

## Bangladesh Experiments with a New Approach to Poverty Alleviation

*Paying poor rural families to send seasonal workers to the city seems to work well*



BESIDES shoes and shrimp, Bangladesh exports poverty cures. Microfinance was developed there in the late 1970s before spreading. In 2002 BRAC, a charity, started giving assets such as cows (and training in how to manage them) to desperately poor women. That approach has spread, too. The latest poverty remedy to emerge from Bangladesh is different: it targets men, and rather than trying to make people more productive in their villages, it encourages them to move.

In Rangpur, a northern district, agricultural labourers endure an annual hunger in the autumn, known as *monga*. The rice crop has been planted but is not ready to harvest, so work is scarce. Jobs abound in the cities, but poor farmers are loth to use their dwindling savings on a bus ticket. It is a good example of a poverty trap.

So, for the past ten years, researchers led by Mushfiq Mobarak, an economist at Yale University, have tried offering cash to poor households so long as somebody moves to a city to look for work. The effects of this intervention have been measured through randomised controlled trials, including a large one, covering 133 villages, which began in 2014. They turn out to be strong.

Predictably, money encourages movement. In villages where no cash was offered, 34% of poor households sent a migrant to a city during *monga*. In those where a few households were offered grants of 1,000 taka (about \$12), 59% of them sent someone to a city. But in villages where most poor households were offered cash, fully 74% of those approached sent a migrant. That suggests a snowball effect: if lots migrate, the hesitant may follow.

Household income rises, largely because men are able to work more hours each day. Sree Jotin, an agricultural labourer with a small plot of his own in Rangpur, reckons that he earns about 250 taka a day in the fields. In Dhaka, where he worked as a cycle-rickshaw driver last November and December, he pulls in about 700. He pays 100 taka to rent a rickshaw and 110 for food, but makes far more than he could at home (he sleeps in a corner of the garage, so has no housing costs). Though he believes Dhaka's filthy air is damaging his health, he is glad he moved.

Village life is profoundly affected, and not just because more men are sending money home. With so many workers absent, agricultural wages rise. Oddly, households that are encouraged to send somebody to a city end up earning slightly more from rural work than households in the control villages. Many men shuttle between country and town, working where they can. Researchers are now trying to work out whether urban economies have been affected. Fully 140,000 villagers were helped to move in 2017. Such a large wave could have depressed pay for unskilled work in the cities.

Could the same approach work elsewhere? Mr Mobarak points out that Bangladesh is unusually homogeneous for such a populous country. As a result, villagers can move around easily. It has several competent charities, including one called RDRS, which handed out the money in Rangpur. The government does little to curtail urban migration. Other countries where Mr Mobarak is trying to launch similar programmes may prove tougher. A trial has begun in West Timor, in Indonesia. After that, all going well, comes China.

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