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EARLY SIGNS OF IMPACT ASSESSMENT REPORT

Sarathi - Progress Through Improved Financial Health

ACKNOWLEDGEMENT

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Sincerely,
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EXECUTIVE SUMMARY

The RMG sector is vital to Bangladesh's economy, with many women facing low wages and poor financial literacy. Sarathi II (phase 2/ Sarathi II, launched in 2016, aims to improve workers' financial stability by expanding access to banking and boosting financial literacy. Its second phase (2021-2023) focuses on two key areas: financial inclusion through digital transactions, savings, loans, and insurance, and skills development through upskilling and entrepreneurship, prioritizing women.

Consiglieri Private Limited (CPL) investigated the early signs of the impact of Sarathi II, using the OECD-DAC criteria to measure the project's relevance, coherence, efficiency, effectiveness, impact, and sustainability. KAP method assessed the knowledge, attitudes, and practices of RMG workers. Data were collected through surveys, FGDs, and interviews with key stakeholders. By focusing on digital transactions and skills development, the project aligns with national goals collaborating with Bangladesh Bank, BGMEA, and BKMEA. Its skill development component complements other initiatives like Swisscontact's PROGRESS and BRAC's ERMG project.

CPL has conducted secondary research on financial inclusion of RMG workers in Bangladesh. RMG workers faced significant financial hardships, with limited opportunities to save or access formal financial services. While 50% of workers used Mobile Financial Services (MFS), mainly for cash withdrawals (Sarathi II Baseline Study, 2021), formal financial engagement remained low, with only 12.3% of workers availing loans from Microfinance Institutions (MFIs), and average monthly savings ranged between BDT 500 and BDT 1,000 (Sarathi I Baseline Study, 2018). The lack of financial knowledge, combined with inadequate formal schemes, prevented many workers from opening bank accounts. A CPD-RMG survey revealed that only 28% of RMG workers had bank accounts, leaving many without secure and productive ways to save ([CPD Working Paper 122](#)). Additionally, the lack of accessible formal loans pushed many workers toward informal borrowing, exposing them to high interest rates and exploitation. Over 32% of workers relied on informal loans, and more than 41% had long-term debt, reflecting a dire financial situation ([CPD Working Paper 122](#)). The Sarathi project sought to address these gaps by promoting financial inclusion, particularly focusing on savings behaviour improvement, formal loan access, and health insurance access to improve the financial health of the RMG workforce.

The project has positively impacted the financial resilience and security of RMG workers and their communities. A survey sample of 458 from phase 2 (those who used Sarathi II's financial products and services) and 100 from phase 1 of Sarathi project show the following major results: those who made digital transaction, 83.54% of them (59% female) use at least one type of digital transaction each month (e.g., mobile recharge or send money) beyond salary cash-outs. Digital transactions among RMG workers and communities increased in Phase II, with 13.92% conducting all transactions digitally, and 16% now performing five types compared to one or two in Phase I. In addition, their month end balance increased from BDT 488 to BDT 1,508. Those who saved through Sarathi II's savings intervention, 47% of workers and their communities have increased (52% female) their monthly savings amount, leading to improved saving habits. Those who took loan, 77% of them took loan for the first time through Sarathi II's partners and others took loan previously, mostly through local cooperations. Furthermore, 73% now have better credit profiles, with their credit scores exceeding the cutoff and 100% repayment rate. Those who had health insurance package from B2B sales of Sarathi II's partners, 18.5% of workers were able to manage health emergencies by settling their insurance claims. This marks a significant improvement from Sarathi I's baseline study which represents all the RMG workers in Bangladesh, where 70% of workers, despite being aware of insurance, showed no interest, and 30% were entirely unaware of its existence. These factors contribute to their overall financial security enabling them to manage day-to-day finances more effectively. RMG workers and their communities have experienced a transformation in their financial practices leading them to improve household budget management. 25% of Sarathi II intervened RMG workers and their communities have improved their household budget management, now regularly tracking their monthly expenses through digital or written methods. Overall, nearly 52% have improved their financial literacy, gaining a better understanding of financial products. Previously, many had little to no knowledge of the ease of access, benefits, and practical use of these products, limiting their financial opportunities.

The second component of Sarathi II covers upskilling training and entrepreneurship training. A remarkable 98.46% of workers who received upskilling training reported a salary increase due to their improved performance. Additionally, 73% of the trained supervisors had never considered becoming supervisors before the training. Meanwhile, all participants from the RMG community who underwent entrepreneurship training saw their average monthly income grew from BDT 24,586 to BDT 36,300. Access to loans from Sarathi II's partners played a significant role in helping them expand their businesses. These initiatives have resulted them in better economic conditions of 52% of workers, their communities and laid-off RMG workers and enhanced productivity among them.

Moreover, the Sarathi II project has improved financial resilience of 37% workers and their community people who have availed different financial products and services through different partner organisations. Despite many middle-class individuals with good salaries lacking long-term financial goals, a noteworthy achievement among RMG workers is their growing commitment to such goals. By focusing on their financial objectives and adopting better economic practices such as improved saving behaviors, credit profiles, digital transactions, and short-term shock management, 14% of RMG workers and their communities have significantly enhanced their financial health. This dedication to saving and planning for the future marks a substantial shift towards greater economic stability and resilience, underscoring their drive for financial freedom and long-term stability.

Despite challenges such as lack of digital literacy, trust issues on banking system, and resistance to change the project has fostered a more sustainable financial ecosystem. A significant part of the project is strong partnerships formed between financial institutions and RMG factories, along with crucial support from government bodies like BGMEA and BKMEA, particularly in advancing digital wage payments and empowering women workers. For broader economic inclusion and growth, continued policy support, scaling up these initiatives, and increased participation from all stakeholders are vital. This continued support will help integrate marginalized groups into the formal financial system, providing long-term national economic benefits.

To enhance Sarathi II initiatives, key recommendations include introducing flexibility for real-time feedback and stronger monitoring to check consistency. Financial literacy campaigns should be more frequent, involving factory management, and upskilling should expand to male workers with a focus on gender sensitivity. Factories must prioritize skill development for long-term gains, while management training supports project goals. Financial institutions need to simplify products and address tough language barriers. Strengthening partnerships with government institutions and advocating for supportive policies for diversified tailored products for RMG workers will ensure sustainability and benefit the RMG workers.

ACRONYM

RMG	Ready-Made Garment
ATM	Automated Teller Machine
MFS	Mobile Financial Services
BGMEA	Bangladesh Garment Manufacturers and Exporters Association
BKMEA	Bangladesh Knitwear Manufacturers and Exporters Association
NFIS	National Financial Inclusion Strategy
OECD-DAC	Organization for Economic Co-operation and Development - Development Assistance Committee
AAER	Adopt Adapt Expand Respond
KAP	Knowledge, Attitude, and Practice
BACO	Before-After Comparison with Opinion
ToT	Training of Trainers
KII	Key Informant Interview
FGD	Focus Group Discussion
IDI	In-Depth Interview
CPL	Consiglieri Private Limited
ODK	Open Data Kit
NGOs	Non-Governmental Organizations
RBC	Rajesh Bheda Consulting
YPSA	Young Power in Social Action

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1 INTRODUCTION

1.1 Project Overview

The ready-made garments (RMG) sector is a cornerstone of Bangladesh's economy, contributing 10.35% to the GDP¹ and employing 5.017 million people.² As a top global apparel producer, it employs millions, mostly women from rural areas. Women make up 55.57% of the workforce in the RMG industry.²

The minimum wage for unskilled garment workers has been set at BDT 12,500, which is still inadequate, making it difficult for workers to save and manage their finances efficiently on such low wages.³ Even if workers have sufficient wages, they often lack access to formal banking services and rely on informal financial systems that are risky and unreliable. Limited financial literacy among workers restrains them from fully utilizing banking and savings options.⁴ High service charges and complex procedures discourage RMG workers from opening and maintaining bank accounts. In addition, the lack of financial inclusion in this particular population is hindering their overall livelihood. Women workers, who make up a significant portion of the workforce, face additional barriers such as restricted mobility and cultural norms limiting their access to financial services.⁵ The financial instability of RMG workers affects not only their personal lives but also their families and communities. Inadequate financial health can lead to poor living conditions, limited access to education and healthcare, and an inability to break the cycle of poverty. Moreover, the financial insecurity of workers can impact their productivity and overall contribution to the industry.

To address these challenges, Sarathi started with aims to promote financial inclusion of RMG workers through wage digitization and financial literacy in a sustainable ecosystem that also benefits the RMG factories and commercial banks. Smooth set up of wage digitization (first three months), ATM support and models, wage digitization concept, challenges, mitigation plan (card capture, field staff support, cash support, withdraw money, salary support, liquidity support, agents and banks support etc.)

To achieve a broader societal impact, maximizing the impact of financial inclusion in the low-income community was essential because it not only empowers individuals with financial resilience but also fuels the well-being of an individual. Sarathi intends to empower communities by building blocks towards financial health improvement.

¹ Research Department Bangladesh Bank, "Quarterly Review on Readymade Garments (RMG): April-June of FY23," Quarterly Review (Bangladesh Bank, n.d.), <https://www.bb.org.bd/pub/quarterly/rmg/rmg%20april-june%20%20fy23.pdf>.

² Staff Correspondent, "Over 50.17 Lakh People Working in Garment Sector in Bangladesh: State Minister," *New Age*, September 25, 2024, <https://www.newagebd.net/post/country/238303/over-50.17-lakh-people-working-in-garment-sector-in-bangladesh-state-minister>.

³ Star Business Report, "Govt Publishes Gazette on New RMG Wage," *The Daily Star*, November 12, 2023, <https://www.thedailystar.net/business/news/govt-publishes-gazette-new-rmg-wage-3468181>.

⁴ Mustafa K. Mujeri, "Improving Access of the Poor to Financial Services" (General Economics Division, January 2015), https://gedkp.gov.bd/wp-content/uploads/2021/02/1_Improving-Access-of-the-Poor-to-Financial-Services.pdf?post_id=744.

⁵ Sigma Ainul et al., "Financial Inclusion of Female Garment Workers," *Poverty, Gender, and Youth*, January 1, 2013, <https://doi.org/10.31899/pgy3.1010>.

1.2 Objective of the Assessment

The primary objective of the assignment was to assess the impact of Sarathi on improving the financial health of RMG workers and their community members. The assessment aimed to measure the effectiveness of this financial inclusion project, determine its impact on the targeted groups and their communities, identify key factors driving success and areas needing improvement, and provide recommendations for future project enhancements.

2 APPROACH AND METHODOLOGY

For the early signs of impact assessment of Sarathi II, the OECD-DAC criteria⁶ were used to measure the relevance, coherence, effectiveness, efficiency, and impact of the project activities, as well as to determine the sustainability of changes in the absence of project intervention. To further understand these changes, the knowledge, attitude, and practice (KAP)⁷ approach was used to assess certain indicators, specifically focusing on the perceptions of RMG workers and their communities. This method examined one intervention in particular to evaluate changes in work capacity in both areas receiving upskilling training and those that did not. Additionally, the project measured the impact on the control group to assess indirect effects. To analyze changes in the financial health of RMG workers, the before-after comparison with opinion (BACO)⁸ method was applied. This approach helped assess the vertical impacts on their lives, offering a clear comparison of financial conditions before and after the project's interventions. The team also applied the Leave No One Behind (LNOB) principles and a gender lens to assess the project's contribution to ensuring participation and addressing the needs of diverse groups.

2.1 Data Collection

The assessment followed a mixed-method approach, utilizing a survey, key informant interviews (KIIs), in-depth interviews (IDIs), and focus group discussions (FGDs) as data collection methods. The study area covered the project's locations, namely Gazipur, Dhaka, Narayanganj, and Chattogram. The survey assessed the impact of the project interventions on the beneficiary groups (RMG workers and community members). An online-based data collection platform, KoboCollect, was used to conduct the survey. In total, 558 beneficiaries were surveyed, including 100 from Phase I. An intervention-wise distribution of survey samples is shown in the table below.

Table 1: Phase and intervention-wise survey samples

Intervention	Number of survey samples (Phase II)	Number of survey samples (Phase I)
Digital transaction	79	40 ⁹
Savings	173	60 ¹⁰
Loan	30	

⁶ OECD, "Applying Evaluation Criteria Thoughtfully," Publication (OECD, March 14, 2021), https://www.oecd.org/en/publications/2021/03/applying-evaluation-criteria-thoughtfully_45a54ea7.html.

⁷ Médecins du Monde, "The KAP Survey Model (Knowledge, Attitudes, and Practices) | SPRING," USAID, 2011, <https://spring-nutrition.org/publications/tool-summaries/kap-survey-model-knowledge-attitudes-and-practices>.

⁸ Hans Posthumus and Phitcha Wanitphon, "Measuring Attribution: A Practical Framework to Select Appropriate Attribution Methods" (The Donor Committee for Enterprise Development, August 2015), <https://www.enterprise-development.org/implementing-the-dced-standard/#1599220030114-9ee5cc2c-5224>.

⁹ Those who receive salary through MFS accounts.

¹⁰ Those who receive salary through bank accounts.

Health insurance	81	
Upskilling training	65	
Entrepreneurship training	30	
Total	458	100

Additionally, the team conducted 20 IDIs with RMG workers to gain deeper insights into the lives of the beneficiary groups and to develop the best-case stories from the project interventions. Moreover, 4 FGDs were carried out with beneficiaries to understand the perceptions of RMG workers and community members regarding the project interventions and their impact. The team also conducted 18 KIIs with key stakeholders and partner organizations to explore their achievements, progress, challenges, and future plans. A breakdown of the conducted IDIs, KIIs, and FGDs is provided below.

Table 2: Distribution of IDIs, KIIs, and FGDs

Method	Respondent/ Participant	No	Total
IDI	RMG workers (loan)	3	20
	RMG workers (digital)	5	
	RMG workers (savings)	3	
	RMG workers (entrepreneurship)	5	
	RMG workers (upskilling)	4	
FGD	RMG workers and community members (entrepreneurship)	1	4
	RMG workers and community members (savings and upskilling)	1	
	RMG workers and community members (digital transaction)	1	
	RMG workers and community members (health insurance)	1	
KII	BGMEA	1	18
	BKMEA	1	
	Factory management	5	
	Bank agents	2	
	Partner organizations	7	
	Trainers	2	

2.2 Limitations and Challenges

- The survey respondent selection process was purposive random sample, as it included only individuals who had adopted financial products or services or participated in skills training. Consequently, the findings may not fully represent the broader population and could lead to slightly skewed data.
- Determining salary increases attributable to the project was challenging, as the government's wage increase policy for RMG workers was introduced after the upskilling training. Nevertheless, the research team utilized the project's internal database and triangulated data from those records to support the analysis.
- A key limitation of our survey was the reluctance of individuals to disclose financial information, as many feared potential frauds, particularly in relation to digital transaction interventions, making it difficult to identify participants for in-depth interviews.
- In Bangladesh, people are often scammed by fraudsters posing as Mobile Financial Services (MFS) agents, leading to financial losses. RMG workers, who commonly receive their salaries through MFS, have faced such incidents multiple times. As a result, enumerators found it challenging to ask RMG workers about their MFS accounts during data collection on digital transactions. However, qualitative insights from interviews helped provide additional context and address this issue.

- The survey team faced challenges in collecting data on interventions of loan, and health insurance as project participants under this intervention were unavailable to participate. Thus, the sample size is quite low to represent the population size. There can be marginal errors.
- A potential limitation of the entrepreneurship intervention is the possibility of marginal error, as all participants reported income increases following the training. This could lead to biased data, potentially overstating the impact of the intervention.

2.3 Demographic Information

The survey included the RMG workers and their community people with almost 68% to 32% ratio. Among the respondents, 61.65% were female and 38.35% were male, with an average age of 31 years. Additionally, 91.77% were married, while 8.24% were unmarried. The education level was relatively low, with only 35.04% of workers having completed high school. Of the total data collected, 82.97% was related to financial health interventions, while 17.03% was for skills-related interventions. The respondents were surveyed across various areas: 37.77% for savings accounts, 17.25% for digital transactions, 17.69% for health insurance, 6.55% for loans, 14.19% for upskilling training, and 6.55% for entrepreneurship training. This research sample includes 42.45% sewing operators, 6.51% junior operators, 5.47% supervisors, 2.86% quality inspectors, 2.85% junior quality inspectors, 2.34% overlock operators, 2.08% helpers, and 34.5% from other roles. The target group that received entrepreneurship training saw an average annual income increase of BDT 140,565.48 (999.75 CHF). Meanwhile, those who received upskilling

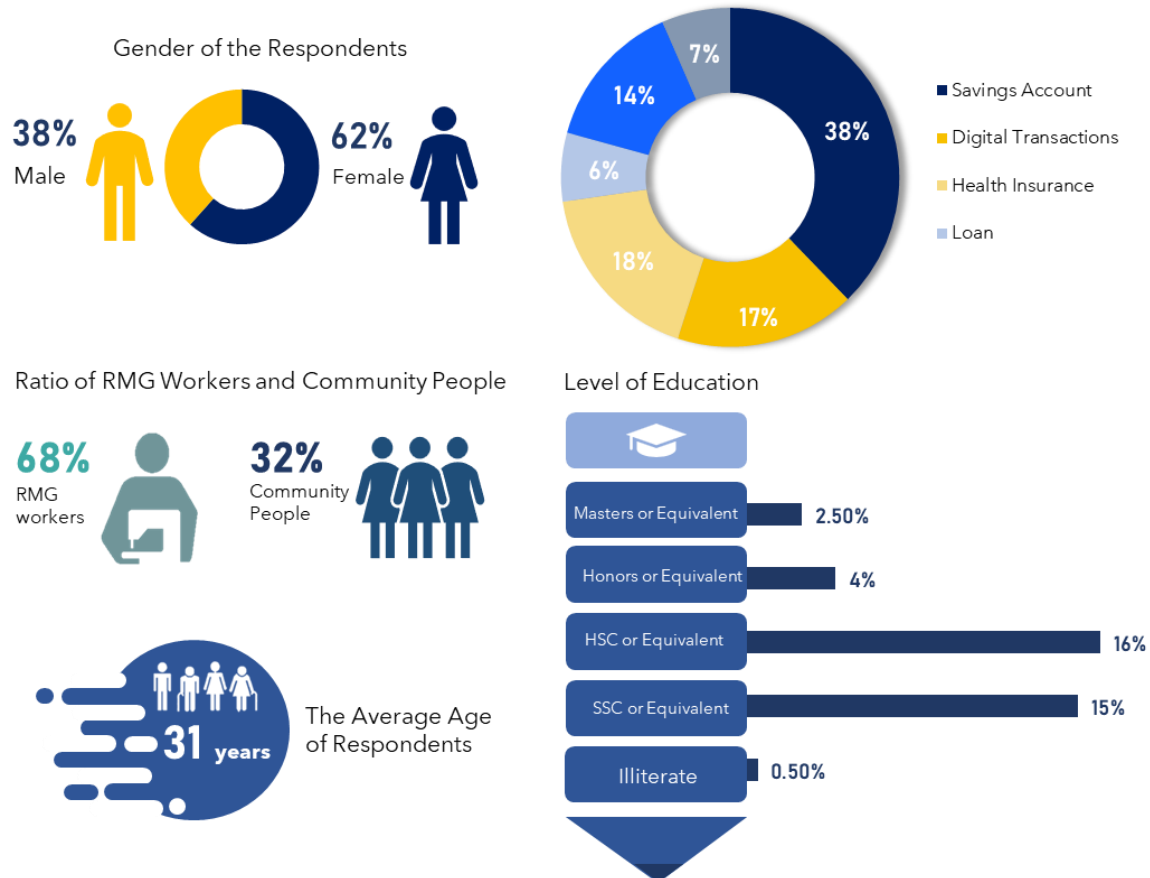


Figure 1: Demographic information

training experienced an average annual income increase of BDT 73,003.44 (517.15 CHF), with women workers seeing an increase of BDT 72,840.12 (534.59 CHF) and male workers BDT 74,745.96 (529.49 CHF).

3 RELEVANCE

The Sarathi II project is highly relevant in the context of Bangladesh's RMG sector and broader economic development goals. By addressing critical financial challenges, aligning with national and global priorities, and promoting sustainable and resilient financial practices. The project's relevance is featured by its potential to create lasting, positive impacts on the lives of RMG workers and their communities, thereby supporting the overall economic and social development of Bangladesh.

3.1 Alignment with Country's Social and Economic Context

The Sarathi project aligns closely with Bangladesh's development goals and economic policies by addressing key areas such as financial inclusion, workforce development, and digital transformation. Bangladesh's Vision 2041 and its Seventh Five-Year Plan emphasize financial inclusion, economic diversification, and poverty reduction, which Sarathi directly supports through its initiatives. Sarathi 's interventions support the National Financial Inclusion Strategy (NFIS) by promoting access to formal banking services, digital transactions, and financial literacy among RMG workers which reflects the components of NFIS¹¹. By providing tailored financial products, digital wage systems, and health insurance, the project addresses financial literacy gaps and supports the government's goal of fostering an inclusive financial sector. Additionally, Sarathi 's focus on entrepreneurship and upskilling aligns with the National Skills Development Policy, which aims to enhance workforce capabilities and promote sustainable economic growth. The project's emphasis on empowering RMG workers, many of whom are women, also supported the national agenda for gender equity and social inclusion. In summary, Sarathi contributes to Bangladesh's broader development objectives by enhancing financial and economic resilience in line with national policies and strategies.

3.2 Alignment with Needs of Target Groups

3.2.1 BGMEA and BKMEA

BGMEA and the BKMEA are key stakeholders in the Sarathi II project. Their collaboration ensures that the interventions are relevant to the industry's needs, particularly in enhancing the financial well-being of RMG workers. These organizations, in particular, BKMEA, support initiatives like supervisory training for female workers, aimed at promoting gender equity and improving management diversity within the sector. BKMEA proposed to include supervisory training intervention in the project and developed the module drawing on its long experience. These organizations are also interested in comprehensive wage digitalization and digital transformation of the RMG sector.

¹¹ Financial Institutions Division, "National Financial Inclusion Strategy: Journey towards Sustainable and Impactful Financial Inclusion through Digitization and Innovation," Strategy (Ministry of Finance, Bangladesh, August 25, 2021).

3.2.2 Financial Institution Partners

Financial institutions partnering with the Sarathi II project have benefited from entering RMG industry and an expanded customer base by integrating RMG workers into the formal banking system and increasing their use of digital financial products and services. The project enabled the development of tailored financial products such as a small deposit pension scheme (DPS) and affordable loans to meet the specific needs of these workers. This collaboration not only enhances the financial inclusion of RMG workers and low-income segment but also supports the sustainability of these services. Partner organizations have crafted customized products suited to the target group's needs and capacities. For instance, Dhaka Bank introduced e-Rin for loans and the Nano Savings Scheme (NSS) for savings, while Bank Asia offered the Achol Savings Scheme and DPS 100 for savings. Zaynax Health, Waadaa.insure and Guardian Life Insurance Limited designed specific health insurance products. These tailored solutions account for the limited financial capacity, technical knowledge, and financial and digital literacy of RMG workers and the community. The financial institutions adapted their services to fit the workers' schedules, increasing access to these products. As a result, partner organizations saw a significant rise in their customer base, revenue, and profit. The association with Swisscontact enhanced their brand value and established beneficial connections with factory management, boosting their visibility locally, regionally, and globally.

3.2.3 RMG Factory

Factories participating in Sarathi II played a crucial role in facilitating access to financial services and literacy programs for their workers. The digital wage system has reduced the transportation costs, labor costs, etc. of the factories. The health insurance intervention helped improve the physical well-being of the workers as well as alleviate financial pressure in case of illness, this decreases absence from work. The loan intervention enhanced the financial security of the workers, and increased financial security improves the mental health of the workers which helps in increasing productivity. The savings initiative helped the factories substantially in the payment of wages digitally by providing formal savings accounts to the workers through which they received their payments. It also helps with worker retention as workers are more likely to stay in the factory with which their bank account is connected. The upskilling training, ToT training, and supervisory training interventions directly contributed to increasing the productivity of the workers by enhancing their skills. As a whole, these interventions played a crucial role in worker retention due to the facilities they provide for the workers.

3.2.4 RMG Workers and Community People

According to UNCDF, there is a lack of financial literacy¹² and digital literacy¹³ among the RMG workers in Bangladesh. In terms of access to financial products and services, there are still some significant challenges including the practice of payment in cash, lack of financial literacy, low usage of digital products, and gender disparity in terms of both financial and digital literacy and rights¹³. Despite the significance of the RMG sector, around 60% of the

¹² UNCDF, "RFA: Enhancing Digital Financial Literacy for Ready-Made Garment (RMG) Workers," UNCDF, August 3, 2023, <https://www.uncdf.org/article/8315/rfa-enhancing-digital-financial-literacy-for-ready-made-garment-rmg-workers>.

¹³ UNCDF, "Ready-Made Garment Sector Digital Market Assessment: Bangladesh" (UNCDF, December 21, 2021), <https://www.uncdf.org/article/7363/ready-made-garment-digital-market-assessment-bangladesh>.

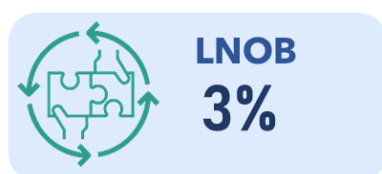
workers lack the adequate skills to meet the current production demands¹⁴. 84% of untrained RMG workers face problems with work, 46% cannot perform their job properly, and 30% mention having a lack of adequate skills¹⁵. The project's first component focused on improving financial resilience by offering diversified financial products and services, including digital transactions, loans, formal savings, and health insurance. This initiative aimed to enhance financial literacy and empower workers to manage their finances more effectively, leading to greater economic independence.

The second component targets economic resilience through entrepreneurship and upskilling. By providing entrepreneurship training, the project opened new financial opportunities for women, boosting their business management skills and overall socio-economic status. Upskilling and supervisory training further help workers advance their careers and increase their earning potential. These programs collectively addressed the need for improved financial stability and career progression, which were essential for enhancing the well-being of RMG workers.

3.3 Cross-cutting Issues

3.3.1 Leave No One Behind (LNOB)

The Sarathi II project adhered to the Leave No One Behind (LNOB) principle during its implementation. The project aimed to include diverse communities and focused on



maintaining equity by ensuring that all individuals, especially those at risk of exclusion, received equal support. According to the survey findings, 3% of the beneficiaries belong to vulnerable groups. Among them, 2% are from the minority community or the "Char and Haor" area and 1% are persons with disabilities.

3.3.2 Gender

The Sarathi II project placed a strong emphasis on gender equality, ensuring that women constitute 50% of participants in all interventions, and focuses on empowering women

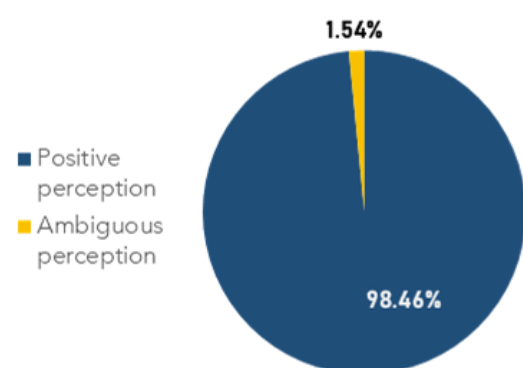


Figure 2: Perception regarding women in supervisory positions

within the RMG sector in Bangladesh. By prioritizing gender-sensitive approaches, Sarathi II aimed to enhance the financial health and overall well-being of women in the industry. The project has implemented supervisory training and entrepreneurship training specifically targeting female workers to address the challenges they face and promote their empowerment. The entrepreneurship training was designed for laid-off female RMG workers and their communities, aiming to strengthen their business management and financial literacy skills. These programs have

¹⁴ Staff Correspondent, "RMG Sector Has over 60% Skills Gap: Study," May 23, 2023, <https://businesspostbd.com/front/2023-05-19/rmg-sector-has-over-60-skills-gap-study-2023-05-19>.

¹⁵ Cabinet Division, "Skill Development of the Youth in RMG: An Analysis of the Existing Training System," June 2021, https://cabinet.portal.gov.bd/sites/default/files/files/cabinet.portal.gov.bd/research_corner/5b546d65_67d2_444e_ac9e_18fdb68f6d61/Skill%20Development%20of%20the%20Youth%20in%20RMG%20An%20Analysis%20of%20the%20Existing%20training%20System.pdf.

equipped women with the skills needed to advance their careers and start their own businesses.

While these interventions have increased awareness about gender roles and reduced discriminatory perceptions, further work is needed in this area. Survey respondents, both men and women, indicated a consensus that more women should be in management positions. 98.46% of respondents believe the number of women in supervisory positions should be increased, with only 1.54% of respondents expressing uncertainty about this recommendation. Insights from KIs revealed several barriers to women taking on supervisory roles. One key issue is that women supervisors are often required to lead a line or floor, which some male partners do not support, preventing these women from assuming leadership positions. Additionally, family members of female supervisors discourage them from accepting such roles due to the extended hours supervisors typically spend in the factory. Furthermore, some women themselves are reluctant to pursue these positions because supervisors do not receive overtime pay. In contrast, regular workers can earn higher incomes through overtime, making the supervisory role less financially appealing for some women.

4 COHERENCE

This section outlines the degree of internal and external coherence of the Sarathi II project and examines how the synergy among its various components has contributed to the overall well-being of the target groups.

4.1 Internal Coherence

PROGRESS¹⁶, another project of Swisscontact, also focuses on creating better job opportunities for women in the RMG sector by providing upskilling and reskilling opportunities. It aims to ensure that women workers have access to decent, well-paid jobs through improved technical skills, and improved productivity, and enable factories to meet the environmental and social standards required by global buyers. Both projects aim to address the vulnerabilities of women workers and provide them with the tools and opportunities needed to improve their socio-economic status. They recognize the critical need for skills development to improve productivity and job quality in the RMG sector, contributing to economic stability and growth through complementary pathways—financial inclusion and skills enhancement. The skills development component of Sarathi II also partially aligns with another Swisscontact project, BYETS¹⁷, which focuses on developing skills through the training of the youth, including RMG workers.

4.2 External Coherence

Sarathi II aligns with BKMEA's goal of promoting the financial well-being of RMG workers, and they have been working together. BKMEA came up with the idea of providing supervisory training to female RMG workers as well as the module they developed based

¹⁶ "Promoting Green Growth in the Ready-Made Garments Sector Through Skills (PROGRESS)," Swisscontact, accessed September 26, 2024, <https://www.swisscontact.org/en/projects/promoting-green-growth-in-the-ready-made-garments-sector-through-skills-progress>.

¹⁷ "Building Youth Employability through Skills (BYETS)," Swisscontact, accessed September 26, 2024, <https://www.swisscontact.org/en/projects/building-youth-employability-through-skills-byets>.

on their long experience with the industry situations, Sarathi II accommodated the initiative by providing financial and logistical support, as shared by BKMEA.

The project also aligns with the ERMG project by BRAC, which includes financial inclusion¹⁸, service centers for healthcare services, legal aid support, financial services, and skills development training, primary healthcare services, and skills development training for RMG workers, with a particular focus on women workers. Aspects of these initiatives resemble Sarathi II interventions which include financial inclusion, health insurance, and upskilling training for RMG workers with the main focus being women workers.

Sarathi II also aligns with healthcare services by health insurance scheme for RMG workers by SNV Netherlands in relation to its Health Insurance intervention which also aims to provide healthcare services to RMG workers.

In summary, the Sarathi II project demonstrates a high degree of internal and external coherence by coordinating its efforts in financial literacy, inclusion, and upskilling with more general objectives related to the empowerment of RMG employees, especially women. Internally, other Swisscontact programs like PROGRESS and BYETS, which also prioritize upskilling and economic empowerment in the RMG sector, are enhanced by Sarathi II's emphasis on financial inclusion and skills development. Sarathi II's external impact is further reinforced by its linkage with projects by BKMEA, BRAC, and SNV Netherlands, which creates synergies in the areas of financial well-being, healthcare, and skill training for RMG

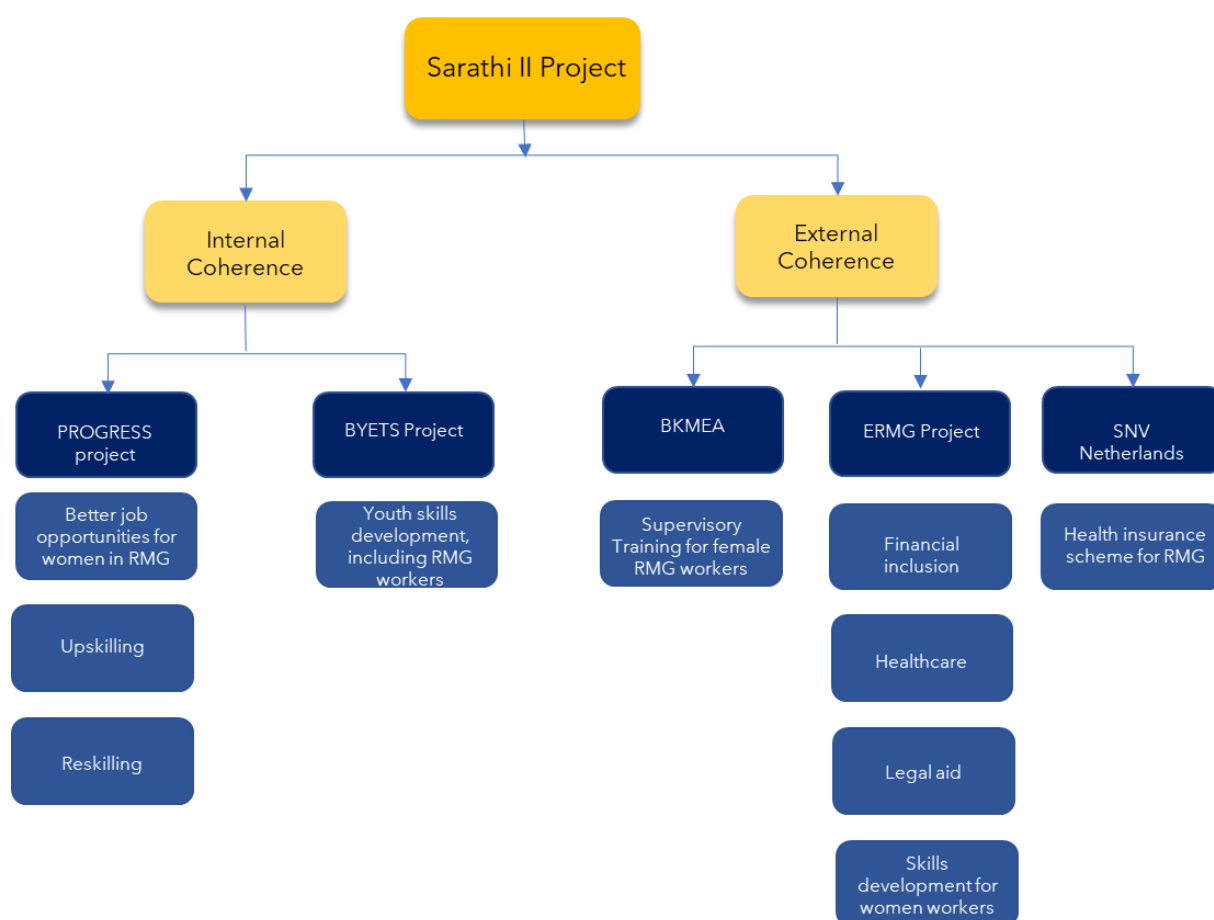


Figure 3: Summary diagram of coherence

¹⁸ "ERMG PROJECT: FINANCIAL INCLUSION," BRAC, accessed September 26, 2024, <https://www.brac.net/program/wp-content/uploads/2020/02/ERMG-Financial-Inclusion.pdf>.

workers. This alignment guarantees that Sarathi II achieves its goals and makes a lasting, systemic impact on the RMG industry and beyond.

5 EFFECTIVENESS

This section outlines the effectiveness of the intervention. Since the survey respondents were mostly beneficiaries actively involved in the project and had access to the digital financial products and services introduced by Sarathi, the reach and accessibility of these financial products and services were high. Notably, 88% of the workers and their community members were able to utilize these digital financial products and services, reflecting the success of the intervention, which involved multiple partners.

5.1 Output Delivery Against Digital Financial Products and Services

5.1.1 Creating Digitized Financial Access Points in RMG Communities

Sarathi II partnered with potential banks and MFS companies to provide digital financial services to RMG workers and their communities. Bank Asia PLC and Dhaka Bank PLC designed digital financial products, and some of them launched their previously designed products to a new customer base. Through the 'User Graduation Programme' initiative, in partnership with Rocket and Nagad, Sarathi II created digitized financial access points in RMG communities and onboarded around 100,000 workers who now receive their salaries through these MFS platforms. The objective was to deepen the financial health interventions through “user graduation”¹⁹.

59.5% of workers got digital transactions related knowledge through campaigns, indicating the campaigns became much more effective over time. 82.28% of the workers have learned about digital transactions from factory management. The campaigns and factory management played an important role in pushing workers to use various digital transaction services (e.g., mobile recharge, bill payment, savings, etc.). Workers were motivated by incentives like getting smartphones for using the highest types of transactions, cash back offers if digitally paid bills, etc., and reacted to these campaigns accordingly. They motivated the workers and always tried to increase their awareness regarding the usage of digital transactions and associated fraudulent activities. Moreover, 20% RMG workers and their communities gained knowledge of digital transactions from the agents of the MFS partners. They have convenient access to Nagad and Rocket agents for resolving any issues related to digital transactions, which has made their digital transaction experience more efficient and seamless.

5.1.2 Introducing or Scaling Nano-loan Products

Sarathi II partnered with AGAM International and Dhaka Bank PLC for this intervention and the project reached in total 19 factories having over 50,000 workers. Their financial products are specifically tailored for RMG workers, allowing them to easily access formal loans

¹⁹ “User Graduation” is a measure of deepening the interventions of financial health. It is an index that measures the number of financial services a client is using with a financial institution.

whenever needed, without the hassle of complex documentation. AGAM partnered with Prime Bank PLC to offer banking services. AGAM and Dhaka Bank PLC provide two loans products: Nano loan and e-Rin (respectively). Nano loan is using alternate credit scoring to get eligibility for taking formal loans and e-Rin is using e-KYC documents only through the app.

People who have a smartphone they can access a nano loan. However, qualitative findings revealed that a small number of people were unable to access the loan due to the lack of a smartphone. Despite this challenge, they were still able to access the loan product by borrowing the smartphones of their friends or colleagues.

While e-Rin requires a minimum salary of BDT 30,000 to qualify, Agam's nano loan is accessible to workers earning below BDT 20,000. Additionally, Agam offers Earned Wage Access (EWA) to those earning over BDT 20,000, allowing it to cater to both low- and high-income groups. Thus, RMG workers showed a stronger preference for Agam's nano loan over e-Rin. e-Rin primarily serves medium- to high-wage earners. Workers also favor Agam's advanced salary system, which comes with a low-interest rate (9%), making it more acceptable.

However, users also encountered some challenges. The survey on the loan intervention was conducted exclusively with male workers, leaving out the perspective of women regarding loans. Findings from the qualitative survey revealed that lower female participation was primarily due to limited access to financial services. While women may use nano loan products, their husbands typically manage the entire process and make decisions regarding the loans. Also, women don't feel comfortable using digital ways for financial services, they feel insecure and prefer financial transactions in cash. Some women workers don't have a smartphone which is another reason of not using digital loan products.

"I tried applying for a loan multiple times, but every time I submitted my answers, the system would return to the initial interface, forcing me to fill out the same questions again. After 14 attempts, I finally gave up. It was extremely frustrating and a huge waste of time" - Rashedul Islam, Sample man of Ananta Garments Limited.

Many workers found it challenging to navigate AGAM's alternative credit scoring questions during the eligibility assessments. Thus, this shows a limited literacy. The app's lengthy testing process proved to be particularly troublesome, as it was difficult for workers to carve out time from their demanding schedules to complete the required steps. Balancing work responsibilities with the additional requirements of the app became a significant challenge for many. This presents a significant challenge in effectively utilizing the app within a constrained timeframe. There is an opportunity for "Agam" to address these challenges by making the interface and language of the assessment more user-friendly and better suited to the needs of RMG workers.

5.1.3 Introducing or Scaling Savings Product

Workers and their communities have learned about opening bank accounts for savings purposes from various sources such as factory management, bank officials, agents, and campaigns.

Sarathi II partnered with Bank Asia PLC, Dutch Bangla Bank PLC, Dhaka Bank PLC, and YPSA to introduce and scale savings products among the RMG community. Among the different

small-ticket-sized savings products, Bank Asia PLC's 'Achol' savings scheme is a specially designed, charge-free deposit product for women. The DPS 100 is tailored for the low-income community, providing easy access to savings.

Dhaka Bank PLC launched its digital Nano Savings Scheme (NSS) in collaboration with bKash. This NSS can be managed through the bKash app, with deposits ranging from BDT 250 to BDT 3,000 per week or month. Users can customize the DPS scheme according to their needs, and no cash-out charge applies upon the maturity of the savings account.

YPSA onboarded new customers through door-to-door campaigns and initiated a new campaign modality by organizing evening programs. Their savings scheme operates on an open system, allowing users to save any amount above the minimum of BDT 10, depending on their circumstances. Additionally, there are no restrictions on withdrawals. After one year, a 6% interest is added to the savings. Community members within the RMG cluster were inspired by YPSA's campaigns and began saving amounts ranging from BDT 100 to larger sums. Since this was a non-digital savings scheme, it gained traction quickly, as the community trusted YPSA, a well-established organization in Chittagong. The familiarity and reputation of YPSA made it easier for people to embrace the opportunity and start saving.

However, a major challenge for RMG communities under this intervention was the unavailability of Bank Asia PLC's agent points. The qualitative findings indicate that Bank Asia PLC branches are not widely available throughout the country, causing difficulties for workers when withdrawing money from ATM booths. While Bank Asia PLC offers a digital application for banking services, most workers are not accustomed to using it.

5.1.4 Introducing or Scaling Insurance Product

Under this intervention, Sarathi II collaborated with Zaynax Health, Waadaa.Insure, and Guardian Life Insurance Limited to establish affordable and digital healthcare services for RMG workers. Factory management assisted the target group in accessing health insurance products and services, with most workers being onboarded through a B2B sales channel.

All the surveyed RMG workers and community members had access to digital micro health insurance, as the survey was conducted exclusively with those involved in the project. In the Baseline study of Sarathi II, it is found that 70% of RMG workers have no interest in insurance and 30% workers have no idea about it. In general, the insurance penetration ratio stands at 0.5 percent in Bangladesh, significantly low [India (4.0), Sri Lanka (1.2), and Pakistan (0.8)]²⁰. Thus, the concept of health insurance is quite new for RMG communities. RMG workers who have the insurance package can have 24/7 doctor consultation services under this intervention. They are getting free MBBS doctor consultations and buying the prescribed medicine from the pharmacy. This is a win-win situation for both pharmacy and the beneficiaries.

The partner organizations of Sarathi II conducted health campaigns where they provided free doctor consultation services for not only RMG workers but also their community members. Through this initiative of the project, individuals have become aware of health insurance and the importance of receiving proper medical consultation. They have come to

²⁰ Priyam Paul, "Bangladesh's Insurance Landscape: Progress and Prospects," The Daily Star, March 1, 2024, <https://www.thedailystar.net/supplements/national-insurance-day-2024/news/bangladeshs-insurance-landscape-progress-and-prospects-3556131>.

realize that receiving improper treatment from unqualified practitioners or pharmacists can result in serious consequences, including the risk of death. However, the majority of workers still lack a comprehensive understanding of health insurance and its benefits, even if they have health insurance package.

Garments workers are highly busy with their schedule of daily life, sometimes they forget the information if they don't get it continuously. - Maisha Binte Siddique, Head of project & Sales, Zaynax Health

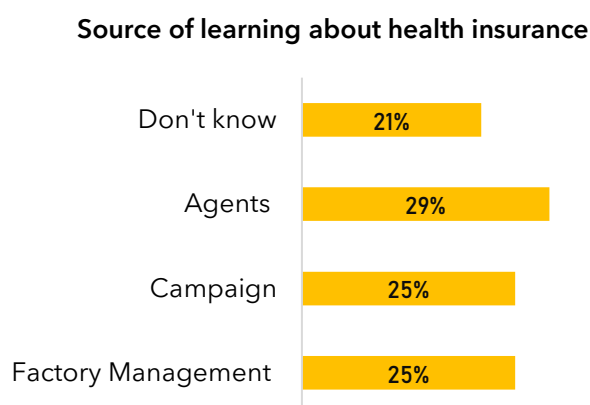


Figure 4: Source of learning about health insurance

The research team identified that RMG factory management played a supportive role in encouraging workers to enroll under health insurance package. According to the head of the project and sales at Zaynax Health, the limited awareness and busy schedules of RMG workers, are often preoccupied with work and daily activities. There is a significant gap in awareness regarding insurance, particularly health insurance, among many

communities. Projects like Sarathi II hold immense potential to address this issue by expanding their interventions. To maximize their impact, it is essential to develop a targeted plan that effectively reaches people, educating them about the importance of health insurance and preparing them for health emergencies. By doing so, Sarathi II can play a vital role in enhancing financial security and health preparedness for vulnerable populations.

5.2 Output Delivery Against Skills Development

5.2.1 Upskilling Training, ToT and Supervisory Training

Sarathi II aims to enhance the financial health of RMG workers, but it had added a component, skills development. Under this component, Sarathi II worked in partnership with Rajesh Bheda Consulting (RBC), and RMG factories to train 1,100 female RMG workers



Figure 5: Sources of learning about upskilling training

with advanced skills and place them in better job positions in the RMG factories. The RMG workers often struggle to upgrade their skills and face mistreatment from supervisors due to low production rates. Their income does not increase in proportion to their performance. RBC ultimately upskilled a total of 4,093 workers through theoretical and practical sessions.

RBC developed a module for Training of Trainers (ToT), upskilling, and supervisory training based on a factory-wise need gap analysis. They identified and selected core teams at factories to deliver ongoing training in soft skills, including supervisory skills and ToT.

The project effectively reached its target group and utilized various sources for promotion. Most workers learned about the training through factory management, with additional influence from RBC, while some workers learned about it from their colleagues.

It is challenging for factory management to send workers for training due to potential impacts on production. However, the factories interviewed for this intervention (Ananta Garments, Echotex Limited, and Fakhruddin Textile Mills Limited) created opportunities for workers, demonstrating a commitment to long-term productivity.

5.2.2 Entrepreneurship Training

Sarathi II partnered with YPSA to provide entrepreneurship training to female community members, helping them start a new business or run their existing ones more efficiently. The training covered basic accounting and day-to-day business operations, enabling these women to manage and expand their businesses confidently and generate more revenue. YPSA designed an innovative, market-based module to deliver a two-day training session to laid-off RMG workers and community members to empower them. Trainees didn't face restrictions from the family. Despite having to manage household chores and family responsibilities, they found time to attend the training sessions.

In conclusion, the Sarathi project successfully reached its target beneficiaries through digital financial products and services, although some gaps in outreach limited the project's overall impact. Sarathi designed its interventions for Tier 1 garment factories, where maintaining a savings account is easier, and the same applies to the upskilling training. Unfortunately, this facility is not as widely available in small to medium-sized garment factories, leaving workers in these segments more vulnerable. This research suggests extending training to mid- and small-sized factories to ensure a broader impact. Addressing this gap could be a focus for future efforts. The Training of Trainers (ToT) approach has made this intervention sustainable. One intervention involved the introduction of digitized financial products like Rocket and Nagad, which already had established customer bases nationwide before the project. Since these platforms regularly spend on campaigns and promotional activities, it is challenging to attribute the project's outreach entirely to this intervention.

Health insurance was another area where the project faced challenges. Despite awareness campaigns and digital literacy efforts, the impact on RMG workers' understanding of health insurance was limited. The project assessment revealed that while 96% of beneficiaries were interested in claiming health insurance, many still lacked sufficient knowledge about its benefits. Sarathi needs to prioritize improving the effectiveness of future campaigns to ensure better understanding of health insurance among workers and their communities. Additionally, the introduction of loan products was a well-received intervention, though access to these loans was somewhat restricted by the e-Rin platform. The entrepreneurship training demonstrated sustainability, with female beneficiaries making significant progress using the knowledge they gained. However, the project fell short of its original goal to prioritize laid-off RMG workers, reaching only a small percentage of this group. In the future, Sarathi has the potential to reach more laid-off RMG workers through its interventions.

6 EFFICIENCY

6.1 Economic and Operational Efficiency

9 out of 12 partners utilized the financial resources according to the planning in the project proposal. Some of the partners such as Rocket, Bank Asia PLC, Zaynax Health had spent more than the planned budget. According to the key informant from Rocket, the customers and Rocket agents were provided with smartphones that enabled them to reach more customer base. Some of the partners (Nagad, Zyanax Health, Waada.Insure) encountered challenges in delivering project activities. Some of the rocket agents showed dissatisfaction as they hadn't received their incentives in time. Also, most of the rocket agents seemed to be less interested in executing the project interventions. On the contrary, Dutch Bangla Bank PLC (DBB PLC) and Bank Asia PLC agents were more proactive in the field as they saw incentives through the project interventions. Particularly, Zaynax Health had to invest more in their human resources to complete the tasks within the project timeline which has been impacted by the workers' uprising and Eid vacations.

The economic and operational efficiency of the Sarathi II project demonstrated both strengths and challenges. Partnerships with key organizations, such as Bank Asia PLC, Rocket, and Zaynax Health, were effectively managed, though some partners faced challenges with coordination and resource deployment, such as delayed incentives for agents. The project showed adaptability in addressing issues like worker uprisings and holidays by deploying additional field resources, but some interventions were less flexible and stuck rigidly to the original plan, potentially limiting their success.

Innovation was evident, particularly in the introduction of AI-based financial products and digitized microloans, but challenges with digital literacy among workers hampered the full utilization of these technologies. Resource use was generally efficient, though there were some instances of overspending, particularly with partners like Rocket and Zaynax Health, due to unforeseen needs such as additional human resources. There were also no significant signs of resource wastage, although a lack of financial literacy among beneficiaries delayed project implementation in some areas.

Despite some setbacks, the project's success was not severely hampered by resource constraints. However, in specific areas like the digital transaction and microloan interventions, progress could have been more substantial with greater initial resources and planning for unanticipated challenges.

6.2 Timeliness

The Sarathi II project was scheduled for a two-year implementation from 2021 to 2023. The partners implemented digital transaction intervention more efficiently than other interventions as Rocket onboarded 85% more customers who made digital transactions than its target within the project timeline. According to the key informant from Rocket, they were able to reach this milestone because the target areas were already within their outreach, and no additional efforts were needed. On the other hand, Nagad achieved 87% of its target. Nagad could achieve this milestone due to their popularity as an MFS platform.

DBB PLC and Bank Asia PLC intervened more efficiently than Dhaka Bank PLC and YPSA. Within the project timeline, DBB PLC and Bank Asia PLC opened 19% and 20% additional savings accounts respectively than the preset target, whereas Dhaka Bank PLC and YPSA were able to reach 85% and 33% of their target respectively. Dhaka Bank PLC introduced its nano loan and savings scheme through the MFS platform bKash. Despite being an

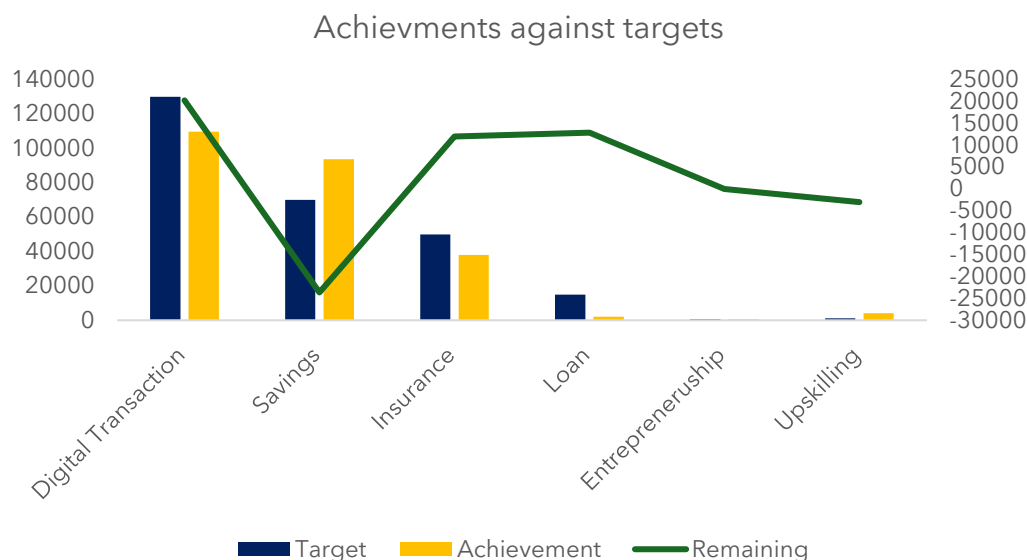


Figure 6: Achievements by the partners against the target

innovative product, acquisitions of this financial product were lower as they required a minimum level of digital and financial literacy to operate.

Under the insurance intervention, Zaynax Health and Waadaa.Insure could achieve an additional 4% insurance account openings than the target. Partners under the loan intervention showed lower progression in achieving the targets. AGAM and Dhaka Bank PLC could achieve 14% and 5% of their targets within the project timeline. As the financial products by Agam and Dhaka Bank PLC were solely AI and online-based and took more time to get customers to get onboard and get used to it, the acquisition rate was a bit low.

Both the skill development interventions were very successful in terms of timeliness and delivery. YPSA and RBC achieved an additional 7% and 272% of their target.

In terms of timeliness, the Sarathi II project encountered both successes and delays due to unforeseen challenges such as the RMG workers' uprising and holidays like Eid, which impacted the timeliness of the project's activities. These delays were largely mitigated by deploying additional field resources, such as Zaynax Health's decision to employ 50 additional field officers to ensure the completion of project tasks. Despite these efforts, some partners, like Dhaka Bank PLC, faced difficulties in meeting their targets due to the complexity of their digital financial products, requiring a higher level of digital literacy. Overall, while the delays caused some challenges, the flexibility of the project and the proactive steps taken by partners allowed the project to stay largely on track and minimized any significant negative impact on the outcomes. However, some interventions could have benefitted from greater pre-planning to address potential delays more effectively.

7 EARLY SIGNS OF CHANGE (IMPACT)

7.1 Financial Security²¹

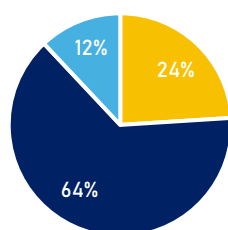
The project beneficiaries who passed the output level for one of the interventions of the financial products and services, e.g., improved behavior of digital transaction, better credit profile, improved formal savings behavior, and increased ability to manage shocks from health emergencies, and are confident about managing any immediate emergency using their savings have gained financial security. Overall, 26.72% of project beneficiaries, including 47% women, have achieved financial security through the project.

7.1.1 Creating Digitized Financial Access Points in RMG

Digital transactions offer unmatched convenience and security, streamlining financial activities with ease. Garment workers and their communities have recognized the benefits of digital transactions, with project interventions boosting their use. Previously, most



Figure 7: Improved digital transaction behavior



■ Yes ■ No ■ Don't know

Figure 8: Reduced usage of cash

workers would cash out their entire salary despite having access to these services. The survey shows that 83% of workers (59% female) now engage in at least one type of digital transaction beyond salary cash-outs, reflecting improved behavior.

Additionally, 24% of respondents reported reduced cash usage for payments, and most workers no longer withdraw their entire salary. As a result, a portion of their month-end balance is subconsciously saved, often used for buying furniture or future savings.

I don't have to withdraw my entire salary at once; I just cash out when I need to. By the end of the month, I've managed to set aside a good amount in my MFS account, which I save for future needs. - Kamrun Nahar, RMG worker of Remi Holdings Limited.

The average month-end balance of RMG workers increased significantly from Phase 1 to Phase 2, rising from BDT 488 in Phase 1 to BDT 1,508 in Phase 2.

²¹ RMG workers and community members better manage day-to-day finances and manage short term unexpected/adverse events

The number of digital transactions has increased from Phase I to Phase II. In Phase II, 13.92% of RMG workers and their community members conduct all their transactions digitally, compared to none in Phase I. The survey also indicates a shift in Phase II, with more family members and community members making frequent digital transactions, especially an increase in those making more than two transactions.

Amount of Digital Transactions per month

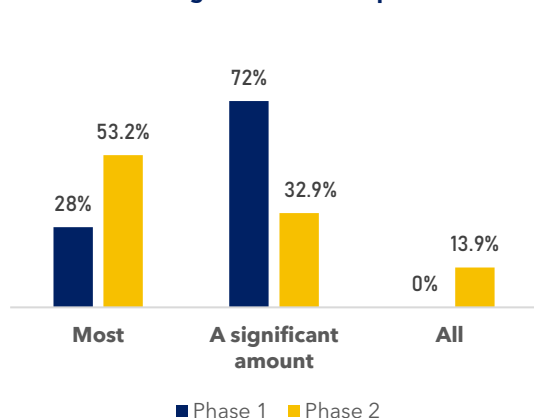


Figure 10: Amount of digital transaction per month

BACO of number of Digital Transaction in Phase II

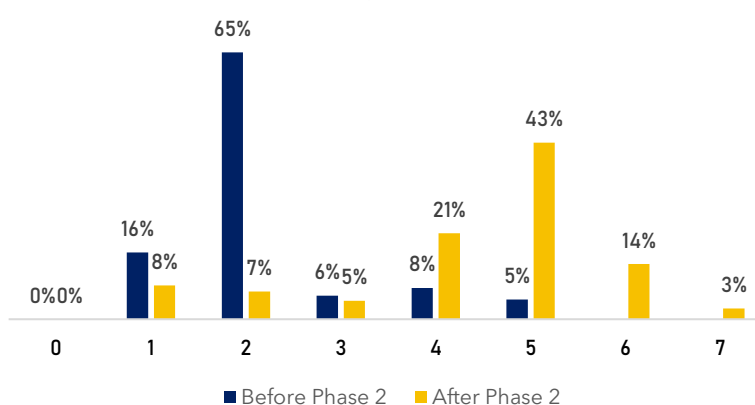


Figure 9: BACO of type of digital transactions in Phase II

The before-and-after graph indicates that the number of various types of digital transactions in Phase II is gradually increasing. Previously, people typically performed 1 to 5 types of digital transactions, but now they are regularly engaging in 6 or even 7 types. Before the project intervention, all RMG workers did one or two types of digital transactions in Phase I. After the intervention, 16% of them now do five types, while the rest continue with one or two.

Additionally, the rate of non-usage has been decreasing in Phase II which is another noticeable change. In Phase II all of the RMG workers use digital transactions.

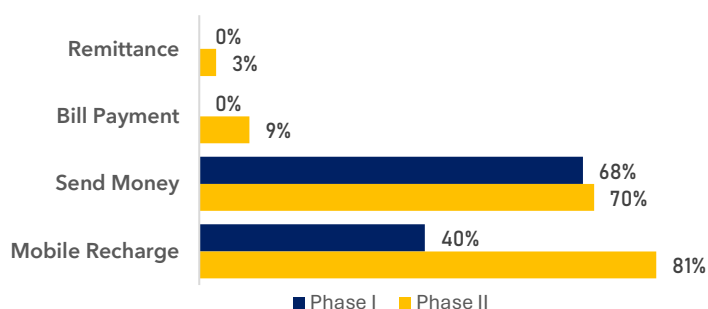


Figure 11: Types of digital transaction done by project beneficiaries

Most importantly, project participants now engage in four to six types of digital transactions, up from just one type initially. The early sign of the impact of this intervention is the RMG workers are entering into the cashless society gradually.

RMG workers make use of various digital transaction features, including mobile recharge, money transfers, and bill payments. The survey revealed that the majority of workers primarily use mobile recharge, cash-in, and send money.

The benefit of digital transactions is being realized by the RMG workers and their community people. Where they stated three types of benefits, they usually get which are easy transactions, time-saving, and instant transactions.

Case Stories for Digital Transaction Intervention



Name: Md. Shakil Hossain
Gender: Male
Age: 27
Profession: RMG Worker
Designation: Quality Inspector, Washing
Factory name: Remi Holdings Limited
Location: Narayanganj
Marital Status: Married
Household Size: 7 members

Rocket: A Game Changer for Md. Shakil Hossain's Financial Freedom

Before using Rocket, Md. Shakil Hossain faced multiple challenges managing his salary. With no ATM nearby, he had to spend both time and money commuting to withdraw cash. Sending money to his family back home was equally stressful, requiring long waits in bank lines and additional fees.

Everything changed when he started receiving his salary through Rocket. With an ATM right next to his factory, Shakil now withdraws exactly the amount he needs, avoiding unnecessary trips. Each month, he saves BDT 5,000, which has allowed him to make significant purchases, like furniture for his new home after his recent marriage.

Sending money to his family has also become hassle-free. Rocket's instant transfer feature saves his family from the inconvenience of going to the bank. Compared to other services like bKash and Nagad, Shakil finds Rocket's lower fees a huge advantage.

Thanks to a quick learning curve through a campaign and guidance from a friend, Shakil mastered the app with ease. Today, he enjoys financial stability, flexibility, and peace of mind, thanks to Rocket.

Empowering Independence: Mst. Bobita Akter's Journey with Digital Transactions

Mst. Bobita Akter used to worry about carrying cash. Every payday brought concerns about theft or hijacking, especially as a woman with physical disabilities. Long bank queues added to her challenges, limiting her mobility and freedom.

Now, thanks to receiving her salary through Rocket, Bobita's life has become much easier. She can withdraw the exact amount she needs, whenever she needs it, and feels far safer managing her finances. With the ability to transfer funds, recharge her mobile balance, and access ATM booths, she avoids the hassle of physically visiting the bank. This newfound convenience has not only simplified her daily life but also allowed her to save more over time, increasing her financial security.

The increased savings have empowered her within her family and community, giving her greater independence and control over her finances. For Bobita, digital transactions have been a game-changer, offering safety, flexibility, and financial freedom.



Name: Mst. Bobita Akter
Gender: Female
Age: 24
Profession: RMG Worker
Designation: Sewing Operator
Factory name: Remi Holdings Limited
Location: Narayanganj
Marital Status: Unmarried
Household Size: 4 members

face a few major problems that need to be addressed. They still can't go all digital, as most of the workers have said that they have to still pay their house rent in cash, as the house owners don't prefer cashless transaction methods yet. A major portion of the RMG workers have complained that the number of ATMs or agent booths in the factory areas is inadequate. Added to that, as the workers in almost all factories receive their salary at the same time, they have to face long queues to withdraw money from their MFS account.

Overall, the Sarathi II project has successfully transformed the RMG workers to keep pace with the world of cashless transactions and enabled them to go digital. After the project intervention, the RMG workers feel more secure to transact digitally, as they are now aware of the threats to their MFS account. Before learning from the project and its associated partners, some of them let their family members use their own accounts. Some of the workers' money was also stolen in the process. Some of the workers have also become aware of the security measures, e.g., not sharing their PIN or OTP with anyone, after the project intervention and because of the awareness programs run by the factory authority. Sarathi II and its partners have further scope to ensure some refresher campaigns regularly to keep the journey towards going digital.

7.1.2 Introducing or Scaling Nano-loan Products

Sarathi II's nano loans offer a digital solution, helping RMG workers manage emergencies without falling into high-interest debt from informal lenders. The loan products are app-based, allowing workers to apply for loans without visiting a bank. Nano loans are disbursed within one minute, while e-Rins are disbursed within three hours of application. The shorter processing time for these loans saves time and transportation costs for the users. The digitalized loan processing has also reduced uncertainties among RMG workers. Previously, they were unsure when they would receive loans due to the lengthy manual processing time, and they had to leave the factory during banking hours to submit loan applications and collect the funds.

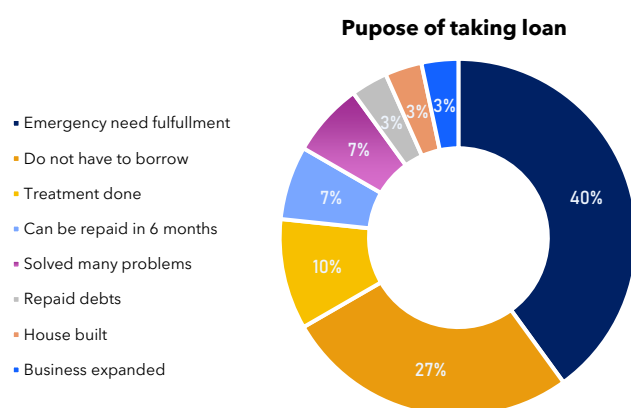


Figure 12: Purpose of taking loans

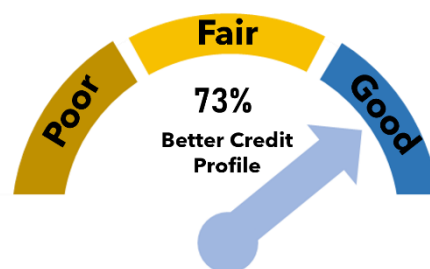


Figure 13: Better credit profile

73% of the RMG workers have made a better credit profile through the intervention. Data shows that workers with strong credit profiles face no difficulties in obtaining loans, repaying on time, and benefit from suitable interest rates. RMG workers are highly conscientious about maintaining their credit profiles, as a positive credit score is essential for availing microloans. For AGAM, a minimum of 13 points is required to qualify for a loan.

Case Stories for Nano-loan Intervention



*Name: Mithun Bisshash
Gender: Male
Age: 32
Profession: RMG Worker
Designation: Sample Man
Factory Name: Ananta Sportswear Garments Ltd.
Location: Ashulia
Marital Status: Married
Household Size: 3 members*

Mithun Bisshash's Journey: Bridging Financial Gaps with Digital Loans

For the past 20 months, Mithun Bisshash has relied on loans to meet his household financial needs. Each time, he uses AGAM to apply for a loan through his smartphone, with the funds—typically between BDT 2,000 and BDT 5,000—arriving almost instantly. But this month, due to unforeseen circumstances, Mithun needed more and borrowed BDT 5,600.

While the convenience of receiving loans quickly helps keep his household running smoothly, Mithun faces challenges. The loan examination process can be tough, sometimes forcing him to settle for smaller amounts that barely cover his needs. Despite these hurdles, Mithun appreciates that loan repayments are automatically deducted from his salary account, preventing him from falling into debt. However, it also leaves him with very little savings each month.

Mithun often wishes the loan amounts could be a bit higher, and that the approval process was easier, allowing him to save more and ease the financial pressure. Though AGAM's digital loan service has been a lifeline, it also serves as a reminder of the limitations he continues to navigate.

Roushan Ali's Relief: Tackling Financial Struggles with Digital Loans

Roushan Ali used to face financial shortfalls at the end of every month. Unable to secure informal loans from friends or family, he often resorted to borrowing at high interest rates, which only deepened his financial troubles. That changed when he learned about AGAM's loan product through a campaign at his factory.

Since then, Roushan has regularly taken loans of BDT 3,000-4,000, which have helped resolve his family's financial crises. The convenience of automatic loan repayment—directly deducted from his salary account—ensures he stays on top of his payments without stress. This system has not only made borrowing easier but also freed him from the burden of informal loans with steep interest rates.

Roushan appreciates AGAM's reward program, which grants him points for borrowing and timely repayment. These rewards have motivated him to keep using the service. Although he wishes the available loan amounts were higher, AGAM's digital loan solution has brought him financial stability, making his life much easier.



*Name: Roushan Ali
Gender: Male
Age: 25
Profession: RMG Worker
Designation: Assistant Supervisor
Factory Name: Ananta Sportswear Garments Ltd.
Location: Ashulia
Marital Status: Married
Household Size: 5 members*

credit score acts as an achievement, and users are often so concerned about it that they proactively contact banks to ensure timely repayments, as it affects their access to future loans. Survey data indicates that all RMG workers successfully repaid their loans on time, indicating their commitment to repayment without impacting their daily lives. Loans are automatically deducted from their salaries, and the interest rates are affordable, reducing the financial burden. Survey findings indicate that the nano loan amounts received by RMG workers range from 2,576 BDT to 5,000 BDT, with an average of 4,085 BDT. On the other hand, the e-Rin amounts received by RMG workers range from 30,000 BDT to 50,000 BDT, with an average of 40,000 BDT. These loan amounts are quite enough for the workers to handle small emergencies such as medical issues, small investments, and other necessities.

Individuals with an alternative credit score above 13 and a history of timely loan repayment are considered to have a better credit profile. This accounts for 73% of our assessed group. 83% of respondents reported that they usually do not face difficulties with loan facilities. While the newly introduced loan products were popular among RMG workers, some challenges emerged. According to 17% of the workers, they encountered some difficulties while experiencing the digital loan product. The immediate deduction from the first month's salary of the RMG workers after taking a loan usually made it difficult to manage monthly expenses and household budgets. Additionally, some workers became dependent on these loans, leading to repeated borrowing and increased financial strain. Furthermore, the app's operational issues added another layer of difficulty for them. Besides these operational activities of the app are causing another challenge for them.

Also, the difficulties of repayment rate are very low (3%) and all the respondents have confidence in repaying the loan on time drives a positive impact on the project. Those who struggled with loan repayment faced challenges because their monthly salary was deducted from their accounts, making it difficult for them to cover daily expenses.

Despite being a popular intervention, the adoption rate of loans remains low as RMG workers have become more financially resilient through the use of digital financial products and services provided by the project.

7.1.3 Introducing or Scaling Savings Product

According to the findings, 47% of the RMG workers and community people have increased their monthly savings amount. In phase II, 84% opened their first savings account more than doubling from the previous. Additionally, the reliance on informal savings methods has decreased, and the percentage of workers who used to not save at all has dropped to 0%. This shift indicates a growing interest in savings compared to Phase I. As well as in Phase II people have slightly started to use MFS platforms for savings, which is a sign of a positive trend toward digitalization. Survey data reveals that in Phase II, 22% of people use DPS and FDR, indicating a gradual increase in the habit of saving, compared to only 13% in Phase I. Before the intervention, many individuals were unfamiliar with or hesitant to engage with the banking system, often opting to keep cash at home or with family members. Notably, 48% of respondents demonstrate a strong understanding of formal savings accounts by realizing the benefits of using them, highlighting a significant improvement in financial literacy.

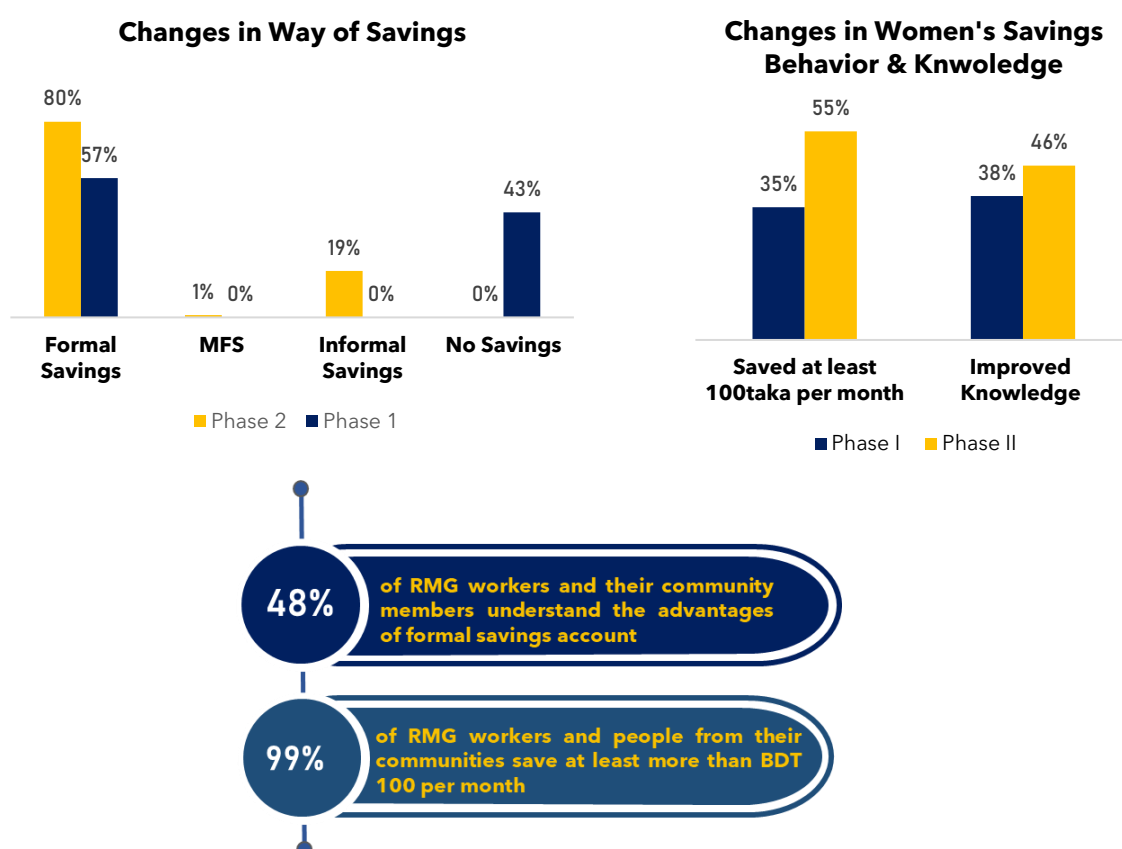


Figure 14: Changes in savings behavior and knowledge level

Sarathi II successfully promoted savings account openings and helped people become accustomed to the banking system and small ticket-sized savings products as community people also became aware of these products through this intervention. Participants realized that formal savings provide enhanced safety and security with opportunities for saving for future usage, interest in the capital, and added convenience. They can also enjoy other banking facilities and become eligible to take loans. They also noted that when they receive cash, they tend to spend it all, but when money is kept in a formal savings account, they can avoid unnecessary expenses.

Case Stories for Savings Intervention



Name: Akhtarina Begum
Gender: Female
Age: 31
Profession: RMG Worker
Designation: Trainer
Factory Name: Echo Tex
Location: Safipur, Gazipur
Matrinal Status: Married
Household Size: 5 Members

Akhtarina's Savings Pave the Way to a New Home

Akhtarina Begum had never used a savings account until her employer required her to open one with Bank Asia PLC. Before this, saving money was difficult, but having a bank account changed everything. Now, she only withdraws what she needs and allows the rest to accumulate in her account, building her savings over time.

Thanks to this shift, Akhtarina has achieved significant milestones. She used her savings—around BDT 5-6 lakh—to build a house on her land. Recently, she even covered her hospital bills and celebration costs after giving birth, all from her accumulated savings. Looking ahead, she plans to use her savings to start her own business.

While she's highly satisfied with Bank Asia PLC's savings service, she hopes for more branches to make banking even more convenient. Still, Akhtarina's financial journey shows how a simple savings account can unlock life-changing opportunities.

Land Purchased, Dreams Secured: Azmira's Savings Story

Before opening a savings account with Bank Asia PLC, Azmira Khatun struggled to manage her finances, with little left to save at the end of the month. Her employer's requirement to have a salary account with the bank proved to be a turning point. Now, Azmira only withdraws what she needs, allowing her savings to grow steadily.

With this disciplined approach, she has accumulated around BDT 40,000 in her account. One of her biggest achievements has been purchasing land—her long-term financial goal—using her savings. Azmira is determined to continue building her savings and improving her financial situation.

She's highly satisfied with Bank Asia PLC's savings services, which have made it easier for her to manage her money and reach her financial goals.



Name: Azmira Khatun
Gender: Female
Age: 35
Profession: RMG Worker
Designation: Supervisor
Factory: Echo Tex
Location: Safipur, Gazipur
Marital Status: Married
Household Size: 4 Members

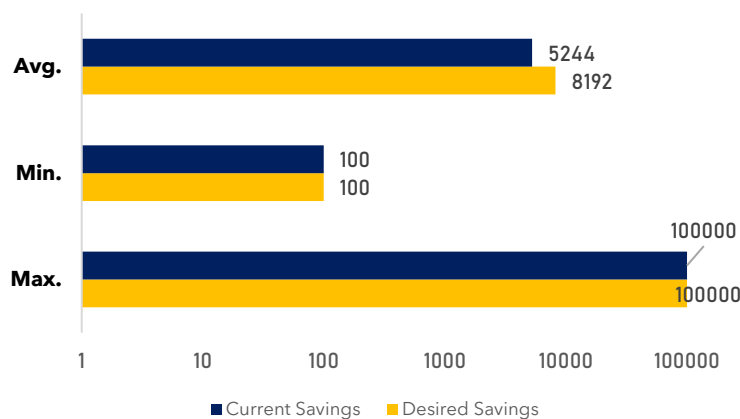


Figure 15: Comparison between desired savings amount and current savings amount

The minimum and maximum values for both current savings and desired savings are nearly the same. The average current savings is BDT 5,244, while the desired savings amount is BDT 8,192, highlighting that people wish to save more money.

Furthermore, 15% of RMG workers now utilize multiple bank accounts. These factors indicate the interest in formal and digital savings accounts

among the RMG workers is increasing day by day. Shortly, it might be adopted by the RMG as a regular activity. But to develop this journey they need more motivation, financial knowledge, and digital literacy. 91% of project participants can afford the daily essentials, and 89% can save additional money after covering all expenses. 82% also spend on recreational activities such as cinema, travel, and dining at restaurants.

7.1.4 Introducing or Scaling Insurance Products

The awareness of insurance products among the low-income segment in Bangladesh remains limited, posing significant challenges to the broader adoption of these financial tools. Many individuals within this demographic either lack knowledge of the insurance options available to them or do not fully comprehend how these products function and the potential benefits they offer. This lack of understanding is exacerbated by a narrow focus on life insurance, with little awareness of other types of insurance that could provide critical support in times of need. Through the project, 18.5% have developed the capacity to manage health emergencies, having made at least one claim on their insurance. From this percentage, 53% of females claimed health insurance at least once.

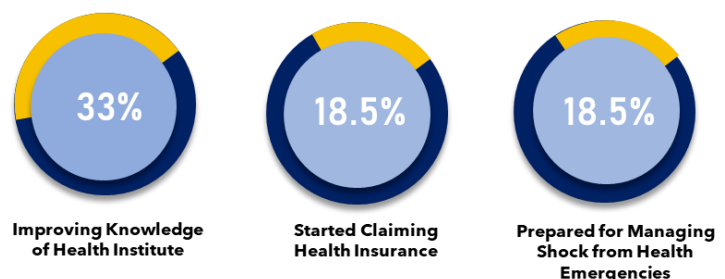


Figure 16: Managing shocks from health emergencies

This lack of understanding is exacerbated by a narrow focus on life insurance, with little awareness of other types of insurance that could provide critical support in times of need. Through the project, 18.5% have developed the capacity to manage health emergencies, having made at least one claim on their insurance. From this percentage, 53% of females claimed health insurance at least once.

53% of the users think they have the ability to claim health insurance and from them, 62.79% know the proper criteria to claim health insurance including 44% of women.

14% of the RMG workers found the system of digital health insurance is important for them. Because they are getting a good percentage of the treatment cost. It reduces the medical expenses for a low income RMG worker. Before the insurance, they need to arrange money and have to think of the treatment cost. In some cases, they don't have enough money for it. But now it is easy.

I got 25,000 BDT for the treatment through claiming for health insurance while I did an operation. It helped me financially to pursue better treatment. - Lutfa Begum, Worker of Echo Knit Limited

While Sarathi II has made significant progress introducing health insurance and launching it to enhance financial health, additional promotional activities, campaigns, and support are needed to expand access and reach more individuals.

Moreover, persistent issues such as difficulties in receiving claim amounts and still prevailing negative perceptions of insurance further hinder trust and uptake. Compounding the problem, factories continue to rely on subsidies for insurance premiums rather than assuming responsibility for these costs, indicating a lack of commitment to integrating insurance as a standard employee benefit. Efforts to shift perceptions through refresher campaigns have not been successful, highlighting the need for more targeted and effective strategies to increase insurance literacy and build confidence in the system among low-income workers.

Case Stories for Health Insurance Intervention



Name: Lutfa Begum
Gender: Female
Age: 33
Profession: RMG Worker
Designation: Operator
Factory Name: Echo Knits Ltd.
Location: Gazipur
Marital status: Married
Household Size: 6 Members

Lutfa Begum's Safety Net: The Power of Health Insurance

For three years, Lutfa Begum has worked at Eco Knits, aware of her health insurance but unsure of the provider behind it. Her understanding of the policy changed dramatically when her husband suffered a serious injury in a road accident. In a panic, she rushed to Savar and admitted him to Sadar Hospital, facing a hefty bill of BDT 30,000 for surgery and treatment.

Fortunately, with support from her factory, Lutfa quickly filed a claim for her insurance. To her relief, she received BDT 25,000 almost immediately, which significantly eased the financial burden of the emergency. This experience not only helped her cover unexpected medical expenses but also provided her with peace of mind.

Lutfa now realizes how essential health insurance is in safeguarding against financial shocks, transforming her view of its value and importance in her life.

7.2 Better Knowledge of Financial Services

Sarathi II has improved knowledge of digital financial services for 52% of RMG workers and community members, with 45% of these beneficiaries being women. By introducing user-friendly and innovative digital financial products and services, the project has significantly increased the adoption of digital cashless transactions among beneficiaries. They are now utilizing smartphones and apps to access a range of services, including digital transactions, savings, loans, and health insurance, with enhanced flexibility and security. Access to these products and services has been facilitated through various campaigns, agents, partners, and factory management. As a result, workers and community members have developed a better understanding of new transaction services and have started engaging in formal savings.

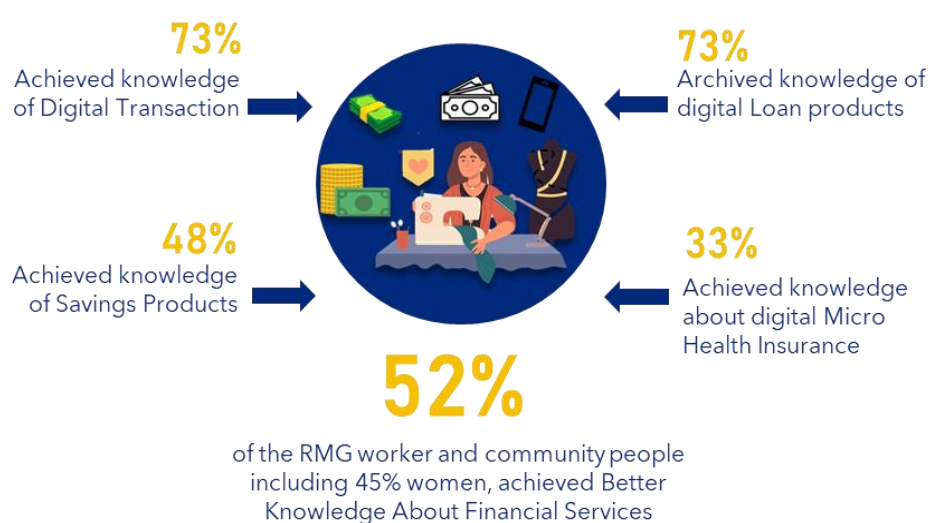


Figure 17: Better knowledge of financial products and services

Through Sarathi II's financial health interventions, the target group now recognizes the benefits of formal accounts in managing both short- and long-term financial shocks, leading to an improved lifestyle. Additionally, their digital literacy has grown, enabling them to use not only app based financial products and services but also MFS channels for saving and loans, further enhancing daily financial management.

7.3 Improving Economic Condition

Project beneficiaries who have experienced a salary increase following upskilling training or a boost in income from entrepreneurship training, and who have upgraded their overall lifestyle through participation in Sarathi II, its partner organizations, or by utilizing associated financial products and services, have improved their economic condition. Overall, 52% of the project beneficiaries have improved their economic condition through upskilling training and entrepreneurship training.

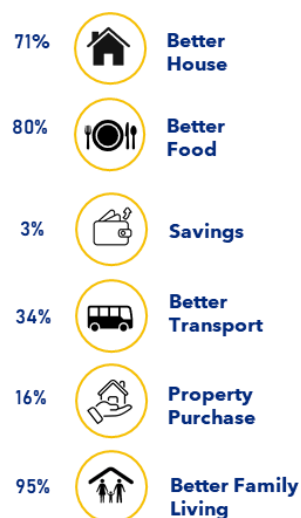
7.3.1 Facilitating Upskilling of Female RMG Workers and Supervisors

The upskill training provided by Sarathi II has enhanced the technical skills of RMG workers, making them more skilled and expert in their tasks. All the participants reported in the

survey that they improved their performance and productivity. As a result, the total production of the factories has increased. Previously, factories had to hire workers who were mostly freshers with no work experience. However, after the upskilling, and training provided by Sarathi II, RMG factories have quickly gained expert workers.

Workers are now effectively earning additional income. The factory has implemented a scheme where workers receive a bonus for completing 100 pieces in an hour. If their production doubles, they earn a double bonus. – Arif Hossain, Trainer at Echotex

Notably, 98.46% of workers reported receiving a salary increment after the training. However, there is a gap in data collection, as CPL surveyed only those respondents who applied the training experience in their work, addressing bias in the results.



RMG workers used this increased salary for a better living. They have better food, houses, and better livelihoods. After increasing salary, their overall lifestyle has been upgraded. The time required for a salary increase now ranges from 1 to 12 months, with an average of 5.7 months. Previously, this range was 3 to 12 months, with an average of 10 months. Notably, following the upskilling training, the time

to achieve a salary increase has significantly decreased. Holding respectable positions in their professional lives has also positively impacted their personal lives. It was found that 98% of female RMG workers now have a role in family decision-making.

Supervisory training is another component of the upskilling training specifically offered to potential female workers. 41% of the trained individuals for being supervisors were promoted to supervisory roles and all of these trainees also got an increment after receiving the training due to their better performance. Notably, 73% of those who became supervisors had never previously considered pursuing such a role. As supervisors, these women gained leadership and respect from both workers and management. They now participate in production meetings and key events and gaining valuable experience for future job opportunities. All reported improved access to family finances due to their training and salary increase. Many also feel more empowered, with their decisions being valued more by family members than before.

Amount of Increased Income

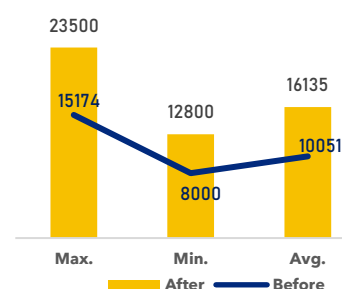


Figure 18: Amount of increased income after applying the learnings of upskilling training

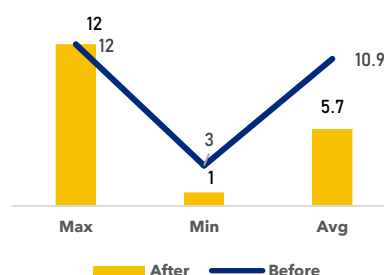


Figure 19: Months required to increase salary

Access to decision making

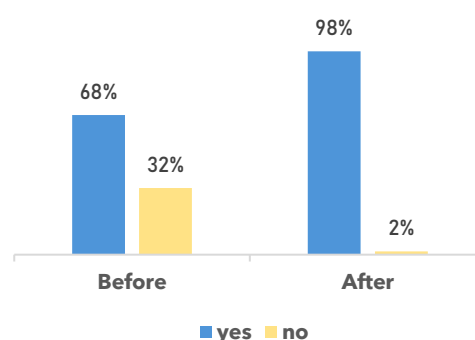


Figure 20: BACO of access to family decision making

Case Stories for Upskilling Training Intervention



*Name: Nazmul Islam Himal
Gender: male
Age: 24
Profession: Garments worker
Designation: Trainer
Factory Name: Echotex Ltd.
Location: Gazipur
Marital Status: Unmarried
Household Size: 4 Members*

Nazmul Islam Himal's Journey: From Quality Inspector to Trainer

Nazmul Islam Himal's career took a significant turn after receiving ToT (Training of Trainers) from RBC. Before the training, he worked as a quality inspector for three months, earning a modest salary of BDT 9,000. However, after becoming a trainer about a year ago, his salary rose to BDT 14,500, and following a recent raise due to worker unrest, it further increased to BDT 18,000.

The ToT training not only improved his financial situation but also advanced his career. As a quality inspector, he led a production line, but now, as a trainer, he oversees a larger group of workers and supervisors, providing them with training, motivation, and problem-solving guidance. His efforts have contributed to increased productivity, with targets after a Low Performance Inspection (LPI) rising from 100 units to 130-140 units, reflecting this improvement.

Nazmul credits his career growth to Sarathi II, stating that he had never imagined becoming a trainer before. Now, he is focused on further advancing his career and achieving higher positions through continued hard work.

From a Garment Worker to a Supervisor: A Journey to Financial Independence

Shahanaj Akter Setu, who came from a well-off family, married a simple man of her choice and moved to Dhaka. She began her career as a helper in a garment factory but faced challenges, leading her to switch jobs multiple times. Eventually, she joined her current factory on August 16, 2016, as an operator. Despite her family's disapproval of her working in the garment industry, Shahanaj was determined to carve her own path.

With her husband's support, she aspired to become a supervisor. Her determination paid off when she was selected for a supervisory training program, which she successfully completed. Initially, she struggled in her new role, but with her husband's encouragement, she persevered. Today, Shahanaj is thriving as a supervisor, earning a salary of BDT 20,000. This income has enabled her to support her family, provide for her children's education, and save for the future.

Shahanaj is deeply grateful to Sarathi II and her factory's management for the training and opportunities that helped her achieve this milestone.



*Name: Shahanaj Akter Setu
Gender: Female
Age: 23
Profession: RMG Worker
Designation: Supervisor
Factory Name: Fakhruddin Textile Mills Ltd.
Location: Mawna, Gazipur
Marital Status: Married
Household Size: 2 Members*

position for all. Some female supervisors face challenges when their partners or family members disapprove of them taking on this role. In some cases, partners may actively discourage them from advancing beyond a man, driven by male ego. In a male-dominated society, women often face resistance to their professional growth. Moreover, certain families restrict women from becoming supervisors, as it involves spending long hours at the factory.

Since becoming a supervisor, my coworkers no longer interact with me as they used to. They ignore me and sometimes even bully me, which makes me feel very sad! –

Ajmeera, Supervisor at Echotex

The Sarathi II project successfully facilitated career advancement for RMG workers in 9 factories. 100% of them This is a turning point of the career progression of the RMG workers. Trainers could provide training, guidance, and instructions to the workers for skills development even after the project's intervention. Workers upgraded to trainers by demonstrating their expertise, helping solve issues on the factory floor, and boosting production. However, some workers did not see a change in their role, primarily due to poor performance or challenging work environments.

7.3.2 Entrepreneurship Training and Access to Finance for 500 Aspiring Women Entrepreneurs

The objective of the entrepreneurship training was to empower the laid-off women RMG workers and their community members to have better economic conditions. Sarathi II tried



Figure 23: Increased income for entrepreneurship training



Figure 23: Learnings of the Entrepreneurship training

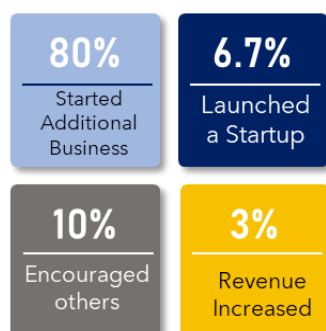


Figure 23: Changes due to applying knowledge of entrepreneurship training

to create a new way for the laid-off RMG workers when they remained jobless and financially vulnerable. In this intervention, the majority of participants were members of the RMG community, while the presence of laid-off RMG workers from the industry was comparatively lower. Based on the survey, it was found that all of the women entrepreneurs took loans for their businesses. All of them took loan from YPSA as they were individual member of this organization from before the intervention. Every entrepreneur who took a loan successfully grew or started a new business according to their needs.

Before the training, trainees struggled with business management and ignored indirect costs such as electricity and transport costs. Previously, they had limited knowledge that purchasing raw materials in bulk can significantly reduce production costs. However, after entrepreneurship training, RMG workers and their community members became clear about cost analysis, which directly influenced their financial literacy. As a result, their businesses have developed, and their earnings have increased. Moreover, based on the survey findings, this initiative could empower

mostly the community members of RMG workers to confidently start, manage, and expand their businesses, paving the way for sustainable growth and success. Based on the survey, women respondents shared the benefits of entrepreneurship training they face in their business lives. Women have started to establish themselves as self-reliant and have significantly improved their business. Moreover, they are now able to support their male business partners, contributing to mutual success and progress day by day. 100% of the woman shared their income has increased after applying the learnings of entrepreneurship training. However, there is a gap in data collection, as CPL surveyed only those respondents who applied the training experience in their work, addressing bias in the results Now their monthly income ranges from 15000 BDT to 70000 BDT with an average of 36,300 BDT. The average increase in net monthly income of these women entrepreneurs is 11,713 BDT.

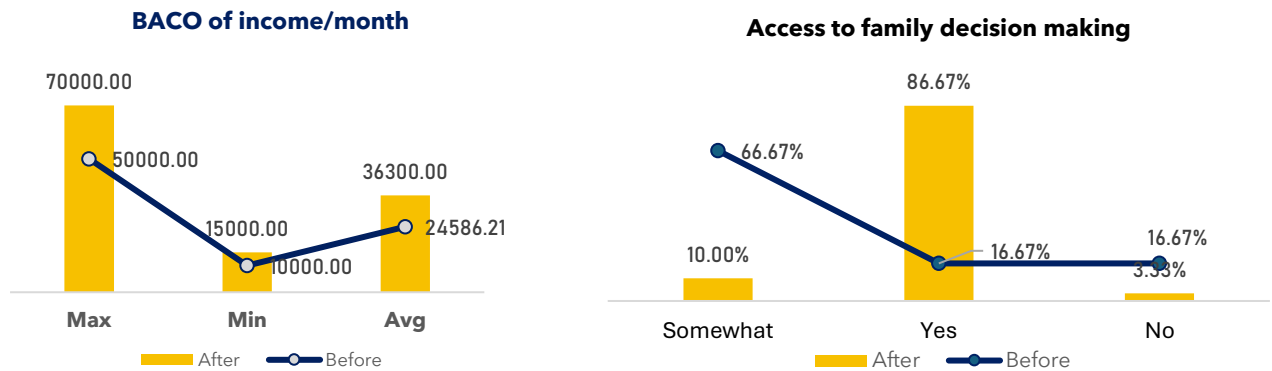


Figure 24: Advantages of entrepreneurship training

This increased income plays a pivotal role in the way of living of the laid-off RMG workers and their communities. However, the entrepreneurs were individual members of YPSA before the Sarathi project. While Sarathi has played a crucial role in equipping them with business knowledge, the income growth isn't solely attributed to this project. The entrepreneurs, who were YPSA's

members before Sarathi, achieved business expansion largely through loans provided by YPSA.

These women now have greater access to family decision-making compared to before, which is gradually empowering them to achieve better financial stability. 96.67% of the participants advocate for the encouragement of women to pursue entrepreneurship, and 86.67% suggest that other women should also benefit from this training to establish their own businesses or maintain their current ones. Many of these women have gained financial independence and the confidence to participate actively in their local economies, creating a ripple effect of empowerment in their communities.

Case Stories for Entrepreneurship Training Intervention



Name: Josna Akter
Gender: Female
Age: 42
Occupation: Owner of Jonny Tailors (Mini garments)
Location: Chattogram
Marital Status: Married
Household Size: 5 Members

Nazmul Islam Himal's Journey: From Quality Inspector to Trainer

Josna Akter's life took a sharp turn after leaving her job as a Ready-Made Garments (RMG) worker to care for her family. Her husband worked as a shopkeeper, and together, they supported their three children. However, when the COVID-19 pandemic hit, their shop suffered significant losses, and tragedy struck when her husband was paralyzed in an accident. Struggling to make ends meet, Josna knew she had to act.

With a loan from YPSA, she launched a small garment business, employing seven workers. Despite her determination, Josna lacked business knowledge, which limited her success. Her net income hovered around BDT 25,000 to 30,000 per month. Desperate to improve, Josna enrolled in an entrepreneurship training program, which transformed her approach to business. She learned how to properly calculate costs, source materials, and manage finances—skills that had been missing from her operations.

Armed with this new knowledge, Josna saw her business thrive. She now employs 13 workers, earns an average of BDT 70,000 monthly, and even made BDT 120,000 during the last Eid season. Her improved income allowed her to cover her husband's medical expenses and pay for her daughter's wedding.

Josna's journey is one of resilience, as she turned adversity into an opportunity for growth. Now, she not only supports her family but also provides livelihoods for her employees, with plans to expand her business into a full-fledged garment factory.

From a Garment Worker to a Supervisor: A Journey to Financial Independence

Sharmin Begum, a 28-year-old mother of two, has always dreamed of becoming financially independent and contributing to her family's well-being. With her husband's support, she initially started sewing dresses at home using an old machine and managing a small poultry farm with her son's help. Despite her efforts, Sharmin struggled to make a significant income, earning just BDT 12,000 per month.

Two years ago, her life changed when she received entrepreneurship training from YPSA. The training equipped her with essential business management skills and financial literacy, allowing her to better calculate profit and loss. Motivated by this new knowledge, Sharmin launched a boutique business and expanded her poultry farm.

She also took six loans from YPSA, starting with BDT 50,000 and eventually securing BDT 300,000 to grow her ventures. This financial boost, along with her improved business skills, helped Sharmin increase her monthly revenue to BDT 30,000, even reaching BDT 60,000 during Ramadan.

Sharmin's success story is not just about personal achievement—it's about creating change. Inspired by her journey, women in her neighborhood have started their own ventures.



Name: Sahrmin Begum
Gender: Female
Age: 28
Occupation: Owner of Boutique House
Location: Chattogram
Household Size: 4

8 EARLY SIGNS OF BROADER IMPACT

8.1 Improving Financial Health

RMG workers and their communities, who have increased their savings, regularly use digital transactions, build better credit profiles, and handle unexpected expenses through insurance, are showing early signs of positive results in household budget management. They are better able to track their expenses, manage debt, and save for the future, effectively managing their household budgets. Among them, 25% of respondents (38% women) now regularly calculate their monthly income and expenditure either in writing or on mobile notepads.

In this figure, financial control based on the use of financial products and services is highlighted. Respondents feel confident about their financial situation, believing they can better manage their household finances, both for current needs and for the future. This indicates that they have achieved financial control by gaining financial resilience

through better management of day-to-day finances and unexpected or adverse events. Due to improved household budget management, RMG workers are more interested in maintaining regular savings by identifying areas where spending can be reduced, enabling the achievement of long-term financial goals.

Beneficiaries who have achieved financial security and can manage their daily lives or adapt to changes are considered financially resilient. 37% of the project beneficiaries have achieved financial resilience through Sarathi II. Those who have attained financial resilience are able to maintain stability, recover quickly from crises, and sustain long-term well-being despite unforeseen economic challenges.

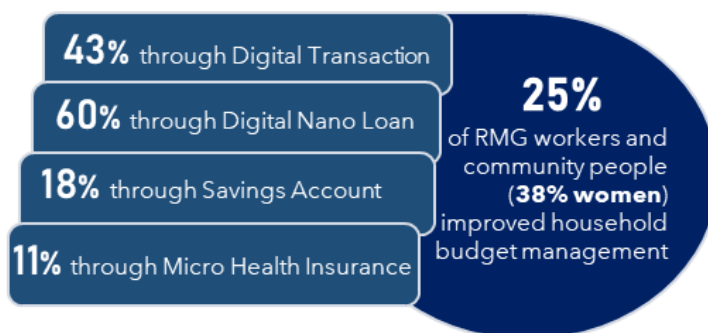


Figure 25: Percentage of beneficiaries who have improved household budget management

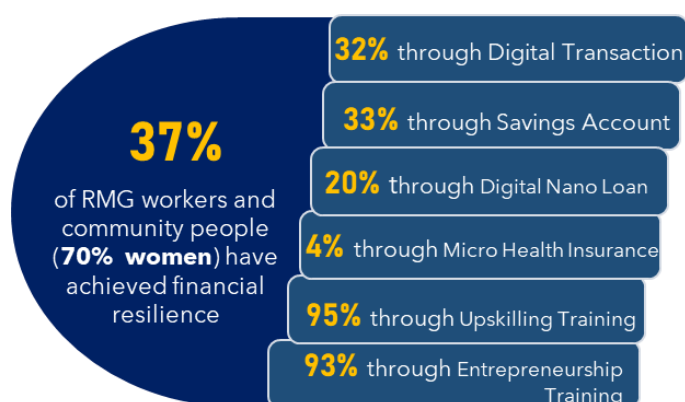


Figure 27: Percentage of beneficiaries who have achieved financial resilience



Figure 26: Ways of managing financial shocks

75.55% of the survey respondents stated that their overall lifestyle has been upgraded because of the project intervention and availing financial products and services. 57.21% of respondents stated that they can make their financial situation better. Most respondents reported using their savings to cope with financial shocks.

Financially resilient people can better withstand unexpected financial shocks, such as job loss, medical emergencies, or economic downturns, without falling into debt or financial

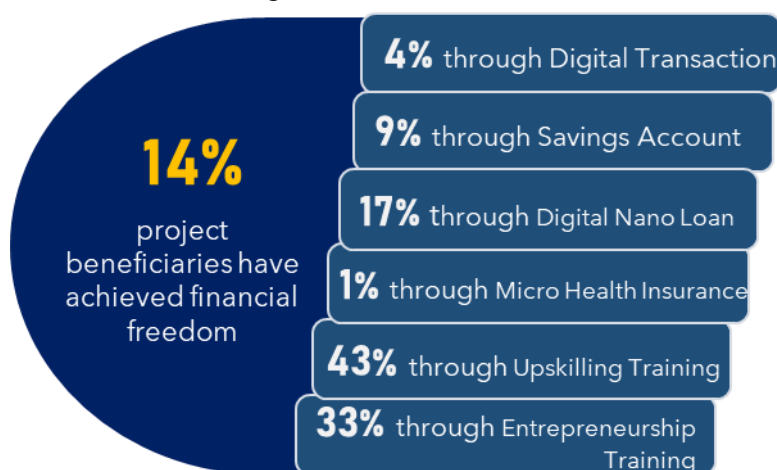


Figure 28: Percentage of project beneficiaries who have achieved financial freedom

hardship. After managing these, some are able to save money for things beyond basic needs, like buying luxury items (e.g., gold) or investing in bigger goals (e.g., building houses). Of those who have reached this point, 14% are on their way to achieving financial freedom, meaning they have more control over their money and can afford to enjoy extra comforts in life. Project beneficiaries who are

financially resilient, either pursuing or wanting to pursue their future plans or dreams through savings or loans, systematically calculate their monthly expenses to track spending, manage debt, and save for the future, and forecast their annual budget to plan for future expenses, set financial goals, and manage cash flow, have achieved financial freedom.

Previously, female beneficiaries had limited access to financial decisions within their families, with male members typically managing finances and covering expenses. However, female supervisors from upskilling intervention are now earning substantial incomes that they contribute to their families. In the past, women often needed permission to spend money or received no pocket money. Now, they have the autonomy to manage their finances. Some women are even setting financial goals with their husbands and working together to achieve them. This shift indicates a significant improvement in the financial freedom and empowerment of female workers as a result of the project. The interventions of Sarathi II have contributed to increasing women's mobility and access to financial assets and opportunities, improving their financial well-being.

Qualitative data show that people outside the intervention struggle with high-interest loans, and women in non-project areas lack access to finance. They often rely on pocket money from their husbands, and some do not receive any at all. Additionally, they have limited mobility. In contrast, female entrepreneurs under the Sarathi II project are more empowered compared to those in non-project areas.

8.1.1 Ripple effect on the RMG community

From the survey, 32% of the respondents belonged to the community of RMG workers who participated in various interventions, including digital transactions, entrepreneurship training, and savings programs. Community members involved in these projects directly benefited from the interventions. Additionally, many who did not participate were indirectly

benefited by the influence of those who did. For example, participants in the digital transaction intervention encouraged their family members, relatives, and friends to increase their usage of digital transactions and shared enhanced digital financial literacy with them. This resulted in a broader understanding and increased use of digital transactions, enhancing financial convenience and security for the community. They also benefited from various offers provided by Mobile Financial Services (MFS) platforms.

Participants in the savings intervention encouraged their acquaintances to use official savings accounts, leading many to start saving in bank accounts. Similarly, those involved in the Loan intervention shared the advantages of formal loans with their family members and community, prompting others to seek formal loan opportunities.

The impact of the entrepreneurship training was particularly significant, as many people around the trainees started their own businesses or startups after witnessing improvements in the trainees' financial conditions. This not only improved their economic situation but also empowered many women, elevating their social and familial status and expanding their rights. Furthermore, trainees of the upskilling intervention motivated those around them to engage in training programs to enhance their professional skills, spreading the benefits of these initiatives throughout the community.

8.1.2 Level of Satisfaction of Target Group

Based on the survey and qualitative data, both RMG workers and community members appear largely satisfied with the project's initiatives. A total of 93.91% of RMG workers and their community expressed satisfaction with the support provided by agents in opening formal bank or MFS accounts. The project staff and partners effectively supported the target beneficiaries. However, to establish effective digitized financial access points, more

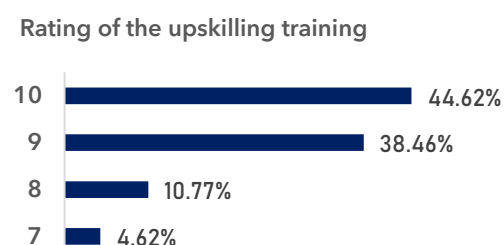


Figure 29: Rating of upskilling training

awareness campaigns are needed. Workers have shown a strong interest in learning about digital transactions. Respondents who received upskilling training rated it highly, with 44.62% of the recipients giving it a perfect score of 10 out of 10. This training was deemed essential by all RMG workers, and 97% would recommend it to their colleagues and friends.

Entrepreneurship training had a significant impact on laid-off RMG workers and their communities. All women respondents, except one, felt that more women should pursue entrepreneurship training. Additionally, 86.67% of them would recommend this training to other women.

8.2 Environmental Impact

Sarathi II has made some notable strides in reducing its environmental adverse across its interventions. For three key initiatives, there has been a notable decrease in paper usage. Usually, formal bank loan processing requires 45 pages per person, but the transition to digital loans has eliminated paper use entirely. Similarly, digital savings products have reduced paper usage by 17 pages per individual service, and health insurance services now save 7 pages compared to previous methods. Sarathi II has cut paper usage by an impressive 486,360 sheets as people who used digital loans, savings, and insurance from

Sarathi II did not need this amount of paper usage, highlighting its positive environmental impact.

8.3 Foresight

The Sarathi project has been instrumental in driving a significant positive trend in bank account openings. From a modest beginning with opening the salary accounts through banks, it has facilitated a more than 24-fold increase in the number of bank accounts over approximately seven years (since 2017), with promising projections for continued growth. This trend highlights the project's success in promoting financial inclusion and empowering RMG workers and their communities through access to formal banking and mobile financial services. The forecast, based on previous data points, indicates that the project will successfully reach 100% of the targeted beneficiaries with either a formal bank account or an MFS account.

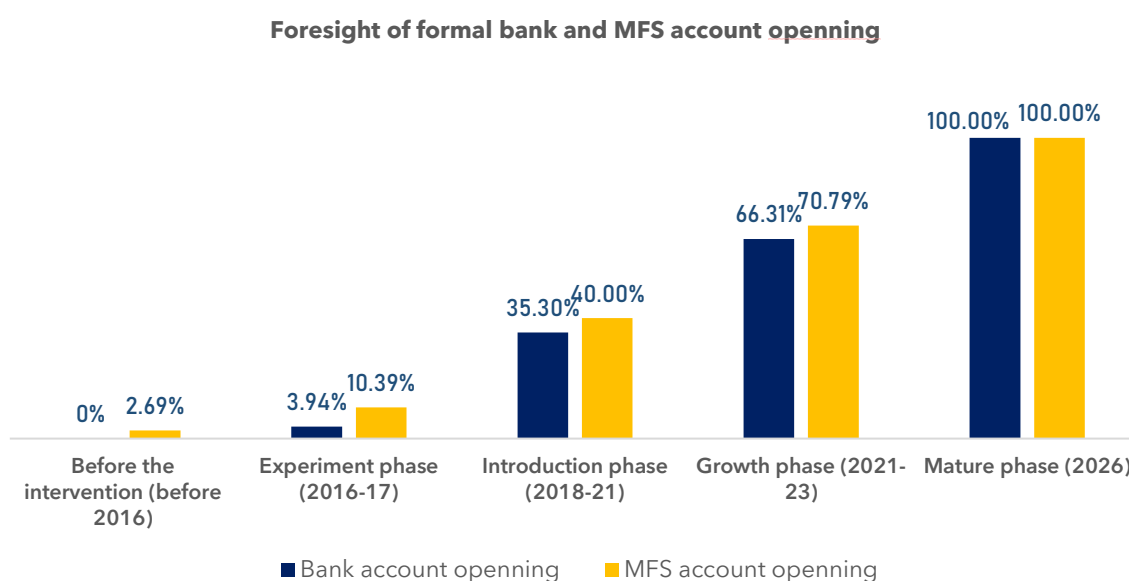


Figure 30: Foresight of formal bank and MFS account opening

The following wheel shows the future scenario of the six interventions under the Sarathi project.



9 PROSPECTS FOR SUSTAINABILITY

9.1 Sustainability at Micro Level

Empowering RMG workers with financial knowledge fosters long-term stability through informed decision-making and effective resource management. Changing financial behavior takes time, but 91.91% of workers plan to keep using bank accounts for security and benefits.

Formal loans remain crucial, with 96.67% ready to borrow again to avoid informal lenders. However, strengthening savings habits is essential to reduce dependency on loans. Despite having accounts, many workers still lack the necessary savings behavior, highlighting the need for customized products.

Upskill training has a lasting impact: 96.92% recommend it, and 100% practice their skills and seek further training. With 75.55% reporting improved living standards, these changes demonstrate sustainable progress at a micro level, ensuring continued benefits beyond the current initiatives.

9.2 Sustainability at the Market Level

By facilitating digital transactions, the Sarathi II project has not only made financial management safer and more efficient but has also significantly enhanced the profitability and operational viability of all stakeholders. The introduction of formal savings products, digital wage payments, and access to credit has allowed RMG workers to improve their financial resilience, while partners like Rocket, AGAM, and Dhaka Bank have seen substantial growth in their customer bases and overall profitability. Furthermore, the health insurance program protects workers from the financial burdens of medical expenses, ensuring that healthcare costs do not erode their income or savings. These interventions collectively foster long-term financial stability for workers and create a sustainable market for digital financial services.

The profitability of all stakeholders is evident. Rocket gained 69,000 new users, representing a 10% increase in its base within project areas, with customers now using multiple products, which significantly boosted revenue. With no major operational challenges, Rocket plans to scale up by engaging a broader low-income customer base. AGAM, another partner, onboarded 19,000 customers and provided loans to over 2,112 workers, despite some app usability issues. AGAM plans to resolve these issues and expand its services to reach 100% of the workforce in the factories it serves.

Dhaka Bank PLC, offering small loans ranging from BDT 1,000 to BDT 50,000 at a 9% interest rate, saw low uptake (only 1%) due to challenges like lack of smartphones and financial literacy. Despite these, Dhaka Bank PLC plans to refine its products to increase profitability. Bank Asia PLC's Achol savings product and DPS schemes have been successful, particularly with low-income workers, despite scheduling issues with bank agents and gaps in financial awareness. Bank Asia PLC aims to scale up this initiative to promote cashless transactions for RMG workers.

In Chattogram, YPSA opened 10,000 savings accounts but faced challenges like short program duration and factory management resistance. Despite this, YPSA expanded its customer base and plans to scale the initiative nationwide. In health insurance, the project provided coverage to over 37,000 workers and their families. Zaynex Health, serving 4,000 customers, plans to expand despite challenges like limited smartphone access. Waada. Insure also saw a significant increase in its user base and will continue in this segment despite operational issues.

The training programs have also proven effective. RBC trained over 3,900 workers, with 104 becoming supervisors, despite management reluctance. YPSA trained 535 women entrepreneurs, contributing to their business growth. Despite challenges like balancing household responsibilities, YPSA plans to expand the program nationwide to reach more low-income entrepreneurs.

In conclusion, the Sarathi II project has successfully enhanced the profitability and viability of all stakeholders while addressing operational challenges and scaling plans. The project has laid the foundation for a sustainable financial ecosystem that benefits both RMG

workers and financial institutions, with plans for future scale-up targeting low-income groups to foster long-term economic resilience and empowerment.

9.3 Sustainability at Macro Level

Sustained partnerships between financial institutions, RMG factories, and community organizations ensure coordinated efforts and resource sharing, enhancing the project's overall impact and longevity. Continuous training and capacity building for local organizations and community leaders ensure they can support and sustain financial inclusion initiatives independently. The efforts of government organizations like BGMEA and in particular BKMEA in collaboration with Sarathi II have brought about a significant change in wage digitalization and empowerment of women workers through the supervisory training intervention, the module of which is prepared by BKMEA. These are noteworthy and long-lasting initiatives that will contribute to increasing the productivity and profitability of the RMG industry. However, for substantial improvement in this regard, scaling up the interventions and more prompt participation by all parties involved is required.

10 RECOMMENDATIONS AND LEARNINGS

There are a few learnings from the second phase of the Sarathi II project which can be incorporated into the next phase of the project. The following section provides certain recommendations that can be incorporated to improve the project performance as a whole.

10.1 Project Intervention Design

Some interventions, such as the introduction of formal loans, seemed quite ambitious targets within the timeline. Generally, workers take loans only when they genuinely need them. Therefore, setting a high target for loan uptake is not feasible. The same applies to insurance. Based on market understanding, the target for availing health insurance is also quite high. According to partners of Sarathi II, it was possible as they onboarded workers mostly through B2B channels. It may be more effective to reduce these targets or focus on creating access to these financial products rather than expecting widespread adoption in this very short project duration.

Another important point is that when it comes to the financial health of workers, every project participant should be engaged with all the interventions—digital transactions, loans, savings, insurance, and upskilling training to ensure they can access these financial products in the long run. This would have created a holistic impact. However, it seems that the current approach involves introducing different financial products and skills development training to different factories through various interventions. This strategy should be aligned from the very beginning to ensure a comprehensive and consistent approach to financial inclusion.

The project design should be flexible, allowing for system redesign or feedback within the budget. This could involve central feedback sessions for partners to share ideas or from field-level agents to the project monitoring team. Implementation of interventions requires

comprehensive monitoring and feedback loops, especially with partner organizations. There should be mechanisms to adopt the feedback of workers.

10.2 Future Opportunities

There are several future opportunities for expanding the integration of RMG workers and their communities into formal financial systems. The roles of RMG factories, financial institutions, and government institutions are equally important in improving the financial health of RMG workers and their communities. Some key future opportunities are outlined below.

10.2.1 RMG Workers and Community

The project can intervene by increasing awareness campaigns, offering sector-specific training, and providing technical skills to the children of laid-off workers, which would significantly benefit low-income individuals. The following initiatives can be considered in further project design.

Increasing Awareness Campaigns: Integrating low-income individuals into formal financial systems in Bangladesh is challenging and requires persistent behavior change efforts. Regular, widespread financial literacy campaigns, in collaboration with factory management, can be highly beneficial. Repeating these campaigns is essential, as workers often focus on their tasks and may overlook financial education. Additionally, the campaigns should be more comprehensive to ensure lasting impact.

Provide Training for Male Workers: Upskilling and entrepreneurship training can also be provided for male workers, as they have shown significant interest in these opportunities. This training will enable men to support the empowerment of women in their families and workplaces, as gender awareness and sensitivity are included in the training modules.

Develop Sector-Specific Training: The current upskilling and entrepreneurship training focuses on general skills. However, workers have recommended sector-specific training modules to better align with their job roles. Additionally, entrepreneurship training should include more technical aspects for greater effectiveness.

Offer Training for the Children of Laid-off RMG Workers: The laid-off female RMG workers from Chattogram, who have received entrepreneurship training from YPSA, have demanded technical or soft skills training for their children. They highlighted that due to their tight schedules, RMG workers are unable to provide proper care and guidance to their children. Similarly, entrepreneur women, who are also highly occupied with their businesses, often have to involve their children in their work. As a result, they believe that offering such training opportunities to their children would be highly beneficial.

Enhance the Usability of Digital Apps: Workers often struggle to cope with digital platforms due to their limited knowledge of digital financial services. Digital app-based products and services need to be made more user-friendly. Since digital financial products and services are used by people from all sectors, a bilingual operating system (in both Bangla and English) is necessary.

10.2.2 RMG Factory

Factories prioritize production as a business necessity. However, given the low productivity of RMG workers in Bangladesh, focusing on skill development benefits both workers and factories. Management and floor-level staff, like line chiefs and supervisors, may support training if they see its long-term value in boosting productivity and attracting buyers. Ensuring worker well-being and rights can reduce migration and absenteeism. Adopting a long-term approach benefits both the factories and the industry, even financially. Buyer demands and governing organizations like BGMEA and BKMEA often drive change, but once factories see the benefits, they may continue these practices independently. However, factory management must be trained on the project's benefits to ensure proper implementation.

10.2.3 Financial Institutions

The financial institutions should consider the following recommendations to further support the financial integration and well-being of RMG workers. These suggestions aim to address challenges related to customer base expansion, technological accessibility, and customer convenience, all of which are crucial for improving the financial health of RMG workers and their communities.

- **Expand the Customer Base:** Flexibility in product and service design should be introduced to accommodate the diverse needs of workers. Although this may require significant effort and resource allocation, partnering with factory management can ensure financial institutions gain a majority of workers as customers. The wage digitalization initiative has shown that such collaborations significantly reduce uncertainty and create a stable customer base.
- **Invest in Technological Innovation:** Financial institutions, especially those offering loan services like AGAM, should focus on improving the user-friendliness of their app interfaces. Making the loan application process simpler and enhancing AI functionalities can improve access for workers with limited technological literacy. Additionally, introducing Bangla-language instructions for ATM and mobile financial service (MFS) systems will significantly ease the use of these services for non-English-speaking workers.
- **Enhance Convenience and Meet Customer Needs:** Increasing the number of ATM booths on factory premises will address workers' need for easier access to financial services. Expanding the loan amounts available through digital platforms, such as AGAM, would further satisfy workers' financial needs. Reducing the difficulty of loan application exams will also make it easier for workers to qualify for loans, thereby improving financial inclusion for low-income groups.

10.2.4 Government Institutions

Involvement of Government Organization: Relevant government institutions like Bangladesh Bank, BGMEA, and BKMEA have a vested interest in advancing the RMG industry as this is crucial for the financial improvement of every party involved and also for the development of the country, RMG being a major industry of Bangladesh. These institutions can come up with initiatives and ideas on their own accord and collaborate with development interventions. Their involvement can be very helpful for the sustainability and expansion of the interventions since it creates a policy-level requirement for the factories.

Improved Intervention Quality: Drawing on their extensive and comprehensive knowledge and experience of the relevant government organizations, the quality of the interventions gets elevated. BKMEA is collaborating with Sarathi II, which is very helpful for the project, however, there is scope of enhancement of such collaborations between development interventions and government institutions in the future, both sides should seek to do so for mutual benefits as well as increased benefits for the target groups.

