhari	Suabil	Shovonchhari, Baromasia
	Chittagong	Lohagora, C	Adhunagar	Adhunagar, Horina
	Feni	Sonagazi	Amirabad; Char Chandia	Char Dubba Maddhya Char Kandia
	Habiganj	Habiganj sadar	Gopaya	Dhulaikhal, Anandopur
	Sunamganj	Jamalganj	Jamalaganj	Lambabagh, Noyahalot
DHAKA	Dhaka	Dohar	Narishah	Chaitabator; Ranipur
	Faridpur	Modhukhali	Bagat	Mitain Chandpur; Ghopghat
	Gazipur	Kapashia	Barishabopur	Barabo; Kirtonia
	Kishoreganj	Karimganj	Noabad	Jhautala, Halgora
	Kishoreganj	Kuliarchar	Gobaria Abdullahpur	Paschim Abdullahpur; Boro chhora
	Munshiganj	Munshiganj Sadar	Char Kewar	Khaser Hat; Hogla Kandi
	Mymensingh	Bhaluka	Meduari	Bandia; Bonkua
	Netrokona	Netrokona Sadar	Amtolia	Amtola; Biswanathpur
	Tangail	Delduar	Elaswin	Boropakhya; Mushuria
RAJSHAHI	Bogra	Sonatala	Madhupur	Garamara; Shalikha
	Dinajpur	Biral	Dhamoir	Dhamoir; Nizampur
	Dinajpur	Nawabgonj	Joypur	Chak Karim; Chak Mohon
	Gaibandha	Gaibandha Sadar	Kholahati	Farazipara-Kholahati, Chak Mamrushpur
	Kurigram	Bhurungamari	Paikerchhara	Paikerchhara; Chhit Paikerchhara
	Naogaon	Raninagar	Raninagar	Bhutpara-Razapur; Lohachura
	Natore	Natore Sadar	Madhnagar	Banshila; Purbo Madhnagar
	Nilphamari	Saidpur	Kamarpukur	Kuzipukur; Aisdahl
	Panchagarh	Debigonj	Pamuli	Sarkarpara; Hassanpur
	Sirajganj	Belkhuchi	Daulatpur	Baropur; Ajugora
	Sirajganj	Tarash	Baruhash	Bastul; Boropouta

Figure 1: Study Area for ERG Survey 2009



Annex 4
Study Team

Contributions to at Regional level:

Professor M.A, Noman; Elias

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Annex 5

Poverty Scorecards and the Poverty Likelihood Measures

Proxy inference on a variable of interest that is costly and/or difficult to measure on a regular basis has been a widely used tool among development practitioners.²⁵ Generally, the process involves two separate steps: (i) proxying of the very variable that is to be proxied by selecting a suitable measure; and (ii) identifying suitable variables to proxy the selected measure. Development practitioners mostly address welfare of people; and consumption expenditure, income, wealth and basic needs indices are some of the measures used as proxy for welfare. Most commonly used measure is the consumption expenditure, often defined operationally in terms of per capita expenditure. The variables (i.e. household characteristics) chosen to proxy the welfare measure, in the second step, can vary among different models/programs, especially since the type of data available in household surveys is different in different countries, but the criteria for choosing these variables tend to be similar. At the very least, the variables have to be relatively few in number and well-correlated with poverty (as measured using the welfare measure). Additional considerations are that the variables have to be easy to answer and to measure/observe, easy to verify and at the same time difficult to manipulate by the household.

The present exercise relied on poverty scorecards developed by Chen and Schreiner, who considered per capita expenditure and used logistic regression using boot-strapping technique to identify the proxy variables and the scores for individual responses.²⁶ Normally, a poverty score card (as developed by Chen and Schreiner) includes ten questions (proxy variables) with options for finite set of responses, each of which is assigned a score. Details on the proxy variables and the scores for four different scorecards are presented in Table A.5.3.

Calculating the total score for each household is the first step; and the prior PLH-scorecard table allows one to associate a PLH measure to a household. Average poverty likelihoods for different score groups, estimated from the HES/HIES data, are shown in Table A.5.4. Average PLH for a population group is read as percentage of the population who are below a threshold, which was used as the benchmark for proxy inference.

In addition to observations made on the scorecard approach to evaluate percentage or number of poor in a population, one may observe that proxies derived from data on multiple groups (say, MC clients and non-clients) and multiple locations (say, rural and urban) may not adequately capture the target measure if applied to one particular segment only. While stratum-based cutoffs on per capita expenditure were considered, the scorecards did not account for possible variations in the set of proxy variables across locations. The same applies for groups; and scope of improvements may lie in multi-steps proxy process as done under some IRIS Center exercises.

²⁵ The first part of this Annex draws upon Zahur (2009), which provides a literature survey on the subject.

²⁶ There are other approaches as well, such as, those developed by the IRIS Center. The present study was however commissioned with the understanding that Poverty Scorecards developed by Chen and Schreiner would be administered. See, http://www.microfinance.com/#Poverty_Scoring for a list of examples.

Table A.5.1: Taka Equivalence of US \$1 at PPP

Year	US\$1_HS	LPL_BBS	UPL_BBS
1991	12.83	14.34	16.96
1992	13.01	15.03	17.78
1993	13.72	15.72	18.61
1994	14.93	16.40	19.43
1995	15.98	17.09	20.25
1996	16.08	17.47	20.70
1997	16.90	17.85	21.15
1998	18.64	18.22	21.59
1999	19.07	18.60	22.04
2000	19.29	18.98	22.49
2001	19.63	19.93	23.61
2002	20.15	20.89	24.74
2003	21.05	21.84	25.86
2004	21.80	22.80	26.99
2005	22.77	23.75	28.11

Note: Shaded rows correspond to years when HES/HIES were administered by BBS.

Source: Chen and Schreiner.

Table A.5.2: Ratio of highest to lowest income lines across different stratum

HIES in	Stratum description	No. of strata	Ratio of highest to lowest income lines (CBN)	
			Lower	upper
2005	Rural and municipality areas in six divisions (=12) and the metropolitan areas in Dhaka, Chittagong, Khulna and Rajshahi	16	1.24	1.58
2000	Rural and municipality areas in five divisions (=10) and the metropolitan areas in Dhaka, Chittagong, Khulna and Rajshahi	14	1.38	1.67
1995-96	Rural and municipality areas in five divisions (=10) and the metropolitan areas in Dhaka, Chittagong, Khulna and Rajshahi	14	1.34	1.69
1991-92	Urban and Rural	2	n.av.	n.av.

Source: Information obtained from BBS.

Table A.5.3: Questionnaire and Values Assigned to Various Responses

Questions	Options/Responses	1991-92	1995-96	2000	2005
1. How many household members were 20 years old or younger?	Five or more	0	0	0	0
	Four	0	0	0	5
	Three	10	0	9	5
	Two	10	9	14	11
	One	21	17	21	18
	None	29	27	34	29
2. What was the highest educational attainment by any household member?	No class	0	0	0	0
	1-5, cannot write	0	-	-	-
	1-5, can write	5	-	-	-
	Class 1	-	0	0	0
	Class 2	-	0	0	0
	Class 3	-	0	0	0
	Class 4	-	0	0	0
	Class 5	-	0	4	4
	Class 6	7	8	6	4
	Class 7	7	8	6	4
	Class 8	7	8	6	4
	Class 9	7	12	6	4
	SSC, not BA	12	-	-	-
	SSC/equivalent	-	12	9	4
	HSC/equivalent	-	17	14	10
	BA or above	14	17	14	10
3. What was the total operating land of the household?	0 to less than 1.5	0	0	0	0
	1.5 to less than 2	0	0	0	6
	2 to less than 4	8	4	6	6
	4 to less than 5	8	10	6	6
	5 acres or more	13	10	6	6
4. Did you own any cow?	Yes	0	0	0	-
	No	3	5	4	-
5. Did you own any duck?	Yes	0	-	-	0
	No	5	-	-	2
6. What type of latrine was used in the house?	Open field/unknown	0	0	0	0
	Temporary	5	-	-	-
	Pacca (brick+c)	15	-	-	-
	Hang latrine	-	5	-	-
	Pit latrine w/o seal	-	5	-	-
	Latrine w septic tank	-	10	-	-
	Katcha (temporary)	-	-	4	4
	Katcha (permanent)	-	-	7	6
	Pacca (pit)	-	-	9	6
	Pacca (water seal)	-	-	9	6
	Sanitary	-	-	9	6

Table A.5.3 continued

		1991-92	1995-96	2000	2005
7. What was the material of walls of the dwelling house of head of household?	Others	0	0	0	0
	Bamboo/hay/straw	7	0	0	0
	Mud/unburned brick	8	3	0	0
	CI sheet/brick/cement/timber	8	5	4	4
	Brick/cement	8	8	4	9
8. Did your household have an electricity connection?	No	-	0	0	0
	Yes	-	10	4	5
9. What was the material of the roof of the dwelling house of head of household?	Others	0	0	-	0
	Bamboo/hay/straw	0	0	-	0
	CI sheet/tali/timber	3	4	-	-
	Tile/wood	-	-	-	0
	CI sheet/timber	3	6	-	3
	Cement	3	13	-	10
10. What was the source of drinking water?	Ponds/river water	0	-	-	-
	Dug-wells/draw-well	0	-	-	-
	Tube wells	0	-	-	-
	Piped water	5	-	-	-
11. How many bedrooms did the house have?	One	0	-	-	-
	Two	0	-	-	-
	Three	5	-	-	-
	Four	5	-	-	-
	Five or more	5	-	-	-
12. Did the household own a radio or a 2-in-1 cassette player?	No	-	-	0	0
	Yes	-	-	7	5
13. Did the household own a TV?	No	-	-	0	0
	Yes	-	-	6	4
14. Did the household own a clock?	No	-	-	0	0
	Yes	-	-	5	3
15. Did the household own a wristwatch?	No	-	-	0	0
	Yes	-	-	3	4
16. Did any household member work for a daily wage?	No	-	-	4	7
	Yes	-	-	0	0

Note: Where the questions were not included in a given HES/HIES, cells are marked with - .

Table A.5.4: Estimated Poverty Likelihood for different Score Groups

Score Group	1992	1996	2000	2005
Lowest thru 4	100	96.4	97.9	100.0
5 thru 9	86.8	94.7	95.9	95.8
10 thru 14	94.2	91.9	95.8	92.5
15 thru 19	91.2	92.4	85.8	89.1
20 thru 24	82.0	83.6	76.9	82.6
25 thru 29	72.8	75.7	72.5	75.9
30 thru 34	67.4	61.3	54.1	66.5
35 thru 39	56.4	41.0	43.4	49.1
40 thru 44	39.3	39.0	30.8	39.0
45 thru 49	28.3	23.6	19.2	28.7
50 thru 54	14.7	12.5	16.8	24.9
55 thru 59	11.8	12.3	7.2	15.3
60 thru 64	20.8	5.0	6.5	5.6
65 thru 69	3.3	2.8	0.6	3.2
70 thru 74	0	11.7	1.0	2.5
75 thru 79	0	0	5.9	1.6
80 thru 84	0	0	0	3.7
85 thru 100	0	0	0	0

Note: Cells shaded are ones that violate the negative relation between poverty likelihood and the scores.

Source: Mark Schreiner and his associates estimated the above for the purpose of the present study using bootstrapping technique.

Table A.5.5: Trends in Hardcore Poverty (1805 Kcal/person/day)

	1983-84	1985-86	1988-89	1991-92	1995-96	2000	2005
National							
Percentages	36.75	26.86	28.36	28.00	25.06	20.00	19.50
In million	34.25	26.67	29.49	30.42	29.15	24.90	27.00
Rural							
Percentages	36.66	26.31	28.64	28.27	24.62	18.70	17.90
In million	30.22	22.82	26.00	26.59	23.90	18.80	18.70
Urban							
Percentages	37.42	30.67	26.38	26.25	27.27	25.00	24.40
In million	4.03	3.85	3.49	3.83	5.24	6.00	8.30

Source: Zohir (2008b), and HIES 2000 & HIES 2005 Report

Annex 6

Sampling Design of Metropolitan Survey²⁷

Objective

The purpose of the nation wide survey in rural areas was to estimate the total number of microcredit clients (ever borrowers) who crossed the threshold of US\$ 1.25 a day (PPP), considered a proxy of extreme poverty line. Since migration from rural to urban area is significant, it was felt necessary to account for the migrant ever borrowers through a urban survey²⁸. It is recognized that a portion of non-metropolitan households had migrated out, many of whom may have borrowed at the place of their origin. Purpose of urban survey was to capture this group and to assess the number amongst them who may have crossed the threshold.²⁹

Sampling Frame

The primary sampling unit includes all ever borrower households in metropolitan areas who had migrated from non-metropolitan areas since 1990. According to size and population, 2001 Census Report classified ‘urban areas’ into 4 categories:

- Mega city (MEC) – with at least 0.5 million population
- Statistical Metropolitan Area (SMA) – with at least 0.3 million population
- Municipality Area (MA) – small and medium cities
- Other Urban Area (OUA) – numerous very small cities

The concept of ‘metropolitan’ defined in this exercise includes only the first two categories and a part of the third category: 6 divisional headquarters - Dhaka, Chittagong, Rajshahi, Barisal, Khulna and Sylhet. Among these 6 urban centers, Dhaka is considered as the mega city of Bangladesh where 37.44% of total urban population lives. Chittagong, Rajshahi and Khulna are 3 SMAs. Barisal and Sylhet lie under the third category, i.e. these are considered by BBS as municipality area. Rapid growth of urbanization in Bangladesh has been due to migration by the rural poor, particularly to large metropolitan areas. On arrival, these poor migrants routinely turn to slums and squatter settlements for shelter. As the broad purpose of the survey is to capture those households who had borrowed from MFIs (between 1990 and 2008) while they were in non-metropolitan areas, we consider only slum population from 6 city corporations. In other words, for the purpose of selecting sample households in metropolitan areas, the sampling unit at the primary stage is the cluster of poor households in these six cities, normally termed as ‘slums’.

A census of slums, undertaken by the CUS in 2005, provided the sampling frame for choice of sample clusters. The aforesaid census data was not fully available. The initial criteria of short-listing included the followings:

- Those established after 1985 (till 2005);

²⁷ Sara Zabeen, Research Officer, ERG, had prepared the first draft of this Annex.

²⁸ All references to ‘urban’ mean ‘metropolitan’ in this Annex.

²⁹ It is widely acknowledged that migration, more often than not, improves livelihood; and that microcredit has helped many to seek better opportunities through migration.

- Slums where the number of households were reported to have been sufficient (around 200 or more).

Sampling Method

The sample for the survey was drawn using a multi-stage random sampling technique. In the first stage, thana was selected as the primary sampling unit depending on year of establishment (1985-2005) of the clusters. There is a common tendency of slum dwellers not to change their residences easily. People who migrated since 1990 were mostly found in clusters that were established after 1985.

A thana normally has several wards. The thanas (in case of Dhaka) were chosen purposively upon consulting with knowledgeable persons on the shares of post-1990 migrant population. In the second stage of sampling, additional information on the selected wards were collected. These included: location, area (acre), number of households, total population, distribution of dwellers by districts of origin, etc.

In the third stage, clusters were randomly chosen from amongst those with sufficient number of households (130-300). Two clusters were selected from each of the 2 urban centers (Chittagong and Sylhet). In case of Dhaka, four clusters were chosen. After a complete enumeration of all households in the selected slums, a sample of around 30 households was randomly selected from each slum. Thus, there were 241 sample households. Selected information on the sampling frame are provided below.

Table A.6.1: Distribution of Slums by Year/Period of Establishment

Period of Establishment	Dhaka	Chittagong	Khulna	Rajshahi	Sylhet	Barisal	All slums
Prior to 1971	12.5	16.3	27.3	47.3	1.8	47.6	17
1971-1985	36.8	37	43.9	41.3	18.2	37.6	36
1986-2000	43.3	41	24.8	10.5	63.3	13.4	40
2001-2005	7.3	5.1	3.4	0.8	16.8	1.1	6.7
Not recorded (unknown)	0	0.8	0.6			0.3	0.2
Total Number	4,966	1,814	520	641	756	351	9,048

Source: Compiled from CUS Census 2005 data.

Table A.6.2: Distribution of Slums by Extent of NGO Engagements

NGO Coverage	Dhaka	Chittagong	Khulna	Rajshahi	Sylhet	Barisal	All slums
None	30.2	42.4	11.5	7.0	24.5	5.7	28.5
One NGO	11.3	7.2	27.1	7.0	34.8	13.1	13.1
More Than one	58.5	50.4	61.3	86	40.7	81.2	58.4

Source: Compiled from CUS Census 2005 data.

Table A6.3: Districts from which the Slum Population Originate

Slums in	Percentage of slum population by district of origin
Dhaka	Barisal (30.39); Mymensingh (8.89); Bhola (8.85); Fraidpur (7.61); Comilla (7.45); Rangpur (6.99)
Chittagong	Comilla (21.84); Chittagong (20.40); Barisal (15.50); Noakhali (12.07); Bhola (9.75); Rangpur (4.66)
Khulna	Barisal (35.41); Bagerhat (29.62); Faridpur (13.87); Khulna (11.45); Gopalganj (5.79)
Rajshahi	Rajshahi (70.15); Nawabganj (12.59); India (12.76)
Sylhet	Mymensingh (16.29); Sunamganj (16.17); Rangpur (12.87); Kishorganj (11.04); Netrokona (10.71); Hobiganj (8.12); Comilla (7.75)
Barisal	Barisal (68.99); Bhola (13.66); Jhalokathi (6.69)

Source: Compiled from CUS Census 2005 data.

Annex 7

Statistical Tables

Estimations and tables from Rural Survey

Table A7.1: Change in Poverty Likelihood by Entry Cohorts and Study Areas

	District	Upazila	1992	1995	2000	2005	Weighted
BARISAL/KHULNA	Barisal	Banaripara	3.85	32.96	-2.06	3.06	7.84
	Patuakhali	Mirzagonj	-11.29	15.80	-2.37	-2.15	-0.37
	Bagerhat	Chitalmari	25.14	14.37	-9.69	1.79	6.11
	Jessore	Monirampur	8.99	16.94	-5.77	-1.31	2.92
	Khulna	Dacope	-9.50	28.84	7.53	1.69	5.54
	Khulna	Dighalia	3.93	22.29	3.86	3.11	6.72
	Narail	Lohagora, N	6.35	21.01	10.52	2.63	7.41
	Satkhira	Shyamnagar	-2.90	8.80	0.38	4.43	3.61
CHTG/SYLHET	Comilla	Barura	29.98	29.02	9.79	5.79	14.02
	Bandarban	Lama	-31.83	38.60	-21.66	-0.52	-0.89
	Chandpur	Kochua	-43.30	38.05	5.51	5.31	3.84
	Chittagong	Fatikchhari	14.83	14.23	6.32	2.87	7.10
	Chittagong	Lohagora, C	8.83	19.74	-6.72	-3.08	2.30
	Feni	Sonagazi	-21.40	15.59	6.26	6.15	3.70
	Habiganj	Habiganj sadar	22.35	26.59	9.99	0.32	9.46
	Sunamganj	Jamalganj	-0.44	14.40	4.55	5.75	6.20
DHAKA	Dhaka	Dohar	28.81	27.69	9.61	5.34	13.34
	Faridpur	Modhukhali	29.57	22.80	3.10	-0.21	8.74
	Gazipur	Kapashia	-9.45	10.24	-14.21	-1.99	-2.45
	Kishoreganj	Karimganj	6.49	36.73	7.37	6.99	12.22
	Kishoreganj	Kuliarchar	-2.80	20.71	7.85	4.38	6.62
	Munshiganj	Munshiganj	27.96	26.65	15.58	7.08	14.72
	Mymensingh	Bhaluka	-28.30	-9.33	-8.44	0.97	-6.40
	Netrokona	Netrokona Sadar	-5.23	21.68	-4.88	0.95	2.97
Tangail	Delduar	18.43	20.06	0.51	9.23	11.45	
RAJSHAHI	Bogra	Sonatala	19.41	8.65	-2.46	-3.40	2.27
	Dinajpur	Biral	11.15	35.68	-7.09	1.11	7.73
	Dinajpur	Nawabgonj	8.00	24.10	4.90	-7.16	2.13
	Gaibandha	G'bandha Sadar	10.10	19.31	-1.22	3.45	6.68
	Kurigram	Bhurungamari	-54.30	18.15	-14.72	0.36	-6.54
	Naogaon	Raninagar	4.83	5.00	-2.27	1.12	1.94
	Natore	Natore Sadar	9.04	30.46	4.98	7.25	11.35
	Nilphamari	Saidpur	1.90	4.14	-7.44	-2.42	-1.23
	Panchagarh	Debigonj	7.49	15.52	2.31	1.16	4.79
	Sirajganj	Belkhuchi	-20.73	3.34	-6.78	-3.27	-5.15
	Sirajganj	Tarash	-2.02	5.07	-24.43	1.07	-1.82

Source: Own estimate from ERG Survey 2009.

Table A.7.2: Estimates on Overlapping

Upazila-level Overlapping (% of current borrowers)					
Upazila	Max	Min	Upazila	Max	Min
Banaripara	148.00	146.67	Kochua	143.06	140.28
Barura	167.86	166.67	Kuliarchar	163.95	156.98
Belkhuchi	136.14	133.73	Lama	116.95	116.95
Bhaluka	124.62	121.54	Lohagora, Narail	129.41	127.94
Bhurungamari	143.37	142.17	Lohagora, Ctg	168.82	168.82
Biral	152.27	152.27	Mirzagonj	187.21	184.88
Chitalmari	184.93	180.82	Modhukhali	139.51	139.51
Dacope	147.83	143.48	Monirampur	140.28	134.72
Debigonj	162.77	162.77	Munshiganj	145.21	143.84
Delduar	133.82	133.82	Natore Sadar	172.62	167.86
Dighalia	149.33	144.00	Nawabgonj	165.56	162.22
Dohar	190.00	180.00	Netrokona Sadar	129.11	129.11
Fatikchhari	182.14	182.14	Raninagar	169.62	160.76
Gaibandha Sadar	128.92	125.30	Saidpur	134.52	134.52
Habigonj sadar	157.83	157.83	Shyamnagar	159.52	158.33
Jamalganj	153.41	153.41	Sonagazi	162.96	162.96
Kapashia	166.67	163.89	Sonatala	156.52	155.07
Karimganj	131.08	129.73	Tarash	147.73	145.45
Division-level Overlapping (% of current borrowers) - unweighted					
Barisal/Khulna	156.81	153.65	Dhaka	147.31	144.46
Chittagong/Sylhet	158.54	158.07	Rajshahi	151.89	149.41

Note: Total number of unpaid loans amongst current borrowers was considered in calculating ceiling (max) figure on overlapping; while maximum of number of family members borrowing from MFIs and the number of MFIs from which money was borrowed is considered in calculating the minimum figure. Source: Estimates from ERG Survey 2009.

Table A.7.3: Estimates on Poverty Likelihood, by divisions and entry cohorts

Entry cohort	Entry year	beg 2009	Entry year	beg 2009
Barisal/Khulna			Dhaka	
1992	52.75	48.92	61.37	42.62
1996	67.23	47.12	75.27	53.46
2000	52.27	51.53	57.22	56.04
2005	53.47	51.85	61.19	58.00
Chittagong/Sylhet			Rajshahi	
1992	62.48	54.94	62.52	57.61
1996	80.74	58.26	70.81	54.94
2000	63.94	60.27	56.05	59.76
2005	66.79	63.90	58.48	58.25

Source: Own estimate from ERG survey 2009.

Table A.7.4: Changes in Average PLH across different entry cohorts

Entry cohort	Average poverty likelihood base year	2009	% of hhs, change in plh ≥ 0	% of hhs, change in plh > 0	Net % with improvements
	(1)	(2)	(3)	(4)	(3)-[100-(4)]
1992	60.67	51.73	61.05	61.05	22.11
1996	73.27	53.44	75.29	74.33	49.62
2000	57.40	57.06	52.18	52.00	4.19
2005	59.79	57.95	70.08	40.65	10.73

Source: Own calculation from ERG survey 2009.

Table A.7.5: Bi-Variate distribution of poverty status defined with change in PLH and poverty status with respect to three meals a day

(% of total in each block)

	Change in PLH	Change in status w.r.t. 3 meals a day			
		worsened	improved	unchanged	Row tot
Barisal/Khulna	Worsened	3.00	6.74	27.84	37.58
	Improved	2.00	8.11	40.57	50.69
	unchanged	0.25	1.50	9.99	11.74
	Col. Tot	5.24	16.35	78.40	100.00
Chittagong/Sylhet	Worsened	1.87	4.10	26.12	32.09
	Improved	1.62	8.33	44.15	54.10
	unchanged	0.25	1.12	12.44	13.81
	Col. Tot	3.73	13.56	82.71	100.00
Dhaka	Worsened	1.32	5.95	24.56	31.83
	Improved	1.54	15.31	38.77	55.62
	unchanged	0.44	1.43	10.68	12.56
	Col. Tot	3.30	22.69	74.01	100.00
Rajshahi	Worsened	3.25	4.79	32.01	40.05
	Improved	2.35	11.57	31.83	45.75
	unchanged	0.36	1.54	12.30	14.20
	Col. Tot	5.97	17.90	76.13	100.00

Note: Worsened means poverty likelihood increased as suggested by the poverty scores.

* The question was whether all members had three meals. Responses were coded as follows:

1= yes; 2= most of the times; 3= mostly unable to have 3 meals; and 4= cannot.

Table A.7.6: Summary of Findings on Number of People crossing US \$1.25 a day per Person at PPP between 1990 and 2008

Description	
Population, number	150,000,000
Average household size	5.13
Number of households	29,265,302
<i>Non-Metropolitan area</i>	
% Non-metropolitan in total population	90.00%
% of ever borrowing households in NM area	67.30%
Number of EB households	17,726,124
Net number of EB households crossing the threshold	1,266,056
Net Number of people crossing the threshold	6,728,997
<i>Adjustments with information from Life history</i>	
Adjustment based on LH technique	2.00%
Addition in number of people the NM estimate	1,817,113
Net number of people crossing from those in NM areas	8,546,110
Net % of EB households crossing the threshold in NM area	9.41%
<i>Migrants in Metropolitan area</i>	
% of households migrating out	4.73%
Number of EB migrating out	1,321,731
% of migrants who had borrowed	55.18%
Number of ever borrower among migrant households	729,331
Net % crossing the threshold	25.00%
Number of households crossing the threshold	182,333
Average household size of EB in Metropolitan households	4.86
Net number of people crossing the threshold	886,137
Net number of people with NM origin crossing the threshold	9,432,248
Tentative Estimates on Crossing over and Sliding below threshold, NM	
Percentage of EB who were below threshold	62.0%
Percentage of poor borrowers who crossed threshold	25.1%
Number of Poor households crossing threshold*	2758775
Percentage of 'non-poor' sliding below threshold	16.2%
Number of 'non-poor' households sliding below	1091032

Notes: Estimates in the last block are made consistent with the net cross-over, arrived at upon accounting for the LH-based adjustments.

* Number of people who were below the threshold during the time of their (household's) first loan and had subsequently (as of end 2008) crossed over the threshold is estimated to be 14.5 million.

Table A.7.7: Change in enrollment across divisions and entry cohorts

Entry cohort	entry year	early 2009		entry year	early 2009
	Barisal/Khulna			Dhaka	
1992	87.50	86.21		71.95	80.77
1996	84.38	90.14		78.13	83.18
2000	77.72	88.18		78.48	87.76
2005	81.11	89.19		77.99	85.32
Division-level	81.04	88.76		77.35	85.48
	Chittagong/Sylhet			Rajshahi	
1992	63.64	81.48		57.63	82.61
1996	68.29	88.51		59.57	80.31
2000	80.68	86.57		72.48	78.57
2005	73.12	80.46		65.52	69.95
Division-level	73.97	83.68		65.56	75.24

Source: own calculation from ERG survey 2009.

Table A7.8: Change in level of highest education amongst family members.

Division		Declined	Constant	Improved
Barisal/ Khulna	1992		28.33	71.67
	1996	1.74	24.35	73.91
	2000	2.61	49.63	47.76
	2005		66.76	33.24
		1.13	52.01	46.87
Chittagong/ Sylhet	1992	3.70	14.81	81.48
	1996	2.86	21.90	75.24
	2000	3.19	42.55	54.26
	2005	0.89	59.82	39.29
		2.24	44.28	53.48
Dhaka	1992	3.00	23.00	74.00
	1996	3.38	22.30	74.32
	2000	2.71	43.02	54.26
	2005	1.75	66.75	31.50
		2.43	47.90	49.67
Rajshahi	1992	1.50	36.09	62.41
	1996	1.37	32.19	66.44
	2000	3.62	47.04	49.34
	2005	1.84	69.12	29.04
		2.24	53.73	44.03

Source: Own calculation from ERG survey 2009.

**Table A7.9: Bi-variate distribution on poverty status defined with PLH measure;
For matched sample on whom Life History has been administered**
(% of total)

Status in entry year (PLH-based)	Status in current year (PLH-based)			
	Below PL	On PL	Above PL	All base year
Below PL	44.60	6.88	14.54	66.01
On PL	2.75	1.96	3.14	7.86
Above PL	7.47	2.75	15.91	26.13
All current year	54.81	11.59	33.60	100.00

Note: PLH \geq 55% is considered below poverty line (PL); PLH \leq 45% is considered above poverty line; and PLH within the range of 45 to 55% is considered on PL.

Source: Subset of the sample on which Life History was administered.

**Table A.7.10a: Bi-variate distribution on poverty status as obtained through Life History;
For matched sample on whom Life History has been administered**

(% of total)

Status in entry year (LH-based)	Status in current year (LH-based)			
	Below PL	On PL	Above PL	All base year
Below PL	24.21	1.57	20.67	46.46
On PL	1.38	0.20	2.76	4.33
Above PL	19.09	1.18	28.94	49.21
All current year	44.69	2.95	52.36	100.00

**Table A.7.10b: Bi-variate distribution on poverty status as obtained through Life History;
For matched sample on whom Life History has been administered – minus 2005**

(% of total)

Status in entry year (LH-based)	Status in current year (LH-based)			
	Below PL	On PL	Above PL	All base year
Below PL	27.42	1.94	21.61	50.97
On PL	1.66		3.60	5.26
Above PL	15.24	1.39	27.15	43.77
All current year	44.32	3.32	52.35	100.00

Table A.7.11: Comparison of PLH and LH, base year poverty status
(% of total)

Life history based, base year	PLH-based, base year			
	Below PL	On PL	Above PL	All LH- based
Below PL	31.24	3.93	14.34	49.51
On PL	2.95		1.18	4.13
Above PL	31.83	3.93	10.61	46.37
All PLH-based	66.01	7.86	26.13	100.00

Table A.7.12: Comparison of PLH and LH, current year poverty status
(% of total)

Life history based, current year	PLH-based, current year			
	Below PL	On PL	Above PL	All LH-based
Below PL	23.18	6.68	22.20	52.06
On PL	1.96	0.20	0.79	2.95
Above PL	29.67	4.72	10.61	44.99
All PLH-based	54.81	11.59	33.60	100.00

Table A.7.13: Comparison of changes in poverty status under PLH and under LH
(% of total)

Life history based	PLH-based			
	Negative	No change	Positive	All LH-based
Negative	8.45	1.18	15.13	24.75
No change	18.86	5.11	29.47	53.44
Positive	7.86	2.95	11.00	21.81
All PLH-based	35.17	9.23	55.60	100.00

Note: Because of the way no change was defined in case of PLS ($\Delta PLH=0$), the proportion is very low.

Table A.7.14: Selected Statistics on Sample Villages

Description	Barisal/ Khulna	Chittagong/ Sylhet	Dhaka	Rajshahi	All Sample
Growth in # of hh, 2001-09	20.15	65.19	-25.88	-36.11	1.10
Average hh size	5.65	4.26	5.41	6.26	5.13
Voter/Population	0.43	0.47	0.52	0.45	0.47
Voter/hh	2.43	2.01	2.81	2.80	2.39
Muslims	83.22	78.59	94.90	90.56	85.78
Hindus	16.78	8.27	5.10	9.40	9.34
Christian	0.00	12.73	0.00	0.00	4.72
Buddhist	0.00	0.41	0.00	0.05	0.16

Source : Village modules, ERG Survey 2009.

Table A.7.15
Distribution of respondents by primary occupation of household heads and period of entry (column percentages)

Primary occupation of head of hh	1992	1996	2000	2005	All
agriculture activity in field	15.38	15.84	16.32	18.69	17.21
Supervision, agriculture, own firm	2.34	0.50	0.55	0.77	0.83
Agricultural Wage	12.37	7.43	15.10	17.37	14.77
Fisherman	2.01	2.23	1.10	1.54	1.55
Fishing Farm			0.11	0.15	0.10
Caretaking of cattle	0.33	0.25	0.11	0.23	0.21
HH based vegetable cultivation/Nursery				0.08	0.03
Poultry farm	0.33	0.50	0.11	0.23	0.24
Wood cutter		0.25	0.11		0.07
product [processing(for profit)	1.34	2.23	0.77	0.69	1.00
Potter/goldsmith	0.67		0.44	0.15	0.28
Laborer in small industry		0.74	0.11	0.39	0.31
Laborer in brickfield	1.67	1.24	1.21	1.47	1.38
Small businessman/shopkeeper	12.71	13.86	12.13	11.04	11.94
Large scale businessman /Wholesaler,		0.25	0.11	0.15	0.14
Petty business/Vendor	1.00	0.74	0.55	1.62	1.10
Contractor		0.25	0.11	0.08	0.10
Rickshaw /Van wheeler	6.02	10.15	10.69	10.97	10.26
Boatman			0.11		0.03
Machine operator/worker/mechanic	2.68	0.99	2.21	2.47	2.20
Laborer in other transport		0.25	0.11	0.15	0.14
Service	2.34	3.47	3.97	3.47	3.51
Pension		0.25	0.22	0.08	0.14
Domestic help	1.34	0.25	0.11		0.21
Household work	4.35	1.24	1.98	1.00	1.69

Table A.7.16
Average Age of Household Heads (males, in years)

Period of entry	Barisal/Khulna	Dhaka
1990-93	53.52	53.33
1994-97	53.45	49.22
1998-2002	46.11	44.81
2003-08	40.77	40.84
	Chittagong/Sylhet	Rajshahi
1990-93	60.17	52.21
1994-97	48.43	46.96
1998-2002	45.24	43.58
2003-08	40.62	39.42

Table A.7.17
Distribution of household heads by classes passed (row percentages)

	Entry period	No education or < 5	5 passed, but < 10	SSC/HSC	BA/MA	Other/general literacy
Baris/Khu	<= 1993	36.67	43.33	5.00		15.00
	1994-97	37.61	38.46	5.13	0.85	17.95
	1998-2002	40.67	36.19	5.60	0.37	17.16
	2003-08	36.72	41.24	6.78	1.13	14.12
	All	38.17	39.30	6.01	0.75	15.77
Chit/Sylhet	<= 1993	55.56	27.16	1.23		16.05
	1994-97	59.62	17.31	4.81		18.27
	1998-2002	47.33	30.25	3.20	1.07	18.15
	2003-08	42.86	33.33	2.08		21.73
	All	47.88	29.55	2.74	0.37	19.45
Dhaka	<= 1993	43.00	28.00	5.00		24.00
	1994-97	45.95	24.32	2.03	0.68	27.03
	1998-2002	42.47	22.01	5.79	1.16	28.57
	2003-08	40.10	30.33	6.77	0.25	22.56
	All	42.05	26.71	5.52	0.55	25.17
Rajshahi	<= 1993	52.52	28.06	2.16		17.27
	1994-97	51.97	22.37	1.97		23.68
	1998-2002	49.84	25.40	4.18		20.58
	2003-08	48.21	27.69	3.98	0.40	19.72
	All	49.73	26.36	3.53	0.18	20.20

Table A.7.18
Average Household Size and number of family members residing outside

	entry period	Household size	reside outside	Earn from domestic	earn, foreign	Live out for other reason
Baris/Khu	<= 1993	5.17	0.66	0.31	0.14	0.19
	1994-97	5.22	0.34	0.16	0.05	0.10
	1998-2002	5.24	0.34	0.24	0.02	0.04
	2003-08	4.71	0.23	0.16	0.00	0.05
	All	4.99	0.31	0.20	0.03	0.07
Chit/Sylhet	<= 1993	6.25	0.67	0.39	0.18	0.10
	1994-97	5.87	0.60	0.21	0.15	0.11
	1998-2002	5.93	0.40	0.17	0.11	0.11
	2003-08	5.47	0.32	0.11	0.05	0.15
	All	5.76	0.42	0.17	0.10	0.12
Dhaka	<= 1993	5.83	0.71	0.21	0.35	0.02
	1994-97	5.49	0.55	0.19	0.12	0.06
	1998-2002	5.22	0.39	0.15	0.14	0.03
	2003-08	4.89	0.32	0.14	0.08	0.05
	All	5.19	0.42	0.16	0.13	0.04
Rajshahi	<= 1993	4.68	0.35	0.19	0.00	0.05
	1994-97	4.84	0.28	0.18	0.01	0.05
	1998-2002	4.84	0.24	0.15	0.15	0.05
	2003-08	4.52	0.21	0.13	0.01	0.03
	All	4.68	0.24	0.15	0.05	0.04
All sample	<= 1993	5.40	0.56	0.26	0.15	0.08
	1994-97	5.31	0.43	0.18	0.08	0.08
	1998-2002	5.30	0.34	0.18	0.11	0.06
	2003-08	4.86	0.26	0.14	0.03	0.06
	All	5.11	0.34	0.17	0.07	0.07

Table A.7.19
Number of loans and borrowers

	entry period	MC loan since 1990	# unpaid loan, any	unpaid MC loan	unpaid bank/ inst loan	Members currently MC borrowers
Baris/Khu	<= 1993	4.22	1.86	1.67	0.19	1.16
	1994-97	3.41	1.49	1.28	0.21	0.84
	1998-2002	3.03	1.48	1.28	0.20	0.89
	2003-08	2.20	1.12	1.00	0.12	0.84
	All	2.80	1.35	1.18	0.16	0.88
Chit/Sylhet	<= 1993	4.87	1.70	1.62	0.08	0.96
	1994-97	4.01	1.60	1.49	0.11	0.89
	1998-2002	3.20	1.50	1.38	0.11	0.92
	2003-08	2.15	1.17	1.05	0.12	0.80
	All	3.03	1.39	1.28	0.11	0.87
Dhaka	<= 1993	4.54	1.72	1.42	0.29	0.93
	1994-97	3.61	1.49	1.27	0.22	0.84
	1998-2002	2.94	1.22	1.01	0.21	0.77
	2003-08	2.24	1.18	0.98	0.20	0.80
	All	2.92	1.30	1.09	0.22	0.81
Rajshahi	<= 1993	4.15	1.46	1.40	0.06	0.88
	1994-97	3.89	1.68	1.60	0.08	0.97
	1998-2002	2.87	1.38	1.28	0.09	0.89
	2003-08	2.16	1.23	1.15	0.08	0.92
	All	2.85	1.36	1.28	0.08	0.91
All sample	<= 1993	4.42	1.64	1.50	0.15	0.95
	1994-97	3.73	1.57	1.41	0.15	0.89
	1998-2002	3.01	1.40	1.24	0.15	0.87
	2003-08	2.19	1.18	1.05	0.13	0.85
	All	2.90	1.35	1.21	0.14	0.87

Table A.7.20: Distribution of ever borrowers by origins and slum locations

(row percentages)

Slum Locations	Borrower's Origin			
	Dhaka	Rajshahi	Barisal/Khulna	Chittagong/Sylhet
Dhaka	36.36	18.18	37.19	8.26
Sylhet	70.00	0.00	0.00	30.00
Chittagong	0.00	38.33	5.00	56.67
Total	35.68	18.67	19.92	25.73

Source: ERG urban survey 2009.

Table A.7.21: Distribution of ever borrowers in terms of Place of MC Loans taken

(Column percentages)

Place of borrowing ¹	Slum Locations			
	Dhaka	Sylhet	Chittagong	All
Village only	16.53	8.33	43.33	21.16
City only	46.28	58.33	28.33	44.81
Village + City	37.19	33.33	28.33	34.02
Percentages of current borrowers and ever borrowers in the sample				
% of Ever Borrowers who are currently borrowing (CB) ¹	55.37	83.33	46.67	60.17
% of Ever Borrower households in the study slums ²	42.84	59.80	43.22	47.48

Note: 1 = based on sample household data; 2 = based on listing of all households in the study clusters.

Source: ERG Survey 2009, Urban.

Table A.7.22: Distribution of Ever Borrowers taking MFI Loans at places of origin (villages), by Year of First Loan and locations of Study Clusters

(Column percentages, unless mentioned otherwise)

Entry Year	Slum Locations			
	Dhaka	Sylhet	Chittagong	All
1992	16.92	8.00	18.60	15.79
1996	23.08	20.00	18.60	21.05
2000	35.38	52.00	39.53	39.85
2005	24.62	20.00	23.26	23.31
All (row %)	48.87	18.80	32.33	100.00

Source: ERG Survey 2009, Urban Household Module.

Table A.7.23: Distribution of ever borrowers by regions of origin, by entry years
(row percentages)

Entry Year	Borrower's Origin			
	Dhaka	Rajshahi	Barisal/Khulna	Chittagong/Sylhet
1992	28.57	19.05	19.05	33.33
1996	32.14	21.43	25.00	21.43
2000	32.08	32.08	15.09	20.75
2005	38.71	32.26	9.68	19.35
Total	33.08	27.82	16.54	22.56

Source: ERG survey 2009, Urban

Table A.7.24: Percentages of EBs in Slums Crossing the Threshold, by Entry Period

Period of first loan in NM	% of ever borrowers below poverty line		% net crossing the threshold
	base year	current year	
1992	100.0	50.0	50.0
1996	57.1	57.1	0
2000	75.0	50.0	25.0
2005	84.6	53.8	30.8
All EB households	77.5	52.5	25.0

Table A.7.25: Causes of leaving the village, by period of moving into city
(column percentages)

Reasons	Up to 1993	1994-97	1998-2002	2003-08	All years
River erosions		9.09	18.18	5.33	9.02
Evacuation			3.03	2.67	2.26
Indebtedness		27.27	21.21	36.00	30.08
Poverty	33.33	36.36	33.33	14.67	23.31
Uncertainty of income	33.33	18.18	9.09	21.33	18.05
Looking for job	33.33	4.55	6.06	16.00	12.03
Others		4.55	9.09	4.00	5.26