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Rural Livelihood Transformation and Inclusive Resilience Initiatives: Insights from the RELI Project Experience

Mohammad Abdur Razzaque, Asaf Ibne Salim

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Table of Contents

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Research and Policy Integration for Development (RAPID)
House: 18 (Flat 504), Road: 101, Gulshan 2, Dhaka-1212
Mobile: +8801711-287444, +8801754-994469
info@rapidbd.org
www.rapidbd.org

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Rural Livelihood Transformation and Inclusive Resilience Initiatives: Insights from the RELI Project Experience[*]

Mohammad Abdur Razzaque, Asaf Ibne Salim

1. Introduction

Over the past several decades, Bangladesh has recorded a sustained reduction in poverty, with the proportion of the population living below the national poverty line falling from more than half in the early 1990s to fewer than one in five in 2022, and extreme poverty declining from 34.3 per cent to just 5.6 per cent.[1] Nevertheless, the momentum behind this progress slowed, with the annual pace of poverty reduction decreasing from 1.7 percentage points between 2000 and 2010 to just 1.1 percentage points between 2010 and 2022. Despite the falling proportion of households classified as poor, the absolute number of poor remained at a staggering 32 million as per the latest nationwide Household Income and Expenditure Survey (HIES) of 2022.[2] Since then, there has been growing concern about a reversal of poverty-reduction gains in the face of stubbornly high inflation of close to 10 per cent on average during 2023–25. Drawing on the latest official poverty estimates from the HIES 2022, and adjusting for the sharp increase in prices relative to wage growth over the past three years, it is estimated that nearly nine million additional individuals have been pushed into poverty.[3] Furthermore, given the country's substantial exposure to climate-related shocks, the challenge of tackling poverty and vulnerability is likely to remain central to the broader agenda of sustaining socio-economic development.

Bangladesh's national strategy for poverty reduction has traditionally rested on two complementary yet distinct instruments. The first has been growth-oriented, built on the assumption that economic

[*] This paper has been prepared for the Social Development Foundation (SDF) by Mohammad Abdur Razzaque, Chairman of Research and Policy Integration for Development (RAPID), and Asaf Ibne Salim, Senior Research Associate at RAPID. Any views expressed and/or limitations in the paper are solely those of the authors.

[1] According to the official data published by the Bangladesh Bureau of Statistics (BBS) through the Household Income and Expenditure Survey (HIES), poverty incidence in the country fell from 56.7 per cent in 1990 to 18.7 per cent in 2022. The absolute number of people living in poverty declined from 45.4 million in 2010 to 30.9 million in 2022, while the number of extreme poor is estimated to have fallen from 25.3 million to 9.3 million over the same period.

[2] Using the international poverty line of $4.20 per person per day, Bangladesh achieved an annual poverty reduction rate of 1.7 per cent per annum during 2010-22, which is comparable to India but lower than the rates observed in such other South and East Asian economies as China, Indonesia, Malaysia, the Philippines, Sri Lanka and Vietnam.

[3] Between September 2022 and August 2025, the consumer price index (CPI) surged by 40 percentage points, whereas the wage index rose by just 25 points. When poverty estimates of HIES 2022 are adjusted for wage growth and inflation, the proportion of the people living below the poverty line would climb from 18.2 per cent to 23.7 per cent while the extreme poverty rate would rise from 5.65% in 2022 to about 8.3% in 2025, (i.e., an increase of roughly 4.3 million extreme poor). A recent survey by a private-sector think tank, Power and Participatory Research Centre (PPRC) finds the poverty incidence in the country to have risen to 27.9 per cent in 2025, compared to the officially reported 18.7 per cent in 2022 (https://www.dhakatribune.com/business/389892/poverty-now-close-to-28%25-spending-on-food-up-by). According to the World Bank, high inflation along with dampened investment is projected to mirror the sluggish economic conditions of the 2020 pandemic year, with extreme poverty expected to climb to 9.3% (https://documents.worldbank.org/en/publication/documents-reports/documentdetail/099408104212512419).

expansion, job creation, and public investment would eventually produce a trickle-down effect benefiting poorer regions and population groups. The second has been more targeted in nature, grounded in government-led social protection programmes and NGO-operated microfinance initiatives intended to shield the poorest from immediate hardship while enabling them to accumulate productive assets over time.[4] The National Social Security Strategy (NSSS), in operation since 2015, placed particular emphasis on supporting the poor and vulnerable through a lifecycle-based approach. On the other hand, Palli Karma-Sahayak Foundation (PKSF) operating through a network of over 200 Partner Organizations (POs), mostly non-government organizations (NGOs), aims to address multidimensional poverty by funding interventions that span financial services, enterprise development, and climate resilience.[5] However, somewhat paradoxically, most social protection schemes do not explicitly target individuals living below the poverty line. At the same time, only about 27 per cent of poor households are found to have any membership with the NGOs, as per the HIES data of the Bangladesh Bureau of Statistics. It is against this backdrop that the introduction of direct poverty-targeted programmes to more effectively address poverty and vulnerability has received special consideration (Task Force Committee, 2025).

Within this context, externally financed community-based initiatives can be viewed as an important complement to existing national efforts, particularly in fostering more effective anti-poverty programmes capable of generating wider socio-economic impacts. The Social Development Foundation (SDF), operating under the Financial Institutions Division of the Ministry of Finance, has emerged as a key institution in this regard, advancing a community-driven development model that places resources and decision-making authority directly in the hands of local groups. The Resilience, Entrepreneurship and Livelihood Improvement (RELI) project, represents a critical component of this approach.[6]

What makes RELI noteworthy is not merely its scope or financing arrangement but the manner in which it brings together three distinct strands of policy thinking: the social-protection imperative of reaching those left behind by growth, the microfinance tradition of fostering self-reliance through savings, credit, and entrepreneurship, and the emphasis on accountability and sustainability embedded in local governance. RELI is structured to work through community institutions that integrate income generation, resilience-building, and local entrepreneurship, thereby serving as a test of whether community-driven mechanisms can deliver durable livelihood improvements within a publicly managed and fiscally accountable framework.

[4] As of June 2024, a total of 724 microfinance institutions (MFIs) were operating across Bangladesh under the licence of the Microcredit Regulatory Authority (MRA). In addition, as of FY2025–26, the government is implementing 95 separate social protection schemes.

[5] Many NGOs have introduced innovative models that go beyond the provision of small loans. BRAC, for instance, pioneered the graduation approach through its Targeting the Ultra Poor (TUP) programme, which employs a set of interventions, including consumption support, livelihood development, financial inclusion, and social empowerment, aimed at enabling households to move out of extreme poverty.

[6] RELI builds on previous successful initiatives (SIPP-I, SIPP-II, and NJLIP) to provide immediate livelihood support, help rural households graduate from poverty through income generating activities (IGAs), support the recovery of beneficiaries who have fallen back into poverty due to crises like COVID-19 or climate events, and foster rural entrepreneurship.

Against this backdrop, this keynote paper reflects on what RELI's experience suggests about the strengths, limitations, and future prospects of community-driven, loan-financed interventions within Bangladesh's evolving poverty-reduction landscape. Embedded within this reflection is a larger question: as external financing becomes more constrained and debt-servicing pressures intensify, should Bangladesh continue to depend on large, donor-supported projects of this kind, or should future efforts prioritise integrating similar models within domestic financing frameworks and national policy systems? The answer is unlikely to reside in a simple binary. Rather, the next phase of inclusive growth will depend on how effectively broader economic reforms, fiscal consolidation measures, and community-based institutional approaches such as RELI can be aligned to reinforce one another.

2. RELI: Design, Implementation, and Emerging Outcomes

2.1 Project Development Objective (PDO) Indicators

The Project Development Objective (PDO) defines RELI's intent to "*improve the livelihoods of the poor and extreme poor, enhance their resilience, and support rural entrepreneurship in project areas".* The achievement of this objective is measured through five interlinked indicators. The project's mid-term review shows significant progress toward all five PDO indicators, as summarised in Table 2.1.

Table 2.1: PDO indicators and achievements

PDO Indicator	Definition/Description	Mid-Term Target	Mid-Term Achievement
1. Number of beneficiaries with an income increase of at least 30% from Income Generating Activities (IGA) and increased employment	Beneficiaries who took loans from the Revolving Fund and/or received employment generation support.	81,536 beneficiaries	151,657 beneficiaries (37.2%) achieved this increase.
of which female beneficiaries	Disaggregation based on gender.	90%	97% of these beneficiaries were female.
2. Share of project beneficiaries in RELI villages changing poverty status	Beneficiaries who moved from extreme poverty to poor; and from poor to non-poor status, based on criteria set by the Government of Bangladesh (assets and daily income).	5%	The share of beneficiaries changing poverty status was 38.2% (PIP approach, Income based). Other calculations included 27.5% (PPP approach, Income based) and 20.7% (PIP approach, Income & asset-based).
of which female beneficiaries	Disaggregation based on gender.	90%	95% of these beneficiaries were female.
3. Share of beneficiaries who are satisfied with project activities	Beneficiaries satisfied with the project.	60%	66.1% overall satisfaction.

4. Number of producers and rural entrepreneurs with increased income of at least 40%	Producers and rural entrepreneurs who receive support from CARE Fund.	500	3,828 beneficiaries (58.9%) achieved this increase.
of which female producers and rural entrepreneurs	Disaggregation based on gender.	90%	96.2% of these were female.
5. Share of beneficiaries with improved resilience	Beneficiaries who saw an improvement of their resilience, demonstrated by an increase of at least 15% in the Resilience Index Measurement and Analysis II (RIMA-II).	5%	The Resilience Capacity Index (RCI) improved by 88.8% compared to the baseline. Preliminary results indicated a 12.8% improvement, surpassing the FY25 target.
of which female beneficiaries	Disaggregation based on gender.	90%	97% of these beneficiaries were female.

2.2 Targeting and Geographic Coverage

The project covers 20 districts located across five regions, namely Jashore, Rangpur, Mymensingh, Cumilla, and Barishal, comprising 68 upazilas and approximately 3,200 villages organised into 128 clusters.[7] Within these locations, the project identified its beneficiaries through a three-step targeting process culminating in the Participatory Identification of Poor (PIP) exercise at the village level, which classifies households as extreme poor, poor, or vulnerable.[8] It is, however, important to note that the poverty definitions used by the project, particularly for targeting and for the initial baseline assessment, do not follow the official Cost of Basic Needs (CBN) methodology applied by the Bangladesh Bureau of Statistics (BBS).

The 2023 RELI baseline survey suggests that nearly 90 per cent of beneficiary households fall into the poor or extreme-poor category, and about 57 per cent are classified as extreme poor under SDF criteria (Box A1 in Annexure). While such community-based measures are useful for operational purposes, the divergence from the nationally standardised CBN method creates difficulties in reconciling the project's reported poverty outcomes with the official poverty rates generated by BBS.

[7] The selection of these areas was guided by poverty rates exceeding thirty per cent according to the 2016–17 Household Income and Expenditure Survey (HIES).

[8] The three steps of identifying beneficiaries are: (i) awareness campaigns at the district, upazila and village levels, with workshops conducted with different stakeholders to introduce project objectives and activities, (ii) willingness assessment and information sharing on final selection of project villages and inception, with meetings and surveys carried out with communities in all primarily selected villages to assess collective level of enthusiasm level followed by a communication campaign in selected villages about project benefits, village-level institutions, and the respective roles and responsibilities of project staff and communities, and (iii) participatory identification of the poor and vulnerable at the village level, with a training provided to potential beneficiaries on the ten steps of identifying the poor and vulnerable in their communities. The community, with the assistance of project staff, will then identify the extreme poor, poor, vulnerable, and unemployed/underemployed youths as per set criteria.

As a result, assessing RELI's contribution to nationally observed poverty trends would require appropriate methodological alignment or bridging analysis.

2.3 Components of RELI and Impact on Beneficiaries

The project is structured around four main components aimed at improving livelihoods, enhancing resilience, and supporting rural entrepreneurship among the poor and extreme poor. Table 2.2 outlines the components, their corresponding sub-components, the key activities undertaken, and the impacts observed on beneficiaries, based primarily on the project design and mid-term assessment findings.

Table 2.2: RELI's components, activities and impacts

Component (Total Financing)	Sub-Component	Key Activities	Subsequent Impact/Achievement on Beneficiaries
Component A: Community Institutions and Livelihood Development (US$254 million IDA)	A.1: Development and Strengthening of Community Institutions	Mobilising, developing, and strengthening self-reliant community organisations (Village Institutions/RELI Groups (RGs)). RGs comprise 10 to 15 members, prioritising the extreme poor, unemployed women, and youth. Conducting the Participatory Identification of the Poor (PIP). Implementing monitoring tools such as the Loan Management System (LMS) and GEMS (Geo-Enabling Initiative for Monitoring and Supervision).	Over 567,000 extreme poor, poor, youth, and Indigenous People (IP) beneficiaries were included in RELI Groups (exceeding end target). Savings accumulation was facilitated for 100% of RELI Group members. Internal loans released amounted to 182% of the savings accumulated (velocity >1.8). 100% representation from poor and extreme poor beneficiaries in community-based decision-making/management functions was achieved.
	A.2: Financing of Community Plans	Financing community plans through the Village Development Fund (VDF), which includes four sub-funds. Activities include Cash Transfers (including One Time Grants (OTG) for vulnerable people and former NJLIP beneficiaries who fell back into poverty due to crises like COVID-19/Cyclone Amphan). Providing Sub-Loans via the Revolving Fund for individual beneficiaries implementing Income Generating Activities (IGAs). Financing small-scale climate-resilient infrastructure projects (e.g., roads, drains, culverts, tubewells, and Gram Samiti (GS) office buildings).	151,657 beneficiaries (37.2% of those assessed) achieved an income increase of at least 30%, surpassing the mid-term target. 38.2% of beneficiaries assessed changed their poverty status. OTG targets were met for 100% of vulnerable people identified (129,325 individuals) and former NJLIP beneficiaries (254,555 individuals). 4,768 climate-resilient infrastructure sub-projects were completed (exceeding targets), including 2,927 GS office buildings. 692,323

			beneficiaries gained improved access to this climate-resilient community infrastructure. Saving behaviours dramatically increased from 25.4% to 98.4% among participants.
	A.3: Health and Nutrition Support	Providing Sub-Grants to Health and Nutrition Support Committees (HNSCs). Carrying out behaviour change campaigns to improve health and nutrition outcomes. Promoting infant and child feeding practices. Distributing summer vegetable seeds for kitchen gardens. Organising free health camps with qualified doctors.	Increased capacity on nutrition and health was achieved for 469,905 beneficiaries. Exclusive breastfeeding increased from 72.6% to 90.3%. Sickness prevalence decreased from 96.7% to 76.8% in intervention areas.
Component B: Business Development and Institutional Strengthening (US$41 million total)	B.1: Development and Strengthening of Second-tier Institutions	Creating and supporting RELI Cluster Community Societies (RCCSs) and RELI District Community Societies (RDCSs) to support the networking and aggregation of village institutions. Providing financial support during the first two years of operation via the Institutional Development Fund (IDF) and Performance Support Fund (PSF).	A total of 136 RELI Community Societies (RCSs) were formed (achieving 100% of the target). Over 3,000 village institutions joined as RCS members.
	B.2: Commercial Agriculture and Rural Entrepreneurship	Supporting rural economy growth through the Commercial Agriculture and Rural Entrepreneurship (CARE) Fund. Facilitating the formation and development of Producer Groups (PGs) and providing them with capacity building, technical assistance, and matching grants (via CARE Fund) for investments in assets and services.	3,828 producers and rural entrepreneurs (58.9% of those assessed) achieved an income increase of at least 40%. 429 Producer Groups (PGs) were registered (out of 450 targeted).
	B.3: Employment Generation Support	Helping unemployed/underemployed youths (aged 18-35) and jobless migrant returnees acquire marketable skills. Providing skills development training and facilitating access to the Revolving Fund and CARE Fund. Providing Stipends for deserving students.	19,487 youth received skills training, with 15,835 employed (self- and wage-employed). Youth unemployment decreased in intervention regions (down to 6% from 11% at baseline). 640 meritorious students received stipends.
Component C: Project Management, Monitoring and	N/A	Monitoring project activities via Management Information System (MIS), Loan Management System (LMS), and GEMS. Conducting	99% of grievances were redressed within the stipulated time. 95% of follow-up measures

Learning (US$46 million total)		baseline, midterm, and end-of-project impact assessments. Utilizing a Grievance Redress Mechanism (GRM), Social Audit Committees (SACs), and third-party monitoring for accountability.	recommended by social audit and community monitoring reports were undertaken. Project effectiveness assessed as high, with all preliminary PDO outcomes achieved at mid-term.
Component D: Contingent Emergency Response Component (US$0 million)	N/A	Provision of immediate response and rapid reallocation of project funds in the event of an Eligible Crisis or Emergency (natural or man-made disaster).	This component serves as a financial reserve for future shocks and crises, ensuring the project can provide rapid response capacity when needed

A careful reading of the PDO and component tables brings out several striking impact claims which, if taken at face value, have quite far-reaching implications for how community-driven operations might work in Bangladesh's current context.

- **Community mobilisation and savings behaviour appear exceptionally strong within RELI groups.** The mid-term assessment reports that more than 567,000 extreme poor, poor, youth and Indigenous beneficiaries have been organised into RELI Groups, exceeding initial coverage targets, and that nearly 100 per cent of members have accumulated savings, with internal lending volumes reaching around 182 per cent of the total savings pool; taken at face value, this combination of near-universal saving and high levels of fund rotation suggests a degree of institutional cohesion and financial discipline among very poor households that is not commonly associated with informal village-level organisations, and it raises important questions about how such group-based practices might be maintained and adapted once project facilitation and external oversight are gradually withdrawn.
- **Income gains and poverty mobility appear very strong within project areas.** The mid-term assessment reports that more than 151,000 beneficiaries, or just over 37 per cent of those assessed, experienced at least a 30 per cent increase in income from IGAs and employment, almost double the mid-term target. At the same time, roughly 38 per cent of beneficiaries are reported to have changed poverty status, moving from extreme poor to poor, or from poor to non-poor. The income, and poverty mobility improvements together present a picture of localised progress that appears considerably faster than the national averages, which have been marked by slower poverty reduction, persistent youth underemployment, and limited growth in secure wage jobs.
- **Women's participation in RELI is central, constituting 97% of direct beneficiaries**, with their role extending beyond mere inclusion to active leadership in community institutions (like Gram Samiti) and significantly increased decision-making authority over financial matters. For the main PDO indicators, between 95 and 97 per cent of those recorded as having changed poverty status, increased income, or improved resilience are women. If these patterns are sustained, they would indicate that RELI's design has been effective in channelling resources and decision-making power towards women in very poor households,

which is noteworthy in a labour market where women's participation remains constrained and where many support programmes struggle to reach them at scale.

- **Health and nutrition activities report rapid changes in behaviour and morbidity.** Exclusive breastfeeding is reported to have risen from 72.6 per cent to 90.3 per cent among participating mothers, while sickness prevalence in intervention areas is recorded as falling from 96.7 per cent to 76.8 per cent. Such shifts, if they prove durable, would suggest that community-based campaigns and small grants can bring about relatively quick improvements in basic health practices, which is a notable finding in a setting where out-of-pocket health spending and illness related income loss continue to weigh heavily on poor households.
- **Enterprise support and youth measures point to potentially meaningful labour-market effects in project locations.** Nearly 4000 producers and rural entrepreneurs, representing about 59 per cent of those assessed, are reported to have achieved income increases of at least 40 per cent, while youth unemployment in intervention regions is said to have fallen from 11 to 6 per cent, with around 15,800 out of nearly 19,500 trained youths in employment. In a national context characterised by a sizeable share of young people classified as Not in Employment, Education, or Training (NEET), alongside limited wage growth and sluggish returns to small-scale self-employment, these findings suggest that carefully designed skills programmes, access to finance, and support for producer groups together have the capacity, at least within particular local markets, to create somewhat more secure earning opportunities and a smoother transition into work for the youth labour force.

3. Refining Design and Sustaining Impact: Lessons for Long-term Institutional and Financial Viability

The experience of implementing the RELI project offers valuable lessons not only about what worked but also about what could have been designed or executed differently to secure deeper and more lasting impact. While RELI has demonstrated that community-driven, loan-financed models can deliver measurable livelihood gains within a publicly managed framework, several aspects of design and implementation warrant refinement to ensure sustainability beyond the project's life cycle.

3.1 Cross-cutting Design and Implementation Issues

- **Targeting and definition of poverty:** One structural issue concerns the way poverty was defined and beneficiaries were targeted. RELI's Participatory Identification of Poor (PIP) process, though inclusive, relies on multiple criteria and community validation that differ from the nationally recognised Cost-of-Basic-Needs (CBN) approach used by the Bangladesh Bureau of Statistics (BBS). This makes project data less comparable with national poverty estimates and complicates evaluation of coverage accuracy.
- **Financial sustainability and fund governance:** The revolving and internal lending systems demonstrate strong repayment discipline and savings mobilisation, but their long-term viability will depend on transforming temporary project funds into legally recognised, self-

financing community institutions. The design could have included an earlier roadmap for cooperative registration and liquidity diversification.

- **Enterprise development and market linkages:** While RELI's revolving and internal funds have effectively financed household-level income-generation, the step from micro-activity to viable enterprise remains limited. Closer engagement with private-sector partners, developing cooperative schemes, building cold storages for commercial purposes, and better use of digital market information could have strengthened enterprise sustainability.
- **Viability of the CDD approach:** As RELI's institutions mature, sustaining transparency and local accountability becomes critical. The community-driven development (CDD) model depends on the integrity and efficiency of internal fund management. Available evidence suggests that elected committees function reasonably well in most areas, yet the long term viability of the approach would be reinforced by more systematic instruments such as regular social audits, public display of accounts at village level, periodic rotation of key positions, and accessible grievance redress mechanisms that allow ordinary members to question decisions about the use of funds.

Table 3.1: Summary of design and implementation lessons

Dimension	Current Practice	Recommendations	Implication
I. Targeting and definition of poverty			
Definition of poverty	RELI uses project-specific criteria combining income, landholding, and social vulnerability	Align targeting thresholds with the CBN method to ensure national comparability	A clearer alignment with BBS's CBN framework would improve the credibility of RELI's targeting and allow its outcomes to be interpreted more easily within Bangladesh's official poverty statistics. At the same time, designing beneficiary records and eligibility criteria so that they can connect to the social registry now being developed with World Bank support under the social protection portfolio would help ensure that RELI's household data can feed into a unified national system rather than remain confined to a single project database.
Complexity of criteria	Four-tier classification (extreme poor, poor, vulnerable, youth)	Simplify to nationally consistent categories and maintain cross-verification with HIES data	
Verification process	Community-led identification (PIP) validated by project staff	Combine community ranking with periodic sample household surveys, and structure beneficiary records so that they can be linked to the dynamic social registry that the World Bank is supporting under social protection operations	
II. Financial sustainability practices			
Fund capitalisation	Revolving and internal lending financed by	Develop a phased plan for converting funds	Formal registration and integration with the national

	project and member savings	into registered cooperatives with independent balance sheets	microfinance ecosystem would enable RCCS and RDCS to operate as legitimate community-finance entities, ensuring liquidity and financial accountability beyond project closure.
Loan management	Repayment rate above 80 %, but manual record-keeping persists	Ensure full digital reconciliation through MIS/LMS and provide financial-literacy refresher training	
III. Enterprise development practices			
Enterprise selection	Individual IGAs chosen by beneficiaries	Introduce local value-chain analysis to guide selection towards higher-return sectors	A stronger market-integration strategy would have elevated RELI's livelihood model from household subsistence to commercially viable rural enterprise, reinforcing resilience and income stability.
Producer-group operations	CARE Fund supports small groups with modest turnover	Pilot collective ventures with shared infrastructure (processing, packaging, transport)	
Market connectivity	Sales largely confined to nearby local markets	Partner with aggregators or e-commerce intermediaries for assured offtake and better pricing	
Skills monitoring	Records number of trainees	Include follow-up assessments on how trainees apply skills and generate income	
IV. Institutional dimensions			
Leadership and representation	Democratically elected, rotational committees	Introduce periodic independent validation of elections and mandatory disclosure of financial decisions	CDD remains RELI's most transformative feature, but its success depends on continuous oversight. When communities manage large revolving funds, structured monitoring and transparent audit systems are essential to protect legitimacy and ensure that empowerment translates into measurable welfare gains.
Community-driven management	CDD approach places utilisation responsibility on beneficiaries	Provide stricter financial-management guidelines and spot audits to prevent misuse and inefficiency	

3.2 Sustainability of Community Institutions

As the RELI project approaches closure, a key question is whether the community institutions it created can continue functioning autonomously once donor and government financing recede. RELI's design anticipated this challenge by establishing a network of second-tier institutions intended to evolve into self-sustaining, community-based federations that extend beyond the project's life. Together, the 136 societies (8 district and 128 cluster) form the backbone of a potential permanent rural development platform that can operate within Bangladesh's broader institutional architecture. The sustainability of these entities depends on three interrelated capacities: robust governance and transparency, a viable capital and revenue base, and the ability to integrate with formal systems such as the Palli Karma Sahayak Foundation (PKSF) and the Local Government Division (LGD).

Governance and Institutional Maturity

The RCCS and RDCS structures represent the evolution of community organisations from implementation vehicles to autonomous governance bodies. Legally registered under the Societies Registration Act, these entities possess independent legal standing, elected executive committees, and the capacity to manage records, funds, and compliance.

Table 3.2: Governance features and indicators of sustainability

Institutional Dimension	Current Practice	Indicator of Sustainability
Leadership and representation	Democratically elected, rotational	Reduces elite dominance, builds legitimacy
Gender representation	85% women executives	Strengthens inclusiveness and leadership diversity
Audit and compliance	Annual audits, financial grading	Promotes fiscal discipline
Decision-making autonomy	High at RCCS, moderate at RDCS	Progressive decentralisation of authority

Representative governance has been central to their institutional maturity. Each RCCS represents 25–30 villages, elects office bearers through open voting, and maintains rotation in leadership to prevent elite capture. Most significantly, over 85 per cent of leadership positions are held by women, embedding gender equity at the institutional level and ensuring continuity of the project's empowerment legacy. The governance strength of RCCS and RDCS signals readiness for cooperative transformation. Yet, autonomy remains partial as they still rely on SDF for fund release and technical oversight. Achieving sustainability will require self-regulation mechanisms such as internal audit, conflict resolution, and training systems to replace external supervision gradually.

Building Financial Capital and Market Linkages

A defining aspect of sustainability lies in financial independence. During the project period, RELI financed two years of RCCS and RDCS operations through the Institutional Development Fund (IDF) and Performance Support Fund (PSF). Beyond this phase, their income model is expected to draw from member contributions, revolving fund surpluses, and enterprise earnings.

Table 3.3: Financial flow sources and scaling potential

Financial Source	Current Role	Potential for Scale-Up
Revolving fund surpluses	Managed locally; reinvested partly	Seed capital for cooperative lending
Membership fees and shares	BDT 100–200 per household	Equity base for self-financing operations
CARE Fund linkages	Business grants and sales revenue	Foundation for investment partnerships
Savings pool integration	Aggregation of VCO savings	Base for micro-investment portfolios

Accumulated savings and surplus revolving funds now form small but expanding capital pools. These could serve as initial equity for cooperative banking models or as financing reserves under PKSF. The emergence of local savings integration across clusters also points to early fiscal consolidation, which is a major step toward financial autonomy.

Integration Pathways: PKSF and Local Government Partnerships

The next stage of institutional evolution will hinge on successful integration into national systems. Two distinct pathways are emerging: one through the Local Government Division (LGD) and the other via PKSF's microfinance and enterprise network.

Table 3.4: Integration pathways and challenges

Integration Pathway	Institutional Advantage	Potential Challenges
PKSF partnership	Access to refinancing, enterprise loans, technical support	Requires robust financial audit readiness
LGD partnership	Connection to rural service delivery, infrastructure, safety nets	Risk of bureaucratic dominance over autonomy
Cooperative registration	Legal personality and investment access	Demands governance and capital adequacy standards

PKSF integration offers a direct route to sustainable financing. As the apex body for inclusive finance, PKSF could induct RCCS/RDCS as partner organisations, providing refinancing and technical assistance on portfolio management, accounting, and enterprise incubation. This alignment would also formalise RELI's community finance institutions within the national microfinance architecture. LGD partnership, on the other hand, would institutionalise their role within local development planning. Through a forthcoming Memorandum of Understanding between SDF and LGD, RCCS and

RDCS could be recognised as implementing partners for small-scale infrastructure, social protection delivery, and climate adaptation projects under Union Parishads and Upazilas.

The integration of RCCS/RDCS into PKSF or LGD structures would transform them from project-based committees into recognised actors in Bangladesh's local governance and financial ecosystem. The challenge will be to safeguard community autonomy while aligning with bureaucratic systems that operate under more rigid accountability frameworks.

4. Emerging Lessons for Bangladesh's Anti-poverty Approaches

The experience of RELI suggests that Bangladesh's poverty reduction effort can be boosted further by undertaking directly poverty targeted interventions. The question is no longer how to expand safety nets, microcredit and other interventions separately, but how to integrate them into a unified ecosystem that combines resilience, enterprise, and institutional continuity.

4.1 Lessons on Institutional Design and Delivery

Several lessons from RELI's implementation carry direct relevance for the next generation of programmes.

1. **Introducing large-scale directly poverty-targeted programmes is feasible** and can be effective in addressing poverty and vulnerability.
2. **Institutional integration matters more than scale.** RELI shows that decentralisation can coexist with fiscal accountability when digital oversight and tiered structures are in place. Multi-level coordination across villages, clusters, and districts illustrates that scale need not compromise transparency.
3. **Community institutions can serve as durable administrative units.** Gram Samitis and RCCS bodies have shown potential to function as semi-permanent local service providers, capable of managing funds and planning development activities in parallel with Union Parishads.
4. **Gender and youth inclusion can deepen institutional legitimacy and mechanisms.** The dominance of women in leadership and the active involvement of youth have enhanced both credibility and continuity of local governance, preventing the fatigue often seen in time-bound projects.
5. **Digital systems transform accountability into learning.** Tools such as the *Loan* Management System (LMS), Management Information System (MIS), and Geo-Enabled Monitoring System (GEMS) have turned data into an adaptive feedback loop. The enduring lesson is that sustainability depends on learning capacity, not monitoring volume.

4.2 Market-Linked Skills and Youth Platforms

RELI's outcomes highlight the performance of trained youth in enterprise management and employment creation. Future policy should build on this by connecting skills training with digital entrepreneurship and cooperative enterprise models.

- Youth groups could manage shared machinery, cold storage, or service hubs for agricultural processing.
- Industry partnerships could introduce apprenticeships and sector-recognised certification.
- Integration with the National Skills Development Authority (NSDA*)* and the Department of Youth Development (DYD) would formalise the bridge between training and local market demand.

4.3 RELI as a Hybrid Model and Institutional Convergence

RELI represents a hybrid model that unites three policy streams historically treated as separate domains in Bangladesh's poverty architecture:

1. **Social protection** has traditionally been delivered by government ministries such as the Ministry of Social Welfare and the Cabinet Division through various safety-net schemes. Within RELI, this strand is reflected in the way community institutions extend safety and resilience support to the poorest households, for example through cash transfers, and health and nutrition activities that help manage shocks.
2. **Microfinance and enterprise development** have usually been the domain of NGOs and PKSF partners, working through group-based lending and small business promotion. RELI incorporates this tradition by using village organisations to manage revolving credit, savings, and livelihood funds that finance income-generating activities and small enterprises, thereby placing microfinance functions inside a publicly anchored, community-managed structure.
3. **Local governance** has largely been led by Union Parishads and the Local Government Division. In RELI, this stream enters the project through participatory planning, community procurement, and social audits carried out by Gram Samitis and associated committees, which allows village institutions to engage in functions that resemble local government practice, even though they remain project based.

4.4 Policy Coordination and Emerging Institutional Synergies

Several coordination axes can potentially connect RELI's institutions with the wider policy and programme landscape, and these have implications for how the model could evolve beyond the project.

- **SDF–PKSF linkage**: The emerging relationship between SDF and PKSF would allow RCCS and RDCS to seek financing and advisory support from PKSF's inclusive finance network, rather than depending only on project capital. If this linkage is formalised, community institutions could gradually become part of a broader community finance architecture in which revolving and internal funds are deepened, professionalised, and supervised in line with national microfinance standards.

- **SDF–NGO partnerships**: Collaboration with NGOs creates scope for joint training, piloting of new products, and digital or enterprise incubation initiatives that combine NGO agility with SDF's scale and public mandate. In practical terms, this could mean that NGOs bring in specialised know-how on skills, technology, or market access, while SDF provides the community platform and systems, leading over time to mutual learning and upgraded capacities on both sides.
- **Integration with national social protection systems**: Work on aligning RELI's digital registry and targeting data with the government's Single Registry and the broader NSSS framework would allow beneficiary records and monitoring information to feed into a unified national database. If pursued, this would reduce duplication between projects, make targeting more consistent across programmes, and support the gradual move toward a harmonised national system for identifying and tracking poor and vulnerable households.

4.5 Considering similar interventions for urban areas

While initiatives like RELI are mainly targeted to rural Bangladesh, which continues to have a higher incidence of poverty, it is important to recognise that urban poverty and deprivation have become increasingly profound. With urbanisation accelerating at an unprecedented rate, Bangladesh is projected to become a predominantly urban country by the late 2030s. Estimates from the United Nations Department of Economic and Social Affairs (UNDESA) suggest that by 2050 nearly 60 per cent of the population will reside in urban areas. There is now clear evidence that urban poverty reduction has slowed considerably. Between 2010 and 2022, urban moderate poverty decreased at an annual rate of only 0.5 percentage points, compared to 1.2 percentage points in rural areas, while urban extreme poverty declined by just 0.32 percentage points annually, compared to 1.22 percentage points in rural areas. During this period, the share of the population living in urban areas rose from 23.4 per cent in 2011 to 31.7 per cent in 2022.

At the same time, social protection coverage for the urban poor remains limited. Excluding programmes such as primary and secondary student stipends, freedom fighter allowances, and government pensions, which do not directly target poor or vulnerable households, only about 14 per cent of urban households benefit from social protection schemes, compared to 30 per cent in rural areas. It is in this context that there has been a renewed call for paying special attention to urban poverty and vulnerability (Taskforce Committee, 2025). Among other recommendations, policymakers have suggested exploring the possibility of extending workfare programmes such as Food for Work (FFW), Work for Money (WFM), and the Employment Generation Programme for the Poor (EGPP), traditionally directed toward rural areas, into urban settings (Razzaque et al., 2025).

Similarly, RELI-type initiatives could also be adapted and expanded to urban contexts. While it is true that implementation challenges may arise when targeted groups do not have fixed addresses, and when mobilising community groups among largely unfamiliar populations is more difficult, it remains important to explore, adapt, and introduce innovations to established programmes. This will be essential if changing patterns of poverty and vulnerability are to be addressed more effectively in the years ahead.

4.6 The Role of Externally Financed Anti-Poverty Programmes in Bangladesh's Current Context

Against a backdrop of tightening fiscal space, rising debt-servicing costs, and a discernible slowdown in income growth for lower-income households, the viability of externally financed anti-poverty programmes is often questioned.[9] However, the logic of relying exclusively on growth-led trickle-down has weakened, partly because existing redistributive instruments have not kept pace with widening income and asset disparities, and partly because poverty reduction is now widely considered to have reversed since 2022.[10] In such conditions, targeted external interventions become a practical means of reaching segments of the population who remain underserved by current tax-transfer systems and inadequately covered by NGO platforms, particularly in hard-to-reach or socially marginalised communities.

Rather than supplanting domestic mechanisms, these programmes can offer a focused, time-bound response that compensates for structural gaps in inclusion while supporting immediate welfare improvements. Concessional external finance, when aligned with clear exit strategies and pathways for integrating successful practices into national systems, provides a defensible approach that balances equity concerns with debt pressures; it supports consumption smoothing for vulnerable households, enables modest asset accumulation, and builds local institutional capacity that may endure beyond the project cycle.

5. Concluding Reflections

Overall, RELI's experience suggest that well-structured community institutions, when adequately financed and accompanied by behavioural interventions and livelihood support, can facilitate improvements in savings discipline, basic health behaviours, and household earnings in ways that conventional, top-down programmes have often struggled to deliver. In a context where the pace of national poverty reduction has slowed, labour-market vulnerabilities remain acute, and youth unemployment persists as a systemic challenge, the reported gains from RELI merit careful reflection. They imply that community-driven models may hold underutilised potential, especially in reaching groups typically excluded from mainstream growth processes.

However, a balanced and critically objective reading also requires recognising that such positive outcomes sit alongside several macro-level constraints that continue to shape the livelihoods of Bangladesh's poor. The broader economy has seen slower income growth among low-income

[9] According to the Medium-term Macroeconomic Policy Statements of the Ministry of Finance, both domestic and external public debt have expanded rapidly: over FY16–FY24 external debt rose by an average of 18.2 per cent a year, while domestic debt increased by 15.2 per cent. Within the same period, total interest payments grew on average by 15.7 per cent annually, with domestic interest costs rising by 15.6 per cent and foreign interest payments increasing by about 38.4 per cent a year.

[10] According to the Poverty and Equity Assessment published by the World Bank in November 2025, poverty is projected to have increased from 18.7 per cent 2022 to 21.2 per cent in 2025, based on microsimulation models that integrate labour market dynamics, remittances, and public transfers.

households, limited expansion of productive wage employment, and rising underemployment among the youth—factors that make it difficult to assume that project-specific income gains can be easily generalised. Likewise, the national slowdown or perhaps reversal, in poverty reduction raises broader questions about how far livelihoods that rely mainly on small scale self-employment can be maintained and expanded over time, particularly when many rural markets are saturated, productivity remains low, and household vulnerabilities are compounded by inflationary pressures. It is, therefore, important to consider whether improvements observed within project areas reflect localised boosts arising from infusion of funds, social mobilisation, and intensive supervision, or whether they represent transformations that could be replicated and sustained at scale within Bangladesh's current economic and institutional landscape.

There is now a compelling case for directly targeting anti-poverty interventions, both for rural and urban areas, largely because existing social protection and support mechanisms reach only a fraction of poor and vulnerable households. Coverage remains limited, benefits are often modest, and institutional capacity to identify and prioritise those most in need still varies across regions. In this context, gaining a clearer understanding of the RELI project's outcomes becomes not only desirable but necessary. If its approaches have yielded tangible improvements in livelihoods, income stability, or resilience, those lessons can inform more effective and scaled strategies, allowing policymakers to build on what works and adjust what does not.

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Annexure

Box A1: Beneficiary Profile and Definitions at a Glance

Beneficiary Target

- **Total direct beneficiaries:** 744,600
    - 489,600 new RELI participants
    - 255,000 COVID-19-affected beneficiaries carried over from NJLIP
- **Female beneficiaries:** 90%
- **Youth focus:** Unemployed/underemployed (18–35 years) and returning migrants

Beneficiary Categories and Criteria:

RELI divides its target population into four main categories:

1. **Extreme Poor:** Defined primarily by the Participatory Identification of Poor (PIP) approach based on assets and income.

◦ Landless or owning only 3 to 5 decimal of land, typically with small thatched or Corrugated Iron sheet houses.

◦ Average monthly household income up to BDT 8,000.

◦ Female-headed households without a regular male earning member.

◦ Belonging to small ethnic groups.

◦ Households dependent on children selling manual labour.

2. **Poor:**

◦ Owning up to 50 decimal of land (including homestead).

◦ Living in tin/brick wall houses.

◦ Monthly income between BDT 8,000–12,000.

◦ Operating a business by borrowing loans from micro-finance institutions (MFIs) or having income generating activities (IGAs) severely affected by COVID-19.

3. **Youth**: People between 18 and 35 years of age are prioritised. This group includes unemployed/underemployed youths and jobless migrant/immigrant returnees.

4. **Vulnerable People/Indigenous Peoples (IPs):** This group includes those needing special care, support, or protection due to age, disability, or risk of mistreatment/neglect. Indigenous Peoples and other disadvantaged groups are explicitly tracked for social benefits and satisfaction metrics.

Box. A2: RELI's institutional architecture

1. **National Level (SDF Headquarters)**
    - Provides overall coordination, fiduciary control, and monitoring.
    - Maintains MIS, Loan Management System (LMS), and Geo-Enabling Initiative for Monitoring and Supervision (GEMS).
2. **Regional and District Offices**
    - Facilitate planning, financial management, and supervision.
    - Act as intermediaries between community institutions and SDF headquarters.
3. **Cluster Offices (Field-Level Hubs)**
    - Each cluster covers 25–30 villages.
    - Responsible for mobilising communities, delivering capacity-building activities, and supporting implementation.
4. **Community-Level Institutions**
    - **Gram Samiti (GS):** Executive body managing the Village Development Fund (VDF).
    - **Village Credit Organisation (VCO):** Administers revolving fund loans.
    - **Savings Committee (SC):** Mobilises internal savings and supports financial literacy.
    - **Social Audit Committee (SAC):** Ensures accountability, transparency, and participatory monitoring.

Second-Tier Institutions

- RELI Cluster Community Societies (RCCS) and RELI District Community Societies (RDCS) are designed to support the networking, aggregation, and financial sustainability of the village-level groups.
- These bodies are intended to evolve into autonomous cooperatives or associations capable of sustaining community enterprises beyond the project's life.

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Contact Us
Research and Policy Integration for Development (RAPID)
House: 18 (Flat 504), Road: 101, Gulshan 2, Dhaka-1212
Mobile: +8801711-287444, +8801754-994469
info@rapidbd.org
www.rapidbd.org