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WHO NEEDS CREDIT?

Poverty and Finance in Bangladesh



Chapter 6

BRAC's POVERTY ALLEVIATION EFFORTS: A QUARTER CENTURY OF EXPERIENCES AND LEARNING

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Abstract

BRAC was founded in 1972 in response to a humanitarian relief oriented need. Over the years it has evolved as a fully-fledged development agency with activities spread all over Bangladesh. The major focus of BRAC is poverty alleviation which is addressed through a holistic approach. The components of BRAC's poverty alleviation programme include social mobilization, organization development, health care, children's education, and micro-credit. The distinguishing features of BRAC programmes include promotion of women in the development process, infusion of technology and scaling up of successful programmes. BRAC's poverty alleviation programme is one of the largest in the country, reaching nearly two million households. The paper presents information on the impact of the poverty alleviation efforts in substantive areas such as health, education, women's lives, material well-being and coping capacity of the participants. A special programme targeted at the 'ultra poor' is also discussed. The paper concludes with a discussion on lessons learned.

Introduction

BRAC is a Bangladeshi non-governmental organization (NGO). It was born in 1972 as a response to a humanitarian need¹. Over the

¹ A brief history of BRAC along with a narration of early experiences is available in Annex 1. More details are found in Chen, 1983; Lovell, 1992; Chowdhury & Cash, 1996.

(45)

on *samity* level again as well as successful implementation of core endeavors such as ecological agriculture and vital social issues.

Structural Change

Advocacy at the national level for pro-poor, environmental friendly issues and so on, are relevant. But these efforts have to have a base of popular support and popular mobilization behind them at the micro level. There are stronger biases towards non-conflict and non-confrontation today than there were ten years ago. But some vital areas for combating poverty can never be reached, if a non-conflict road is followed. Who, if not the NGOs with pro-people and poverty alleviation objects as part of their core objectives, is to argue and mobilize for structural changes such as agricultural and land reforms aimed at a higher level of equity and sustainable land use?

Limitations of Micro Credits

Not all the targeted poor are capable of entrepreneurship and management, even with support and training, to allow them to become successful credit and income generating activities performers.

Directing all efforts towards reaching the poor via credit will exclude considerable numbers of the target group, not least among the hard core poor.

A mono-culture of credit as the only means of poverty alleviation effort is not enough. Other means have to be developed and supported as well.

A big proportion of micro credits are, by definition, very small. They are often only enough to direct the credit consumer towards activities with a high level of self-exploitation, not towards sustainable development endeavours.

More and bigger credits should be aimed at, with a special emphasis on the generation of employment outside the family sphere.

years BRAC has gone through a series of evolutions. It is now one of the largest NGOs in the country. This paper looks at BRAC's poverty alleviation efforts and examines how it is transforming the lives of the poor in rural Bangladesh. Lessons learned in rural development and poverty alleviation over the last quarter century are also highlighted.

Social Mobilization for Poverty Alleviation: A Holistic Approach

The twin objectives of BRAC are poverty alleviation and empowerment of the poor. It works particularly with the women from poorer families whose lives are dominated by extreme poverty, illiteracy, disease and malnutrition (please see Box 1 for BRAC's Mission Statement).

BOX 1

BRAC Mission Statement

BRAC works with people whose lives are dominated by extreme poverty, illiteracy, disease and malnutrition, especially women and children. Their economic and social empowerment is the primary focus of all BRAC activities. Our success is defined by the positive changes we help people to make in their own lives.

Although the emphasis of BRAC's work is at the personal and village levels, the sustenance of development depends heavily on a pro-poor policy environment. BRAC is committed to playing a role at this level through its research and advocacy work. BRAC works in partnership with like-minded organizations, governmental institutions and donors to achieve its ends.

BRAC believes that development is a complex process requiring a strong dedication to learning and to the sharing of knowledge. Our work is based, therefore, on the services of highly committed, competent and serious professionals.

Source: BRAC (1994).

Poverty is looked at in a holistic sense (Figure 1). It is not only a lack of income or employment but a complex syndrome which is manifested in many different ways. In the words of Amartya Sen (1995), "The point is not the irrelevance of economic variables such as personal incomes, but their severe inadequacy in capturing many

of the causal influences on the quality of life and the survival chances of people". Addressing poverty thus means taking a holistic approach. Along with income and employment generation, BRAC works for the development of institutions of the poor, conscientization and awareness building, savings mobilization, children's education, health, gender equity, training and so on. But central to these is the creation of an 'enabling environment' in which the poor can participate in their own development, in which the poor are able to perform to their fullest potentials. All of BRAC's efforts are geared to creating such an environment.

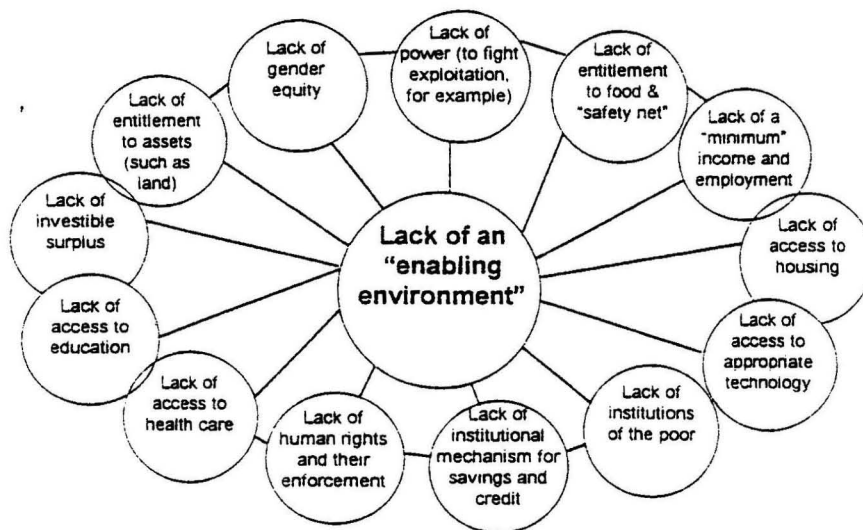


Fig. 1: Causes of Poverty

The Process of Social Mobilization

The process of social mobilization in a village starts with the identification of the poor belonging to BRAC defined target group. Surveyors visit all households in the village to know of their status in terms of land-holding. In recent times, however, BRAC staff have

been using selected rapid rural appraisal (RRA) methods including wealth ranking and transect (Chambers, 1992), as additional tools in identifying the target group.

An institution of the poor, called a village organization or VO, is formed as soon as an adequate number of individuals² show definite interest. Two activities start simultaneously: a conscientization programme and compulsory savings. Through the conscientization programme, the women are made aware of the society around them. They analyze the reasons for the existing exploitative socio-economic and political system and what they could do to change it in their favour. A formal course on Human Rights and Legal Education (HRLE) is provided to the members³. Under savings, the members participate in compulsory saving of at least Taka 2 per week. Savings are considered (by BRAC and group members) as security for old age. Members are allowed to withdraw their savings under certain conditions. Experiments are underway now on devising ways to provide full access to it.

The conscientization process does not stop at a point. This is a continuing educational process which takes place through different fora: weekly and monthly meetings of the VO, training programme of the members at training centres, and the continuous interactions that take place between the VO members and BRAC staff. In each VO, members are trained in different trades. Thus one member may be trained as a village health worker, and another as poultry vaccinator. These cadres cater to the need of VO members and also sell their services to other villagers for a small fee.

Within a month of formation, VO members are allowed to apply for loans from BRAC⁴. Three types of credit are disbursed. The members may request credit for any (a) traditional activity such as rural trading, transport (boat and rickshaw) and rice processing or (b) non-traditional (for women) such as grocery shop, rural restaurant or technology-based activity such as HYV poultry, sericulture or mechanized irrigation; they can also request credit for (c) housing

² The emphasis on gender has changed over time in BRAC: in the 1990's most VOs formed are composed of women only. A VO has 40 to 50 members, but it can start functioning with 20 members.

³ The HRLE covers the following: Constitutional/Citizen's Rights, Family Law, Inheritance Law and the Land Law (Abdullah, 1993).

⁴ Credit is provided on an individual basis. In the early 1980's BRAC experimented with 'group credit' which did not work well.

loans. While the interest on a housing loan is 10 percent, it is 15 percent for the other types⁵. The repayment rate is 98%. Consciousness on the part of the members, peer group pressure and BRAC staff supervision are the important reasons for this impressive outcome.

BRAC also provides skill training to VO members. An important feature of poverty alleviation activities is that an attempt is made to create a 'backward and forward linkage' for most of the technology-based activities. For example, in the case of poultry programme, BRAC starts with providing training to women on how to rear high yielding varieties (HYV) of chicken. Loans are given for operating a low-cost hatchery to supply day-old chicks to other village women. The women then rear these until they start laying eggs. The eggs are then sold to the hatchery as well as to consumers. One of the major problems of poultry rearing in Bangladesh is the high mortality of the birds. The government livestock department keeps stock of vaccines but these are little used. What BRAC has done in this backward and forward linkage is to train a VO member on how to vaccinate poultry, and link her to the local livestock department of the government which supplies vaccines. The woman receives the vaccine and then inoculates chickens in her own village for a small fee. This way the woman increases her own income and, at the same time, ensures survival of her neighbours' chicken. Similar backward and forward linkages have also been successfully established for other programmes such as sericulture, in which case BRAC also has been able to establish a marketing outlet for the producers through a shop-chain called Aarong⁶.

BRAC's Theory of Development: A Learning Approach

BRAC is a 'learning organization', and its learning in the field is constantly used to redefining its programme strategies, which the SAARC Poverty Commission Report has termed as "action-reflection-action" process (SAARC, 1992). Senge (1990) has described the different

⁵ This rate is higher than commercial rates but appropriate for the following reasons:

- a. BRAC loans are small loans but the processing cost is same whether it is small or big: interest earned from small loan is also small.
- b. BRAC loan is closely supervised and thus the cost is high: BRAC brings banking to the door-step of the poor. The operational cost is thus high.
- c. The rate BRAC charges is required for financial sustainability of the system.

⁶ Currently there are 7 branches, six within Bangladesh and one in London, UK.

attributes of a learning organization, and Lovell (1992), Chen (1983), and Korten (1980) have found BRAC as a 'prototype' of a learning organization. Ever since its inception, continuous learning has been the mode of policy planning in BRAC.

The activities of BRAC are steered by several hypotheses, which Lovell (1992) called BRAC's 'theory of development'. The following are some of these hypotheses:

- Every person rich or poor, man or woman, is capable of improving his/her destiny if he/she is given the right opportunity; BRAC believes in the creativity of the poor;
- The participation of women in the development process is essential; People are the subjects not passive objects in development;
- There is no one 'fix-all' approach; the development process must harness the learning culture;
- Conscientization is essential to empowerment;
- Commitment to self reliance should be the goal;
- Small is beautiful but large is necessary; and
- A market perspective and an entrepreneurial spirit are useful.

There are many ways through which the learning culture of BRAC is harnessed and promoted. The monthly project meeting is a major feedback and planning exercise. Staff from a specific programme or field unit, as the case may be, gather together on pre-assigned dates to discuss various matters related to their work. The meetings, often attended by representatives of senior management, discuss successes and failures in their work, set new targets in the light of past experience and debate innovative ways of addressing problems. Such meetings take place at each level: village, area, programme and BRAC. Major strategic decisions are taken in such meetings.

In BRAC, research and evaluation is an important activity. It is becoming increasingly more important as the organization is getting bigger. Such activities are carried out by the Research and Evaluation Division (RED), an independent unit within the organization. With more than a hundred staff, RED carries out specific studies which are both cross-sectional and longitudinal. The main purpose of these studies is to gather information on programmes' performance. In 1995, over 60 studies were carried out by the Division

(BRAC, 1996). At the beginning of each year, RED staff sit with representatives of different programmes to find out about their research and evaluation needs. The results of studies carried out by RED are disseminated through seminars which are held in Dhaka, the headquarters of BRAC, and at field meetings. The reports are circulated to the management. Bangla versions of these reports are also prepared for circulation to the field staff. Traditionally RED studies have concentrated on the 'process' aspects of the programmes, but recently 'impact' studies are being given increasing attention. There are also studies done by outsiders such as academic institutions, the government and donors. BRAC has always been receptive to the findings of such studies and has made strategic decisions in response to these.

The participants of BRAC programmes take an active part in these studies. In one of the recent studies, the programme participants discussed with RED staff the positive and negative aspects of different BRAC programmes and how they weighed or rated them in comparison to other poverty alleviation programmes in their villages. The participants disliked the BRAC policy in respect of participants' access to their own savings with BRAC. As a result, BRAC revised its policy and decided in principle to give group members complete access to their own savings (BRAC, 1995). There is also a Monitoring Department which conducts studies on different programme aspects on ad hoc basis as requested by the programme.

Much investment has been made in developing the capacity of programme participants and BRAC's own staff. A large Training and Resource Centre (TARC) with 14 physical facilities in different parts of the country caters to the training needs of the participants and staff members. Some of the training courses organized in 1994 included 'social awareness education', 'leadership', 'organization and management', for different skill cadres such as poultry vaccinators, village health workers, and primary school teachers. BRAC staff are also sent abroad for training ranging from short-term orientation/seminar/workshop to Masters and PhD level studies.

The Size of BRAC and Financial Sustainability

An important feature of the BRAC Rural Development Programme (RDP), the major poverty alleviation programme of BRAC, is its financial sustainability; the interest revenue from loans covers the op-

erating cost of the programme. Administratively, the programme is managed through branches, and a typical branch would include about 150 VOs or 6,000 members in about 100 villages. At the present rate of expenditure, a branch with an outstanding loan portfolio of Tk. 9 million (US\$ = Taka 40) becomes 'self sustaining'. In 1995, about 30 percent of BRAC's Rural Development Programme branches were self sustaining. Table 1 gives some selected facts on the existing size of BRAC's poverty alleviation programmes. By the turn of the century, there will be three million members in 75,000 VOs.

Table 1: Some Basic Facts about BRAC (December 1995)

Full-time staff	16,000
Part-time staff	Over 32,000
Participants in RDP programme	1.5 million (80% women)
Amount of loan disbursed to the poor	Taka 9600 million
Repayment rate	98%
Amount saved by the poor	Taka 800 million
Villages with BRAC programmes	35,000
Total primary schools run by BRAC	35,000
Total students enrolled	1.1 million (70% girls)
Mothers taught on oral rehydration for diarrhoea	13 million
Total budget (annual)	Taka 3500 million
Number of districts with BRAC programmes	58 (out of 64)

BRAC also runs health and education programmes; the main target of these are the VO members. The health programme visited over 13 million households during the 1980s to teach mothers how to prepare salt and sugar solution at home for combating diarrhoea (Chowdhury & Cash, 1996). The present health programme provides essential health services to the villagers through village based health workers who, as already mentioned, are selected from among the VO members. The health programme also conducts pilot programmes to innovate health delivery mechanisms, particularly in respect of women's health.

The education programme, on the other hand, runs 35,000 non-formal primary schools, with 1.1 million students, 70% of whom are girls, for the children of poor families. These are located all over the country and cater to the educational needs of VO members' and other poor children who are otherwise not reached by the formal system.

Salient Features of BRAC Programmes

Promotion of Women in the Development Process

BRAC has been promoting a new culture in the development field with women in the forefront of all activities. Most of the recipients of credit are women; seventy percent of students and eighty percent of the teachers of NFPE schools are female; and health and poultry workers are also all women. Breaking the barrier of a predominantly conservative traditional Muslim society, BRAC has even succeeded in training female workers to use motorbikes in performing their duty. Women are running rural restaurants, vaccinating chicks, treating patients, doing carpentry, or teaching and studying in schools, traditionally all occupations which used to fall in the male domain. This has shaken the base of the traditional power structure of rural Bangladesh, which has felt threatened. Their response has been a backlash against BRAC and other NGO activities in Bangladesh. Over the past years, many of the BRAC programmes have been subjected to physical attack and harassment. Over 50 NFPE schools were burned down, thousands of mulberry trees planted by the poor women were razed to the ground, and many BRAC participants and workers were either harassed or threatened. Although the cover they took was Islam, the forces behind them were those of the traditional power structure—the money lenders, village doctors, and other rural elite—whose realm of influence is diminishing in the wake of this newly emerging force of women and the poor. BRAC has since responded to these attacks by initiating new programmes including increased public relations in the villages where BRAC works.

Infusion of Technology

The greatest potential of micro credit to improve the lives of the poor on a sustainable basis has been offset by a lack of concomitant promotion of technology. Much of such credit has been used for traditional activities, and not enough has been done to include technology along with it. The profit made from traditional activities is not always substantial, not enough to generate an investible surplus. In the case of BRAC, 70 percent of its credit portfolio is occupied by traditional activities. The need for technological infusion is recognized, and BRAC has been making concerted efforts towards this. The Rural Enterprise Project has been working since the mid 1980s

to innovate and test possible areas of technology use in BRAC-sponsored income generating activities of the poor. Examples in this respect are: HYV bird, vaccination, hatchery and chick rearing unit in poultry, artificial insemination in livestock, deep tube-well irrigation in crop production, improved varieties of mulberry trees, quality production of cocoons and modern reeling facilities, etc. About 30 percent of the existing credit portfolio is made up of such technology-oriented/intensive activities. BRAC provides training, input supply and marketing support in certain sectors⁷. Such activities will increase the profit margin of the participants, thereby increasing the propensity to save more as well as contribute to boosting the national economy through increased production.

Scaling Up

Small is beautiful but big is necessary, is a quote commonly heard in BRAC. The 'seeds of change' which have been sown need to be multiplied to universalize their benefits and also for the sake of greater impact and sustainability. The following explains why BRAC continued to exist after completion of its initial relief objectives:

"When BRAC was started in 1972 we thought that it would probably be needed for two to three years, by which time the national government would consolidate and take control of the situation and the people would start benefiting from independence. But as time passed, such a contention appeared to be premature. After 16 years, we feel that we have not yet outlived our utility and need to do more and more" (Abed and Chowdhury, 1989).

The reason why BRAC decided to scale up its programmes may be explained in the same manner. The problems that the people of Bangladesh face are numerous. It is inconceivable that all these problems can be effectively addressed by government alone. The need for others, such as NGOs, to step in is becoming increasingly apparent. In the words of BRAC's Executive Director the following explains why BRAC wanted to expand its activities:

"To me, with the kind of poverty we have in Bangladesh, with the kind of governmental ability to respond to the needs of our people, we basically have to act. We must act. It is not a question of whether

⁷ These include HYV poultry, artificial insemination in livestock, sericulture, fisheries and agriculture.

we should or we should not. There is a kind of imperative in the situation that we have in our country. The imperative is: do we serve our people as best as we can out of the kind of poverty, the intense, dire poverty, that we have in our country? Do we remain small and beautiful or do we scale up and try to take the consequences? BRAC has decided to try to take the consequences of becoming large. Hopefully we will try to do the best we can, but there will be problems and we are aware of this and we will try to meet the challenge as it comes along. We have decided as a group that we would like to try to serve as large a number of the poorest people in Bangladesh as we can." (AKF Canada/Novib, 1993).

The notion that NGOs should restrict themselves to small-scale pilot projects and leave it to the government to replicate their more successful experiments is challenged by BRAC. Each project, whether government or NGO, has its own style of implementation, and the pilot projects draw heavily on the organization's own culture and strategies. Replication is best done by the organization concerned, given that it has the necessary capability, resources and the willingness to do it. BRAC believes that its successful experiments can best be replicated by itself.

An example of how an apparently successful small programme failed to keep up the pace when scaled up is provided by the Bangladesh Academy for Rural Development (BARD). The Academy had conducted some very interesting experiments in the Comilla area during the 1960s under the inspiring leadership of Dr. Akhtar Hameed Khan. Important innovations that came out of the Comilla experiment included the 'Two-tier Cooperative System', the 'Thana Irrigation Programme' and the 'Rural Works Programme'. In the early 1970s, the government decided to replicate some of the Comilla experiences all over the country. Soon, a new project, Integrated Rural Development Programme (IRDP), was created and branches opened country-wide. At the time of expansion Khan had already left the Academy and his colleagues were infrequently consulted. Bureaucrats without any direct exposure to or feelings of ownership of the programme were given the responsibility of the fast expansion and the IRDP failed to successfully replicate the Comilla experiment.

Chowdhury and Cash have been looking at the scaling up of BRAC's Oral Rehydration Therapy (ORT) programme of the 1980s which covered the whole country. They identified the following as

the major factors responsible for the successful scaling-up of the BRAC ORT programme (Chowdhury and Cash, 1996):

- learning from the grass-roots ("action-reflection-action" process);
- effective management through innovative management system (such as the incentive salary system for the front-line workers of the programme);
- forward planning;
- planned recruitment of different levels of staff;
- investment in capacity development of staff through local and overseas training;
- imaginative communication drive;
- supportive and effective feedback system and the receptiveness of management towards those; and
- direct support from different important groups such as the government, professional experts and donors.

Helping the Poorest

In spite of all good intentions and efforts, BRAC's success in reaching the poorest ten to fifteen percent of the rural population has been modest. The target group of BRAC are those who own 50 decimals of land or less and sell manual labour for survival. Because of various reasons the people who own marginally more land than the upper limit have also been found to be members of BRAC VOs: they form approximately 15 percent of female VO membership (Mustafa, *et al.*, 1996).

BRAC's standard programme explained above has unfortunately not been successful in reaching the poorest of the poor: the "ultra poor". Because of the very nature of their lives, those who mostly happen to be beggars, women-headed households with very small children or the chronically sick, are unable to participate in many of the 'rituals' of the programme⁸ (Evans *et al.*, 1995). They are also less able and willing to use credit profitably and be self employed. Creation of safety nets and wage employment are probably more important in such cases. BRAC has responded to the needs of this group by initiating the Income Generation for the Vulnerable Group Development (IGVGD) programme.

⁸ The rituals include regular savings and attendance at weekly meetings.

The government, since the 1970's, has been providing a ration of 31 kg of wheat per month to distressed women in rural areas who have no land or income and do not receive support from their husbands because of desertion, divorce, death or disablement. They constitute the bottom 10 percent of the population. Being women in the poorest households they are in most cases excluded from development projects. The programme, called the Vulnerable Group Development (VGD), provides rations for a period of two years, after which a new group is chosen for the dole. BRAC has been working with the government since 1988 in providing training on poultry raising to these women for the period they receive the free wheat. With the help of the government, BRAC also has provided easy credit to them to purchase and rear poultry. The idea is that when the ration is withdrawn after two years, the women can continue to earn an income from the poultry equivalent to the value of the ration. BRAC has also linked these women with the government livestock department to receive vaccines for their poultry. In January 1995, for instance, nearly 325,000 women participated in this programme in 74 *thanas*. Table 2 provides more information on the IGVGD programme.

Table 2: Some Basic Facts about the IGVGD Programme

Particulars	up to 1992	1993	1994	1995	1993-1995
Thana covered	93	93	38	74	74
Trained cardholders	166,740	37,421	53,283	76,214	166,918
Loan disbursed (in Taka)	78,637,250	122,567,500	100,520,120	263,383,724	486,471,344
Loan realized (in Taka)	62,299,924	84,378,325	74,591,267	165,163,984	324,133,576
Loan outstanding (in Taka)	15,807,326	53,996,501	79,925,354	178,145,094	178,145,094
Borrowers	65,075	59,271	56,625	103,211	219,107

Notes : a. In 1992-93 there were about 30 *Thanas* in RDP and 9 *Thanas* phased out. In 1994 there were about 20 new *Thanas* included out of which 18 phased out. At present, (1994-95) there are 74 *Thanas*.

b. In 1994 there were about 55,593 trained VGD cardholders in the phased out *Thanas*. The number is deducted from the current position.

The programme has trained/developed several groups of skilled workers in the poultry sector. The *poultry workers* (PW) are given five days training in poultry management, basic treatment of dis-

eases of the birds, and vaccination. They have been linked with the *Thana* Livestock Office which provides free vaccines. The PWs inoculate birds and provide treatment to sick birds for a small fee. Another group of women has been trained as *chick rearers* who raise day-old HYV (high yielding variety) chicks in chick rearing units for two months. They buy the day-old chicks from hatcheries run by the government and the private sector. The two-month old chicks are then sold to *key rearers*, another group of poor women, who raise ten hens and one HYV cock. BRAC has also provided loans to set up mini hatcheries. To run the mini firm and chick rearing units properly, one *poultry feed-selling centre* has been established in each *thana*. With the spread of hybrid poultry, people are gradually getting used to buying balanced feed from these centres.

A recent study observed that the income earning and asset building component of the VGD programmes was strong but felt that these were weak in supporting women's empowerment (Hashemi, 1996). BRAC is now integrating the IGVGD programme with its mainstream RDP programme after two years (please see later for a discussion on the impact of the mainstream programme).

In recent times, BRAC has started placing emphasis on creating rural employment for the ultra poor. Through a new window, the "poverty graduates" and other entrepreneurs among the poor will be eligible to receive larger loans for initiating rural enterprises. Enterprises which create employment will be given priority. New jobs created through this will hopefully provide new employment opportunities to the poorest who are not able to take advantage of BRAC loans.

Links with the Public Sector and Other NGOs

BRAC works closely with the government. The ways in which the poultry programme of BRAC is linked with the public sector has already been discussed above.

BRAC also works with the government on health, and has been providing assistance in social mobilization for the Expanded Programme on Immunization (EPI) and the family planning programmes.

BRAC also works closely with other NGOs. In education, BRAC assists over 230 small local NGOs in running non-formal primary schools for children. It also works with eight other medium sized

NGOs in developing their management information system (MIS). BRAC believes in pluralism and maintains that all organizations, small or large, should be given the right and freedom to work for the good of the poor according to their own philosophy and strategy.

How Successful have these Efforts been?

The SAARC Poverty Commission Report suggested a framework of analysis which the Report termed 'sociogram', and laid down specific criteria for evaluation of a social mobilization process. According to the Report, the release of the creativity of the poor has to be judged by the "increase in their social consciousness, empowerment and self-respect" (SAARC, 1992). To BRAC, as already mentioned, 'poverty alleviation' means not only 'increased income' or 'more employment', but much more. It may now be necessary to discuss how BRAC programmes have addressed and/or affected some of these.

Enabling Environment

The central issue in any poverty alleviation strategy is how an enabling environment is created in which the poor can participate for their uplift and in which the poor are able to release their creativity to the fullest extent. All the efforts that BRAC has taken so far have been geared towards creating this 'enabling environment'. Obviously, society has yet to go a long way to realize this fully; the question is whether the changes are taking place in the desired direction. The following discussion will indicate how BRAC is manipulating such changes.

Institutions: Although there are existing institutions in many villages and at the national levels, none of these voice the needs or opinion of the poor, and they are all controlled by the traditional power elites. BRAC has been trying to create new organizations of the poor, which are designed to cater to the need of its membership. BRAC has formed over 35,000 village organizations (VOs). Whether these organizations are moving towards institutions is a researchable and obviously contentious issue. It depends on what a VO is expected to do. Evidence, however, suggests that the VOs have yet to attain a kind of autonomy through which they will be able to move forward on their own (Mustafa et al., 1996). The chal-

lenge for BRAC and other similar agencies is to devise a strategy through which this can be attained.

Education: BRAC has made significant contributions in the field of education among the poor communities. The non-formal primary education (NFPE) programme is providing education to over a million children who would otherwise be left out of schooling. It is not only the children attending the NFPE that benefit, the programme is putting indirect pressure on the public school system to improve its performance thereby having long-term impact on the education scenario in Bangladesh (Ahmed *et al.*, 1993).

Health: As mentioned already, BRAC has taken the message of Oral Rehydration Therapy (ORT) for diarrhoea to all the houses of Bangladesh. Numerous research studies of the programme have recorded excellent dissemination of the message to mothers in all the villages of the country. Recent studies have documented that ORT has occupied a permanent place in the local culture (Chowdhury & Cash, 1996). The recent drop in infant and child mortality in Bangladesh is believed to have been largely due to this. BRAC's involvement in child immunization programmes is another landmark in its partnership with the government. In the areas where BRAC works, the coverage of child immunization is one of the highest in the country.

Gender Equity: From its very inception, BRAC has been sensitive to the question of gender equity. All efforts, be they in credit; children's education; or health; are designed to benefit women thereby reducing the gender gap in the society. Women who have been empowered now exercise greater influence and control than before within and outside their own households. Within the organization of BRAC, gender neutrality is strictly adhered to (Chen, 1983). At present about 25 percent of the staff are female, a figure which BRAC wishes to increase. At the top management level, however, the gap is still wide. For instance, only two of the seven directors are women.

In a recent study on the impact of BRAC programmes on gender relations, members and their husbands were interviewed to understand the change that may or may not have happened in the lives of the women. The following comment of the husband of a VO member may give an idea of the impact that the programme is having on women's control over resources, an important empowerment criterion:

"My wife has the right to buy toiletries and cosmetic jewelry on her own from the income of her loan, even though it is utilized by me.

- Last month she bought a cooking pot which cost taka 80. She said that it was essential for her kitchen. I did not argue with her about this necessity. But she would not have done this before receiving loans." (Mustafa *et al.*, 1996).

In another study it was found that women borrowers have full control over their own income in one-third of the cases; in another third both husband and wife have it jointly and in the rest all is controlled by the husband or other male members of the family (Goetz *et al.*, 1994). Hashemi *et al.* (1996) in a recent study found that 60 percent of borrowers in new BRAC villages had 'full' control over their enterprises.

Change in the status of women in the eyes of the greater community has been rather slower. A study on the impact of BRAC programmes did not record much change in the way the community looked at poor women. This was particularly true in the case of the village *Shalish* (court). However, the following comments by a group of VO members reveal the initiation of important changes:

"In the past we used to sit on the ground, with other poor people. And now we are offered to sit on the bench. We don't have active participation in *Shalish*, but we can make plea against the decision if it is taken wrongly." (Mustafa *et al.*, 1996).

• *Material Well-being*: Studies show that women (and men) participating in BRAC sponsored activities have more income (both in terms of amount and source), more assets ownership and are more often employed than non-participants (Chowdhury *et al.*, 1991). A recent study looked at the impact in more details. It indicated a consistent movement along the path to greater wealth and expenditure, and greater impact on less well-off households compared to better-off households (initial endowments). Table 2 shows the performance of BRAC members in terms of two indicators of material improvements: asset accumulation and expenditure. The members did improve their condition and the amount of improvement became more evident as the length of their involvement with BRAC increased. Figure 2 shows the improvement in terms of asset accumulation.

• *Coping Capacity*: The sustainability of increased material income in the short-run is best understood by examining the coping capacities in lean and peak seasons. The available evidence suggests that BRAC members have better coping capacities than non-members and that such capacities increased with the length of membership

and amount of credit received (the so called 'critical mass' of BRAC membership) (Mustafa *et al.*, 1996). Figure 3 shows that among the female member households the proportion reporting 'severe deficit' in food security decreased as the loan size increased. Along the same line of increased coping capacity, Table 3 shows insignificant differences between the lean and peak seasons in selected key material well-being indicators among households which stayed with BRAC for more than two and a half years and received more than Tk. 7,500 in loan. The differences were, however, quite noticeable among their counterparts who received a smaller loan or stayed with BRAC for a shorter period (not shown in Table).

Table 3: Material Improvements of Member Households According to Length of Involvement with BRAC

Indicators	Length of involvement with BRAC in months				Comparison Group
	1-11 (n=434)	12-29 (n=262)	30-47 (n=389)	48+ (n=221)	
Average value of gross H/h assets (Tk.)	10.959	14.037	20.282	23.230	7,250
Average % (& value) of assets which are productive (revenue-earning)	32.9 (3.606)	39.1 (5.488)	31.6 (6.409)	31.0 (7.201)	-
Average H/h weekly expenditure (Tk.) including peak & slack seasonal data	419	455	560	528	382

Source: Mustafa *et al.* (1996).

Table 4: Seasonal Differences in Selected Indicator Values for Female Member Households Staying in BRAC for More than 2.5 years and Receiving Cumulative Loan of More than Tk. 7,500 (n=153)

Key indicators (per capita/per week)	Lean	Peak
Rice consumption (gm.)	3.258	3.062
Food expenditure (Tk.)	65	68
Cash earning (Tk.)	64	59

Source : Mustafa *et al.* (1996).

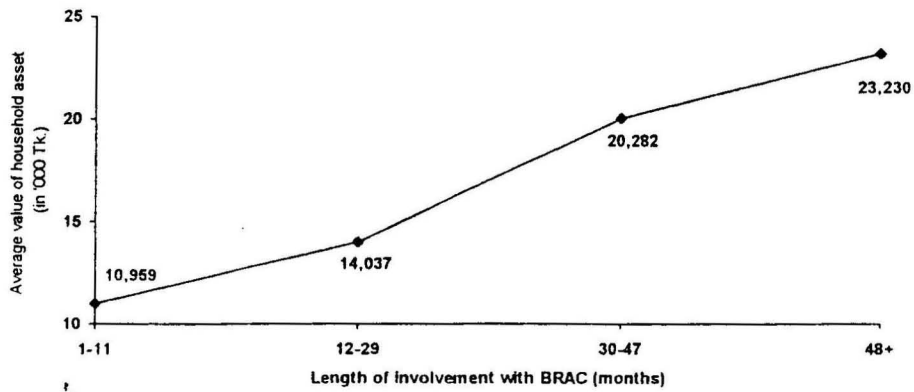


Fig. 2: Increase in the Value of Household Assets Owned by BRAC Members According to Length of Involvement with BRAC

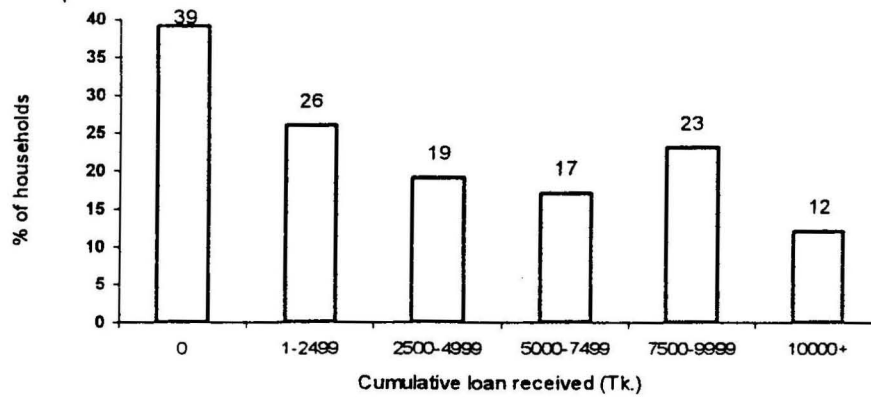


Fig. 3: Proportion of BRAC Female Member Households in 'Severe Deficit' Category According to Cumulative Amount of Loan Received

Environment/Sustainable Development: In terms of sustainable development, BRAC programmes have been a unique success. As an example, the Sericulture programme planted 17 million mulberry trees over the past few years. Apart from adding to a healthy environment, this provided employment to thousands of women in different stages of silk production, garment manufacturing and marketing. In addition, the Social Forestry Programme and the Sanitation Programme are making important contributions towards a healthy and sustainable environment. BRAC has recently created an environment cell to look at environment aspects more systematically.

Discussion

BRAC was born nearly a quarter century ago soon after the Independence of Bangladesh. The task ahead was relief and rehabilitation of the refugees returning from India. After working for a year, it discovered that relief was not a permanent or long-term solution to the multifarious problems faced by the people. BRAC thus started its community development activities. Through this, the whole village was mobilized.

Soon the limitations of that community development approach became obvious. We found that development efforts hardly reached the poor and other disadvantaged sections such as women and fishermen (Chowdhury & Cash, 1996; Lovell, 1992).

The obvious shift from this experience was to what is now known as the 'target group approach'. Through this only the poor are beneficiaries of BRAC programmes. In recent times, more refinements have been made in order to extend benefits to the poorest of the poor.

BRAC is now one of the largest NGOs in this country, with nearly 50,000 full—and part-time staff (Table 1). Let us now move on to the main theme of the paper: the lessons learned.

A most important lesson is that a holistic approach is needed to successfully address poverty. To us, poverty is not only a lack of income or employment (Figure 1). Addressing poverty thus means taking a holistic approach. BRAC promotes institutions of the poor, and works for awareness building, legal and primary education, skills development, savings mobilization, gender equity, health and environment, in addition to income and employment generation through credit.

BRAC's credit programme is large. Last year alone, nearly US\$ 100 million was disbursed with a repayment rate of nearly 98%. We have learned that credit is very important and so is credit discipline. Although credit is crucial, it is not sufficient to eradicate poverty. Credit-only interventions may bring impressive results in the short-run but other interventions such as education, health, women's development, etc. are equally needed to sustain improvements. BRAC is also aware that credit discipline must be ensured along with the building of healthy institutions for the poor.

The next lesson is the importance of technology infusion. We feel that the full potential of micro credit to improve the lives of the poor on a sustainable basis has been offset by a lack of concomitant promotion of technology. Thirty percent of BRAC credit now goes to technology-oriented activities. The profit margin from such activities is higher, resulting in increased savings for participants; the ability to give service-charges to BRAC; and participation in increased national production and economic growth. The importance of establishing 'backward and forward' linkage in sustainable poverty alleviation programmes is another lesson for BRAC. BRAC has been trying to establish this linkage for most of the technology-based activities such as poultry and sericulture.

A contentious issue not always recognized in micro-credit programmes is their success in reaching the poorest—the 'ultra poor'. BRAC's standard programme unfortunately has not been able to reach all such households in the villages it works in (Evans et al., 1995). Because of the very nature of their lives, the ultra poor are unable to participate in many of the programme activities regularly. They are also less able to use credit profitably because of their particular disadvantage, namely extreme poverty. For them, the creation of safety nets and wage employment are logical interventions. BRAC has been experimenting with different ways to bring them under its programming. One of the more successful ones is the IGVGD programme, described in the text above. BRAC has also started what it calls enterprise loans for the "poverty graduates" and other not-too poor households which will generate employment for the poorest.

The next lesson is related to women's participation in the development process. BRAC has been promoting a new culture in the development field with women in the forefront of all activities. Breaking the barrier of a conservative society, women are running

restaurants, treating patients, going to schools or doing carpentry, all of which traditionally fell in the male domain. Promotion of women in this way has had its obvious backlash from the vested interest groups. But BRAC has moved on with its own agenda undeterred by any threats, whilst respecting the local culture in which the programmes operate.

The next lesson is related to pluralism in development. In Bangladesh, many poverty alleviation interventions are undertaken by NGOs. Because of their special characteristics, they are better able to reach and mobilize the poor and provide services. The government also has a very special role, and collaboration of government and NGO sectors can augment the poverty alleviation process. BRAC has quite successfully worked with the government in several areas. Similarly, coordination and, collaboration and where possible, pooling of resources of NGOs may bring further success. Bangladesh needs many more NGOs. Healthy but coordinated competition among them will bring innovations and ensure better services to the poor.

BRAC believes in scaling up its more successful experiments. It recognizes that 'small is beautiful' but believes that 'large is necessary' (Chowdhury & Cash, 1996). The notion that NGOs should restrict themselves to small-scale pilot projects and leave it to the government to replicate their more successful experiments is challenged by BRAC. It intends to serve as large a number of poor people in Bangladesh as it can.

The last lesson is that poverty alleviation programmes as run by BRAC can have a solid impact on the poor. There is convincing evidence, some of which is provided in this paper, that suggests that involvement with BRAC changed the lives of the participants in many different ways. They are better-off in terms of material well-being; they have more income, more employment and better coping capacities. Their education levels have improved, their health and nutritional statuses are better and the women have an improved status within their own families and in the society they live in. Although BRAC has not yet been completely successful in reaching the 'ultra poor', some activities are reaching out to and benefiting the poorest of the poor. BRAC is also trying to integrate these special programmes (such as IGVGD) with its mainstream programme to bring the poorest to the centre of all development activities.