

# **An Evaluation of BRAC Village Organisations Focusing on Selected Indicators**

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## Executive Summary

1. The study was based on a conceptual premise that BRAC's credit-plus approach not only helps improve economic condition of the rural poor by disbursing loan, but its group formation, conscientisation, skill training and other educative and developmental components help generate attitudinal changes towards a socio-economic transition. In such context BRAC's village organisation (VO) has been hypothesized as a conduit.
2. The study had the following objectives: a). to explore what proportion of VOs follow the stipulated norms, b). to know the differentials of regular and irregular VOs, and c). to examine how the regular members differ from irregular members in respect to perception of well-being, economic status, observance of VO norms and other selected criteria.
3. The study had two units of analysis: the VO and the individual member. The VOs formed in years from 1986 to 1995 are taken as the study population. A total of 240 VOs from 18 RDP regions were selected by a stratified random sampling technique. From each VO, 2 regular and 2 irregular VO member were selected randomly.
4. A pretested semi-structured questionnaire and a direct observation checklist were used for data collection. The questionnaire was used to conduct interviews with individual VO members and the direct observational data on VO meetings were collected through a checklist.
5. About 68 percent of the VO members are illiterate. Only 9.3 percent have above primary literacy. About 88 percent of the VO members are Muslim and 12 percent are Hindu.
6. Of the VOs, 51.5 percent adopt resolutions in meetings, 16.3 percent ring bell, 36.0 percent start meeting in time, 74.5 percent recite 18 points, 43.5 percent have small groups, 42.7 percent follow proper sitting arrangement and 19.2 percent follow appropriate loan reimbursement process. There exist significant regional variation in observance of these norms. The year of VO formation has also significant impact on observance of the VO norms.
7. About 74 percent of the VOW members have land less than 50 decimals, about 20 percent 50-199 decimals and 6.7 percent more 200 decimals.
8. Most members joined BRAC for financial benefits. For them, saving facilities, educational opportunities for children, better seeds for cultivation and job opportunities are other issues of attraction.
9. The knowledge of VO members about head of small group and his responsibility, after fluctuations in the early years, consistently improves among recent VO members. Such knowledge is significantly higher among regular VO members.
10. Age and education of the VO members and the year of receiving first loan have no impact on regularity of the VO members.
11. The feeling of economic well-being among the VO members slowly but persistently improves by year of joining BRAC. But those who perceive that their economy has been declining maintains more or less the same trend irrespective of year of joining.
12. Like peception of economic well-being, the surplus household economy is comparatively higher among members those who joined BRAC in recent years, after 1993. The proportion of those who

have no surplus or deficit economy represent about one-third of all VO members, and does not vary with the year of joining BRAC. The surplus economy of the household very significantly depends on regularity of the member.

13. The length of BRAC involvement has no significant impact on receiving modern method of medical treatment for household members.
14. Lack of money for loan repayment, sickness, inhibition from husband and family members, inappropriate behaviour from BRAC staff are important causes of absence from VO meetings.
15. Tendency to leave BRAC, lack of cash money, less income and hindrance from husband are common causes of non-payment of weekly savings.
16. Eighteen percent of the VO members are also member of other NGOs. Both membership and credit involvement follow more or less the same trend over the years from 1986 to 1995.
17. VO members, irrespective of year of joining BRAC, show comparatively higher loan repayment rate than savings. However, both the weekly saving and the loan repayment rate followed the same trend in the study period.
18. About 37 percent of the VOs had 40 percent or less attendance rate and 33.1 percent had 41-60 percent attendance rate. More than 60 attendance rate are observed in 30 percent of the VOs.
19. In about 32 percent of the VOs, the weekly savings deposit rate is 60 percent or less, and it is 61 - 80 percent in about 32 percent of VOs. More than 80 percent savings deposit rate is found in 45.2 percent of the VOs.
20. The loan repayment rate of 60 percent or less are found in 16.3 percent of VOs. The rate is 61-80 percent in 18.8 percent of the VOs. More than 80 percent repayment rate are found in 64.9 percent of the VOs.
21. While asked how to remove existing weakness of the VO, 22.3 percent of the suggestions favoured removal of pressurization of the members for loan repayment. Motivating husbands towards BRAC were suggested in 3.7 percent of the replies. Surprisingly, 74 percent of the answers did not contain any specific suggestion.
22. Among irregular VO members, irrespective of year of joining BRAC, loan repayment rate is comparatively higher than weekly savings. Both repayment and savings show the same trend of relationship with the year of joining BRAC.

## 1. Background of the study

The Rural Development Programme (RDP) was launched in 1986 following the amalgamation of two experimental programmes: the Outreach Programme and the Rural Credit and Training Programme. Under the RDP, the rural poor are organized into village organisations (VOs) and are provided credit, skill development, awareness, education and other necessary support for raising their income and employment opportunities and their level of empowerment (Mustafa et al., 1996). The main emphasis of RDP was to mobilise and empower the rural poor. In order to attain these dual objectives, BRAC takes its interventional programme to the door-steps of the rural poor. In this matter BRAC gives much emphasis to mobilise and organise its stipulated target population having less than 50 decimals of land and selling labour at least 100 days a year. As a prelude to disburse developmental services - both credit and non-credit, BRAC establishes village organisations (VO) in all of its interventional areas. These VOs work as conduit for credit disbursement and also serves as a common forum for dissemination of BRAC views and ideas to the recipient population. The VO generates fellow feelings among the members, provides opportunities of socialisation and help realise the collective strength of the rural poor. It works as a tool of empowering the poor - especially the women through coscientisation of the individual member and collective assertion for a better future. Thus the VOs not only usher cohesion in communities, rather establish and strengthen an organisational framework to counteract isolation and vulnerability - almost accompanied by poverty and powerlessness. VO serves another very useful, in fact a decisive role in microcredit operation. It generates collective savings to ensure collective security against non-repayment, thereby create a conducive environment to disburse loan to the poor without collateral. As a default loanee of a VO restricts further disbursement of loan to others, the fellow members work as a safety net for the creditors to get the money back. Hence VOs not only work as a support organisation for the poor, but for the creditors too. So, for microcredit operation, healthy functioning of VOs is quite crucial.

BRAC' s Rural Development Programme (RDP) has completed three phases of its operation and currently runs its fourth phase. The number of VOs increased from 2401 in 1986 to 37806 in 1996. The cumulative amount of loan disbursed increased from Taka 97 million to Taka 10,907 million in the same period. While the savings increased from Taka 15 million to Taka 944 million (Hussain, 98). Most VOs have passed through a significant length of organisational life cycle. Since no organisation works in a close environment, rather exposed to everchanging outside factors - both friendly and hostile, it is hypothesised that they would have facilitatory or restrictive impact on VO functioning. It would not be unwarranted to envisage that some VOs and VO members may miss the right vision of this developmental instrument. Since BRAC programme decisively depends on proper functioning of VOs, any weakness would have serious implication, both at present and in the future, on implementation of BRAC programmes, therefore would restrict the realisation of BRAC goal. Organisations, like organisms, need constant feedback for sustenance. Such feedback for healthy sustenance can be captured through a diagnostic evaluation, any departure from an envisioned path can provides signals to regain that. Since BRAC pays much importance to learning from weaknesses, such a diagnostic endeavour justified the rationale of this study.



## **2. Objective of the study**

The study had the following objectives: a). to explore what proportion of village organisations follow desired norms, b). to know the determinants of regular and irregular VOs, and c). to examine how the regular members differ from irregular members in respect to perception of well-being, economic status, observance of VO norms and other selected criteria.

## **3. Methodology**

### **3.1 The study population and area**

The study had two units of analysis: village organisation (VO) of BRAC and the individual VO members. The year of 1995 was taken as the cut-off point, all the VOs that were formed in or before 1995, irrespective of geographical location, constituted the study population. The sample VO members are the members of these VOs.

### **3.2 The study sample**

The sample population were drawn through stratified random sampling technique. The stratification of study population were done on the basis of geographic location and the age of VO. A total of 240 VOs from 18 RDP region were selected . The selected VOs were formed during the period from 19986 to 1995. From each VO, two regular and two irregular members were randomly selected out of all members, and thus a total of 960 VO members were the sample population.

### **3.3 Data collection and analysis**

The data were collected through observation checklist and semi-structured precoded questionnaire - designed to precisely guide interviewers in collecting information through interviews with VO memebers and observation of VOs. The interviewers were the field staff of BRAC. Prior to beginning of the VO meeting, the interviewers were present in the meeting venue to observe the starting time of the meeting, ringing of bell, sitting profile, attendance, reimbursement process and other norms in the meeting. The questionnaire for individual interview were pretested and the data were collected by direct questioning.

For regular-irregular dichotomy, the members who were absent in 4 consecutive VO meetings are considered irregular. The irregular members were identified by checking the VO register and the information were also validated by the regular members.

## 4. Findings

### 4.1 Characteristics of the study population

**Table 1. Distribution of VO members by age, education, occupation, religion and household land.**

Characteristic	Number	Percent
<b>1. Age in years</b>		
< 30	255	32.0
30 - 35	268	33.7
>35	273	34.3
<b>2. Education</b>		
Illiterate	538	67.6
Primary	184	23.1
V +	74	9.3
<b>3. Occupation</b>		
Wage-earners	238	29.9
Business man/small traders	180	22.6
Unemployed/ house-wife	177	22.2
Artisan/ craftsmen/ service	201	25.1
<b>4. Religion</b>		
Muslim	700	87.9
Hindu & Others	96	12.1
<b>5. Household Land</b>		
1 - <50	587	73.7
50 - 199	156	19.6
200 & above	53	6.7

Table 1 shows that members of BRAC VOs belong to three age-groups of almost equal size; 32 percent of them are under 30, about one-third belong to 30-35 and 34.3 percent to above 35. Most of them (67.6 percent) are illiterate, 23.1 percent have primary level education and only 9.3 have above primary education. About 30 percent of the VO members are wage-earners, 22.6 percent are in business and 22.2 percent are housewife. About one-fourth of the sample population are rural craftsmen, artisan or in service. About 88 percent of the VO members are Muslim and the rest are Hindu or of other religion. It is noteworthy that 73.7 percent of the VO members have less than 50 decimals of land, 19.6 percent have 50-199 decimals and 6.7 percent have 200 decimals or above land. It is a BRAC criteria that only those who have less than 50

decimals of land and sell labour for at least 100 days a year should be endorsed as VO members. In 26.3 percent of cases, the criteria has not been followed.

## 4.2 Observance of VO norms

Table 2. VO meetings by observance of prescribed BRAC criteria and region.

Region	Criteria						
	Resolution	Bell	Timely meeting	18 Points	Small group	Sitting arrangement	Reimbursement process followed
<b>All</b>	<b>51.5</b>	<b>16.3</b>	<b>36.0</b>	<b>74.5</b>	<b>43.1</b>	<b>42.7</b>	<b>19.2</b>
1. Kushtia	0.0	0.0	0.0	50.0	66.7	66.7	33.3
2. Manikgonj	66.7	41.7	25.0	75.0	33.3	33.3	18.2
3. Narshingdi	13.0	12.5	54.2	58.3	50.0	50.0	16.7
4. Mymensingh	58.3	41.7	16.7	50.0	41.7	41.7	16.7
5. Rangpur	54.2	20.8	20.8	91.7	54.2	54.2	13.0
6. Pabna	83.3	0.0	41.7	75.0	41.7	41.7	33.3
7. Sherpur	50.0	16.7	25.0	91.7	16.7	16.7	25.0
8. Jessore	91.7	16.7	75.0	66.7	50.0	50.0	8.3
9. Jamalpur	15.4	0.0	61.5	100.0	61.5	61.5	15.4
10. Natore	63.6	27.3	45.5	90.9	63.6	63.6	54.5
11. Khulna	100.0	0.0	16.7	25.0	25.0	25.0	0.0
12. B. Baria	0.0	0.0	50.0	58.3	66.7	66.7	16.7
13. Tangail	16.7	25.0	25.0	83.3	25.0	25.0	0.0
14. Gaibanda	69.6	20.8	37.5	95.8	41.7	41.7	37.5
15. Faridpur	27.3	8.3	16.7	66.7	16.7	16.7	8.3
16. Habigonj	100.0	9.1	36.4	81.8	54.5	54.5	18.2
17. Rajshahi	83.3	33.3	41.7	91.7	33.3	25.0	16.7
18. Jhenaidah	33.3	0.0	33.3	33.3	16.7	16.7	16.7

Table 2 shows that though 51.5 percent of the VOs passed resolution in meetings, but there exists marked variation across various regions. In Kushtia and B. Baria, none of the VO meetings passed a resolution. But in Khulna and in Habigonj, it was otherwise. In the these districts resolution was passed in all the VO meetings. On the other hand, in Pabna and Rajshahi

more than 50 percent of the VOs passed resolution. In Narshingdi, Jamalpur and Tangail less than 20 percent of the VOs passed resolution.

Only 16.3 percent of VOs rang bell prior to the meeting. The practice showed marked inter-regional variation. In Kushtia, Pabna, Jamalpur, Khulna, B.Baria and Jhenaidah, the practice was non-existence. The highest practice rate is in Mymensingh and Manikgonj, in both the districts 41.7 percent VOs were found to ring bell. In Narshingdi, Sherpur, Jessore, Faridpur and Hobigonj the practice rate is below 20 percent.

Only in 36 percent of the VOs, the meetings were started in right time. This too shows marked cross regional variation. In Kushtia, none of the VO meetings were found to begin in right time. Observance of time schedule is highest in Jessore (75.0 percent), and followed by Jamalpur (61.5 percent).

It is noteworthy that 18 points were recited in about 75 percent of the VO meetings. In Jamalpur, this was done in all VO meetings. The recitation was conducted in more than 90 percent of VO meetings in Rangpur, Sherpur, Natore, Gaibanda and Rajshahi. The rate of recitation is lowest in Khulna (25.0 percent).

Table 11 also shows that small groups exist in 43.1 percent VOs. These are highest in Kushtia and B. Baria, in both the regions 66.7 percent of VOs have small groups. In Sherpur, Faridpur and Jhenaidah small groups are found in less than 20 percent of VOs.

Appropriate sitting arrangement was followed in 42.7 percent of VOs. Like small groups, proper sitting arrangement was also found in highest proportion of VOs in Kushtia. It is interesting to note that though adoption of resolution, ringing of bell and timely meeting are found in none of the VOs in Kushtia; but in this region, existence of small groups and appropriate sitting arrangement were found in highest proportion.

In Table 11, it is also seen that proper reimbursement process has followed only in 19.2 percent of the VOs. This is practised in highest percentage of VOs in Natore (54.5 percent) and lowest in Tangail (zero percent).

**Table 3. VO characteristics by year of VO formation**

<b>Characteristics</b>	<b>Year of VO formation</b>		
	<b>1986-89</b>	<b>1990-92</b>	<b>1993-95</b>
Existence of small groups (p=.00001)	25.4	33.8	61.0
Sitting arrangement (p=.00001)	25.4	32.5	61.0
Observance of reimbursement process (p=.00001)	6.8	10.1	34.1
Recitation of 18 points (p=.092)	64.4	75.0	80.0
Ringling bell (p=.83)	15.3	15.0	18.0
Observance of meeting time (p=.956)	37.3	36.3	35.0
Adoption of resolution before loan (p=.538)	54.2	57.0	46.9

Table 3 shows that existence of small groups, appropriate sitting arrangement, appropriate reimbursement process and recitation of 18 points are better observed in recent VOs. Such variation is statistically very significant except in the recitation of 18 points. On the other hand, ringing of bell, observance of meeting time and adoption of resolution before loan do not have any consistent relationship with the time of VO formation, neither these are statistically significant.

### 4.3 VO attendance, savings and repayment rate

Table 4. Meeting attendance, savings and repayment rate of village organisations (VO).

Variable	Village Organisation	
	Number	Percent
<b><u>Meeting attendance rate</u></b>		
40% or less	88	36.8
41 - 60 %	79	33.1
> 60%	72	30.1
<b><u>Saving rate</u></b>		
Lowest to 60%	76	31.8
61 - 80%	55	23.0
> 80%	108	45.2
<b><u>Installment repayment rate</u></b>		
60% or less	39	16.3
61 - 80%	45	18.8
> 80%	155	64.9

Considering attendance in weekly meetings, the VOs are divided into three categories. The dividing criteria are as follows: a). 40 percent or less attendance rate, b). 41-60 percent and c). more than 60 percent. Table 4 shows that 36.8 percent of the VOs had 40 percent or less attendance rate and those had 41-60 percent attendance rate are 33.1 percent. More than 60 attendance rate was found in 30 percent of the VOs.

Likewise, the VOs are also divided into three categories depending on weekly deposit rate. The cut-off points for such categorisation are as follows: a). 60 percent or less, b). 61 - 80 percent, c). above 80 percent. Table 2 shows that in about 32 percent of VOs, the weekly savings rate is 60 percent or less, and in 23 percent of the VOs it is 61 - 80 percent. The VOs that have more than 80 percent savings rate comprise 45.2 percent of the VOs.

For categorisation of VOs with respect to weekly loan repayment rate, the same cut-off points as used in analysing weekly deposit rate have been used. The repayment rate is 60 percent or less in about 16.3 percent of the VOS. It is 61-80 percent in about 19 percent and more than 80 percent in about 65 percent of the VOs.

**Table 5. Causes of absence from VO meetings.**

	<b>Causes</b>	<b>Percentage</b>
1.	Loan-installment money not managed	17.62
2.	Sickens	11.92
3.	Inhibition from husband/family/religion	10.36
4.	Inappropriate behaviour of BRAC staff	8.03
5.	Other works	8.03
6.	Long distance	7.25
7.	Was not in the village	2.85
8.	No benefit	2.59
9.	Other NGOs give more facilities	1.55
10.	Quarrel/conflict	1.04
11.	Others	28.76
	<b>Total</b>	<b>100 %</b>

Those who remained absent in 4 consecutive VO meetings were asked why they do so. The respondents revealed one or more causes of such absence. Of those causes, as revealed in Table 5, 17.62 percent relate to their failure to manage money for payment of loan-installment. About 12 percent of causes pertains to the sickness, 10.36 percent to inhibition from husband and 8.03 percent to inappropriate behaviour of the BRAC staff. It is noteworthy that 7.25 percent of the reported causes owe to long distance of the venue and 2.59 percent to lack of usefulness of the discussion. About 29 percent of the causes could not be grouped in the above categories.

**Table 6. Causes of non-payment of weekly savings.**

<b>No.</b>	<b>Causes</b>	<b>Percentage</b>
1.	Will not be in BRAC in the future	28.04
2.	Lack of money for savings deposit	22.88
3.	Inadequate income	19.56
4.	Opposition from husband	3.32
5.	Others	26.20
	<b>Total</b>	<b>100 %</b>



The absentees in 4 consecutive meetings were asked about the causes of failure in depositing their weekly savings. In response, they came up with one or more reasons and Table 6 shows the percentage distribution of those reasons. About 28 percent of the causes pertain to their non-existence in BRAC in future, about 23 percent refer to crisis of cash money. About 20 percent causes relate to inadequacy of income and 3.32 percent to husband's hindrance against such saving deposit.

**Figure 1. VO members by membership of other NGOs and borrowing of loans by year of entering BRAC**

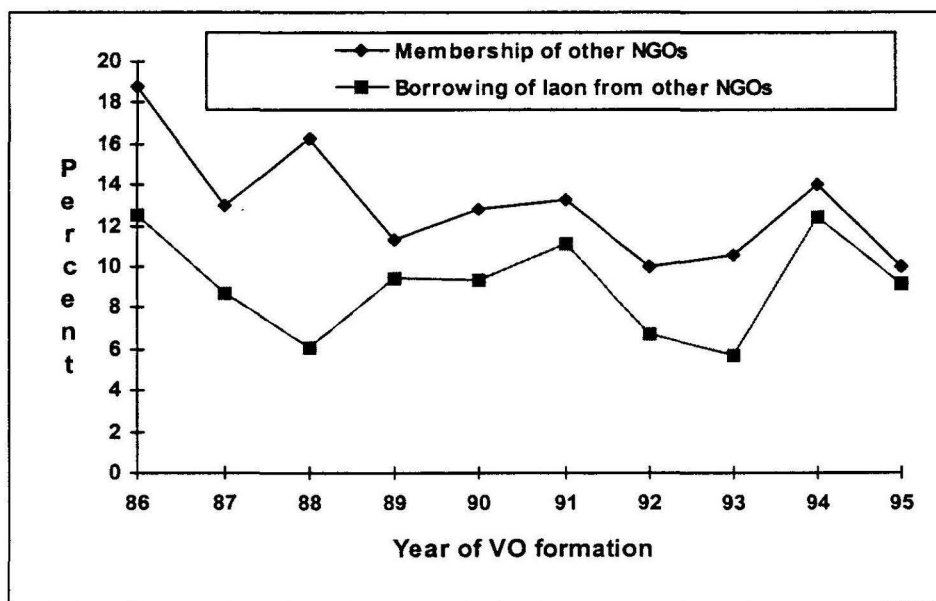


Figure 1 shows that more than 18 percent of VO members joining BRAC in 1986 are found to be members of other NGOs and 12.5 percent took loan from them. The receipt of loan shows a downward trend among members joining BRAC in 1987 and 1988, and comparatively higher in 1988-91 cohorts. After a decline in 1992-93 cohorts, there shows again a rise among those who joined BRAC in 1994. Those who joint very recently (in 1995) show a declining trend. It is note worthy that except 1988 cohorts, both the membership and credit involvement with other NGOs follow more or less the same trend in relation to the year of joining BRAC. Expectedly, the membership rate is significantly higher than the credit involvement.

#### 4.4 Expectations and observations of the VO members

**Table 7. Percentage distribution of expectations of the VO members from BRAC at the time of their joining.**

No.	Expectations	Percentage
1.	Financial benefit/loan from BRAC	66.04
2.	Savings facilities	14.01
3.	Will receive wheat	5.83
4.	Will get schooling facilities	5.24
5.	Will get assistance in critical situation	5.19
6.	Will get work	2.94
7.	Will get training	0.73
<b>Total</b>		<b>100 %</b>

The VO members were asked about their expectations from BRAC at the time of their joining. Table 7 shows the percentage distribution of their replies. That they would receive financial benefits from BRAC comprises the highest proportion of all expectations (66.04 percent) and the saving facilities is the second commonest (14.01 percent) expectation. Some of the members wished that they would receive wheat and some others expected work opportunities from BRAC, such expectations were 5.83 percent and 2.94 percent respectively. Assistance in critical situation from BRAC were 5.19 percent.

**Table 8. Views of VO members regarding praiseworthy things of BRAC.**

No.	Views	Percentage
1.	Earn loan	30.83
2.	Provides education	16.95
3.	Savings facilities	12.47
4.	Legal education	6.53
5.	Provides Insurance	5.73
6.	Relief from the grip of Mohajan/money lender	5.58
7.	Provides socialisation opportunities	5.38
8.	Provides better vegetable seeds	3.42
9.	Treatment facilities for mothers	1.91
10.	City people come to villages	1.81
11.	Others	9.36
<b>Total</b>		<b>100 %</b>

While asked about the praiseworthy things of BRAC, the VO members came up with multiple answers. Table 3 shows the distribution of their views. The opinion that people get loan from BRAC is the number one praiseworthy thing of BRAC (30.83 percent), and next comes the provision of education for their children (16.95 percent). The third most important thing is the saving facilities for the VO members (12.47 percent). Provision of legal education, insurance, socialisation opportunities, relief from the grip of village money lenders, provision of better vegetable seeds and treatment facilities for common diseases are other services that get most appreciation.

**Table 5. Views of VO members about the undesirable things of BRAC.**

No.	Item	Percentage
1.	Apply pressure when reimbursement is delayed	9.74
2.	Does not give card for wheat	8.12
3.	Low interest on savings	7.39
4.	Compulsory savings	7.14
5.	No provision of savings withdrawals	5.76
6.	Irregularities in account keeping	5.60
7.	Takes interest more and gives less	5.03
8.	Deduct money for chicken from loan	4.71
9.	Does not give two loans together	4.30
10.	Frequent changes in personnel	4.14
11.	Frequent change in rule	3.81
12.	Meetings in open space	3.25
13.	Lengthy meeting	2.84
14.	No provision of two loans at a time	0.89
15.	No bad things	27.27
<b>Total</b>		<b>100 %</b>

The VO members were also asked about the undesirable things in BRAC. The percentage distribution of the responses, be it singular or multiple, are distributed in Table 4. The most commonly identified undesirable BRAC practice is the process of pressurization on VO members for repayment of loan installment (9.74 percent). Other undesirable things are low interest on savings (7.39 percent), non-issuing of card for wheat (8.12 percent), irregularities in account keeping (5.6 percent), lack of provision of savings withdrawal (5.76 percent), deduction of money for chickens (4.71 percent), frequent change in personnel (3.81 percent), frequent changes in rules (3.81 percent), meetings in open space (3.25 percent) and lengthy meeting (2.84 percent). It is noteworthy that "BRAC has no undesirable thing" comprised 27.27 percent of all expressions.

**Table 6. Views of VO members on removing the existing weakness of VOs.**

<b>Suggestion</b>	<b>Percentage</b>
Pressurization of VO members should be avoided	22.3
Motivation of husband	3.7
No specific suggestion	74.0
<b>Total</b>	<b>100.0</b>

The respondents were asked on how to remove the existing weaknesses of VOs. Table 6 depicts their opinion. To remove weakness, 22.3 percent of the suggestions favoured removal of pressurization of the members for loan repayment. Motivating husbands towards BRAC were suggested in 3.7 percent of the replies. Surprisingly, 74 percent of the answers did not contain any specific suggestion.

**Table 7. Distribution of VO members by desire for more BRAC loan.**

<b>Desire loan</b>	<b>Percentage</b>
Yes	79.8
No	20.2
<b>Total</b>	<b>100.0</b>

Table 7 shows that about 80 percent of the respondents want more loan from BRAC, and the rest 20 percent did not express such desire.

**Table 8. Distribution of VO members by receipt of loan from other NGO**

<b>Received loan from other NGOs</b>	<b>Percentage</b>
Yes	8.7
No	91.3
<b>Total</b>	<b>100.0</b>

Table 8 reveals that 8.7 percent of the VO members have received loan from other NGOs and 91.3 percent did not.

#### 4.5 Knowledge and perception of VO members

Figure 1. VO members by knowledge of small group head and his/her responsibility by year of entering BRAC

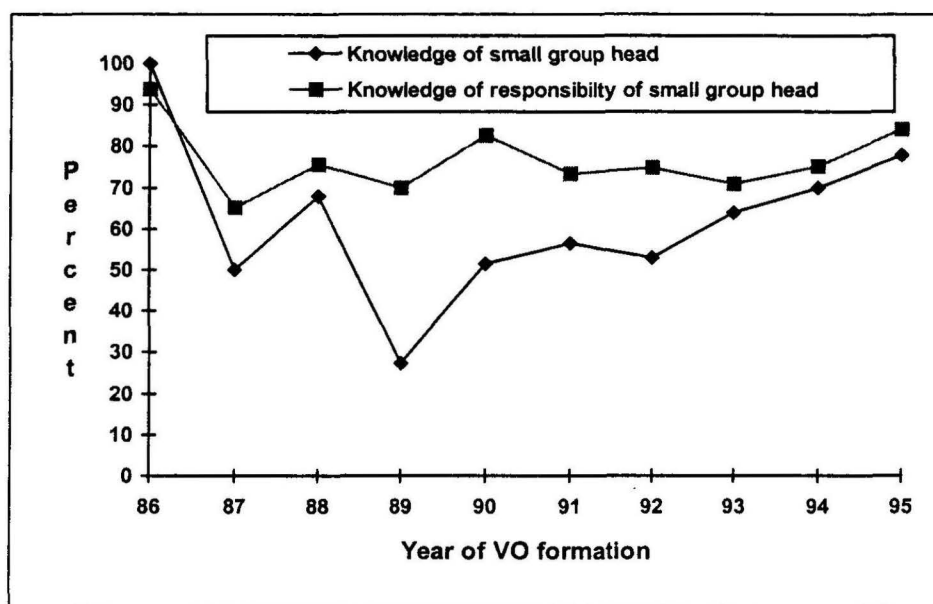


Figure 1 shows that VO members' knowledge of small group head is always poorer than the knowledge about his or her responsibility. The members who join BRAC in 1986, all of them had knowledge of existence of small groups. Such knowledge got sharp decline among those who join in 1987 and in 1989, but an increase in 1988 cohort. The knowledge maintained a persistence increase among members joining BRAC after 1990 except a sluggishness in 1992.

About 95 percent of those who joined BRAC in 1986 had knowledge of responsibility of small group leader. Unlike knowledge of small group leader, knowledge of his or her responsibility shows higher prevalence, (in nearly 70 percent of VOs) and less fluctuations across years of VO formation.

**Table 9. Knowledge of small group head by regularity status of the members.**

Knowledge	Status	
	Regular	Irregular
<b>Knows</b>	75.8	24.2
<b>Does not know</b>	37.1	62.9

Table 9 shows that most of the regular VO members (75.8 percent) know the name of small group head. Such knowledge is prevalent in 24.2 percent of the irregular members. Likewise, the percentage of those who do not know the name is higher among irregular member (62.9 percent). The variation is statistically significant ( $p < .0001$ ).

**Table 10. Knowledge of responsibility of small group head by regularity status of the members.**

Knowledge	Status	
	Regular	Irregular
<b>Knows</b>	67.2	32.8
<b>Does not know</b>	37.2	62.8

Table 10 shows that knowledge of responsibility of small group head is more prevalent among regular VO members (67.2 percent). It is found in 32.1 percent of irregular members. On the other hand, 37.2 percent of the regular members are not aware of the responsibility of the VO members. Such ignorance is prevalent in 62.8 percent of the irregular VO members. Chi-square test finds such variation statistically significant ( $p < .00001$ ).

## 4.6 Regularity of VO members

**Table 13 Regularity status by age of VO members.**

Age (in years)	Status	
	Regular	Irregular
<30	60.4	39.6
30 - 35	61.6	38.4
>35	57.5	42.5

Table 13 shows that regular VO members are highest in 30-35 years age-group (61.6 percent) and lowest in above 35 years (57.5 percent). In less than 30 years age-group, regular VO are 60.4 percent. However, regularity difference in various age-group is not statistically significant ( $p=.612$ ).

**Table 14. Regularity status by education of VO members.**

Age (in years)	Status	
	Regular	Irregular
Illiterate	58.6	41.4
Primary	65.8	34.2
Primary +	54.1	45.9

Table 14 shows that regularity is highest in primary school graduates (65.8 percent) and lowest among the illiterates. Surprisingly, the regularity among above primary graduates is lower (54.1 percent) than primary graduates. However, the variation is not statistically significant ( $p=.129$ ).



**Table 15. Regularity status of the VO members by year of receiving first loan.**

Year of First loan	Status	
	Regular (n=474)	Irregular (n=319)
1986-1990	54.6	45.4
1991-1993	58.5	41.5
1994-1996	62.3	37.7

Table 15 shows that percentage of regular VOs are more among the members who received loan in recent years. But it has no statistical significance (  $p = .1049$ ).

**Table 16. Regularity status of the VO members by household land.**

Household land	Status	
	Regular	Irregular
< 50	61.8	38.2
50 - 199	56.4	43.6
200 - above	47.2	52.8

In Table 16 it is noteworthy that regularity status of the VO member has inverse relationship with household land. Regularity is higher among members who possess less than 50 decimals of land (61.8 percent). Those who have more than more than 200 decimals of land, 47.2 percent of them are regular. It is 56.4 percent among those who have 50-199 decimals. Chi-square test shows  $p = 0.071$ .

#### 4.7 Perception of economic well-being

Figure 2. Distribution of VO members by perception of their economic changes and year of VO formation.

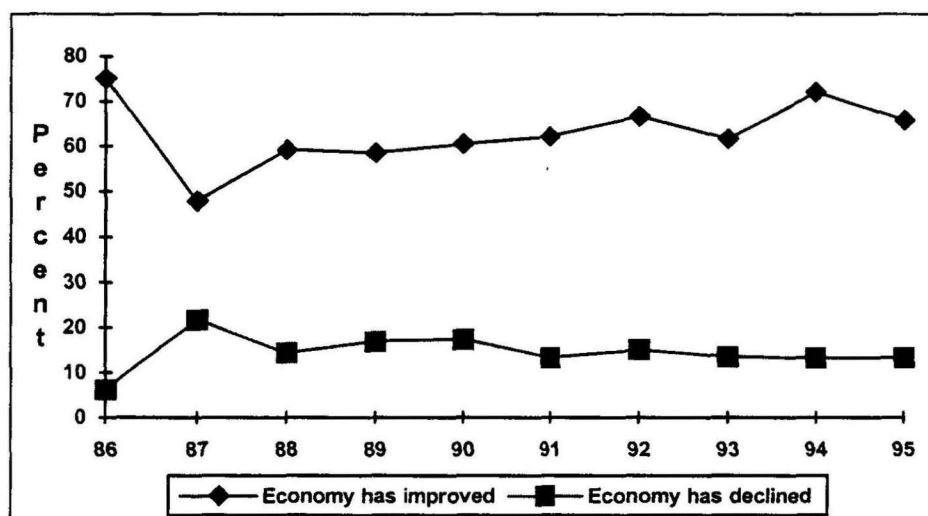


Figure 2 shows perception of economic well-being of the VO members in relation to the year of VO formation. Most of the VO members perceive that the economy has improved since they joined BRAC. However, the percentage of such members is higher among recent VOs. The percentage of these members shows a decline among those who joined in 1987.

More than 10 percent of the VO members believe that their economy has declined after joining BRAC. Their percentage continues to have more or less the same distribution irrespective of the year of VO formation, except an exceptional rise of their percentage in members joining in 1987.

Table 17. Status of household surplus or deficit of the VO members by year of entering VO.

Status	Year of entering VO		
	1986-89	1990-92	1993-95
Always deficit	10.5	6.8	7.5
Sometimes deficit	27.3	23.3	15.1
No surplus no deficit	33.6	33.9	33.7
Surplus	28.7	36.0	43.1

The VO members were asked whether they had any deficit or surplus in the last one year. Table 17 shows that the percentage of those who had surplus in the last one year are significantly higher among the recent members. Those who entered VO in the period 1993-95, of them 43.1 percent had surplus. It is 28.7 percent among those who entered BRAC in years from 1986 to 1989. Those who had deficit are also in lower proportion among the recent members than the early members, among the former it was 7.5 percent and 10.5 percent among the early members. The variation is statistically significant( $p=.0047$ ).

**Table 18. Status of household surplus or deficit of the VO members by regularity status.**

Status	Regularity status	
	Regular	Irregular
Always deficit (n=62)	30.6	69.4
Occasional deficit (n=157)	49.0	51.0
No surplus, nor deficit (n=269)	58.4	41.6
Surplus (n=308)	72.4	27.6

Table 18 reveals that balance of surplus in household economy very significantly depends on regularity status of the VO members( $p=.0000$ ). The regular members had more chances of surplus in the household, and the irregular members are more liable to financial deficit. Of those who had surplus in the last one year, 72.4 percent were regular and 27.6 percent were irregular member. On the other hand, of the deficit VO households, the majority (69.4 percent) were the irregular member.

**Table 19. Perception of economic well-being of the VO members by regularity status.**

Status	Regularity status	
	Regular	Irregular
Has very much declined (n=9)	0.0	100.0
Has declined (n=102)	37.3	62.7
No change (n=176)	49.4	50.6
Improved (n=473)	69.8	30.2
Has much improved (n=36)	58.3	41.7

Table 19 shows that regularity of VO membership has very significant positive impact on perception of economic well-being ( $p=.00001$ ). Those who believe that their economy has significantly improved, most of them are regular member - they are 69.8 percent in case of simple improvement and 58.3 percent in case of somehow impressive improvement. Of those who perceive that their economy has declined, majority of them are irregular member. It is noteworthy that none of those whose economy has very much declined was found regular member.

#### 4.8 Schooling in VO families

**Table 20. Percentage distribution of schooling in 10-16 years old children by year of VO formation.**

Status of schooling	Year of VO formation		
	1986-90	1991-93	1994-96
Goes to school	48.9	43.0	48.4
Does not go to school	51.1	57.0	51.6

Table 20. shows that the period of time spent as VO members has no impact on schooling of 10-16 years children of their households. Those who joined BRAC in 1986-90, 48.9 percent of them currently send children to schools. It is slightly higher (48.9 percent) in families of 1986-90 and lower (43.0 percent) in 1991-93 generation VOs. However, the variation does not show statistical significance ( $p=0.3032$ ).

**Table 21. Percentage distribution of causes of non-schooling by year of VO formation.**

Status of schooling	Year of VO formation		
	1986-90	1991-93	1994-96
1. Lack of money	35.4	36.0	40.6
2. Involvement in income generating activities	41.7	32.0	40.6
3. Household work	22.9	12.0	18.7
Total	100.0	100.0	100.0

Table 21 shows that lack of money as a cause of non-schooling has increased over years, it is the prime cause in 40.6 percent of 1994-96 VO families. Involvement in income generating activities is prevent children from schooling in more than 40 percent of families of earlier VOs (1986-90) and also of the recent VOs (1994-95). It is noteworthy that the contribution of household works in barring children from schooling has decreased over the years. In 1986-90 generation VO families, 22.9 percent of causes of non-schooling was household works. The proportion of such cause decreased to 18.7 percent in 1994-96 VO families.

factor against societal change. To promote such attitudinal change, BRAC not only sow seeds of ideas rather nurture norms and their practice. How far these norms have been implemented in its VO meetings have been a major issue in this study. The study reveals that not a single RDP region excels in observing all of the stipulated VO norms and none of the VO norms gets equal priority in all the areas. It was found that while some norms get better practised in VOs of one region, others get ignored or less practised in the same VOs. For example, 18 points are recited in cent per cent VOs of Jamalpur, but none of these VOs ring bell. Only 15.4 percent of these VOs adopt resolution for loan and follow proper reimbursement process. Likewise, in Kushtia, none of the VOs adopts resolution, rings bell or follow right time of meetings. But with respect to small groups formation, appropriate sitting arrangement and observance of reimbursement process, these VOs perform better than others. Hence the study gives an impression that observance of VO norms received differential emphasis in different RDP regions. Better implementation of a norm in one or more areas amply suggests that these norms are implementable in other areas too. Non-practising or absence of one norm in some areas can not be an evidence that such norm is impracticable. Surprisingly, age and education of the VO members and year of receiving first loan from BRAC have no association with regularity of the VO members.

The study finds that 26.3 percent of the VO have more than 50 decimals of land. About 7 percent have land more than 200 decimals. Such findings suggest that the selection criteria for VO members have not been rigidly followed. Of all BRAC services, microcredit gets the most appreciation. Pressurization of default loanee for repayment is mostly disliked by the VO members. It implies that if the number of default loanees goes on increasing in a community then it will bring disrepute to BRAC, and may jeopardize safe and healthy existence of the VOs. So the management should introduce devices that would reduce the probability of default loanees in VOs. It is also found that about 80 percent of the members desire loan from BRAC, this may be a contributory factor for pushing members to other NGOs. Data reveal that about 9 percent of the VO members have received loan from NGOs other than BRAC in the last one year. Such divided commitment of the members may frustrate cohesive healthy existence of the VOs in the country's competitive micro-credit sector.

Small group formation is important, but exists only in 52.8 percent VOs. Even if small groups exist, a significant number of VO members are not aware of their existence. Probably such ignorance owes to inadequate interaction between VO members - supposed to take place through regular attendance in VO meetings. Such observation gets substantiated by the findings that regular attendance in the meetings contribute to develop such awareness. It was found that household surplus was comparatively higher in members who joined BRAC in recent years, after 1993. The study also shows that household surplus has a significant positive association with regularity status of the VO members. As mentioned in the methodology, the irregular members are those who did not attend consecutive four VO meeting. Hence, it can be inferred that promoting VO regularity will be contributory to economic well-being. So it has important policy implication. Steps that enhance regularity of the VO members must receive emphasis in RDP. However, the study findings through some light in this regard. It was found that lack of money for loan repayment, sickness, inhibition from husband and other family members restrict people from attending VO meeting. It is also revealed that weekly savings and repayment rate have direct association, so for enhancing repayment rate, steps for regularizing weekly savings should

get reinforced. Tendency to leave BRAC, lack of cash money, inadequacy of income and hindrance from husband are found to be the common causes of saving default. While devising policy, the RDP must adequately address these issues too. Surprisingly, VO membership has no significant impact on receiving modern treatment for ailment in VO members' families. So it implies that BRAC's credit plus approach for rural development must incorporate more educational intervention to enhance attitudinal changes in community people towards modern methods of treatment. The BRAC policy planners should also realise that most people join BRAC for financial gains, hence for VO sustenance resolving any credit related dissatisfaction must get top priority. Only this way BRAC can have most needed stakeholders's satisfaction for continuance of its programme.

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