

**Why Some VO Members Do Not Benefit From RDP Intervention:
A Panel Study of Ten Selected Cases**

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Executive Summary

The Rural Development Programme (RDP) of BRAC provides a comprehensive service to poor women incorporating awareness building, training, savings generation, credit disbursement and income generating activities. The Second Impact Assessment Study of BRAC's RDP revealed that economic condition of a few member households did not improve. Furthermore, their asset holding decreased over three years. This study aimed to identify the factors that inhibited success of those members. The study also highlighted the reasons for their long time involvement in BRAC even though their household economy was declining. The analysis used a combination of 10 case studies and data from sample survey.

Life-cycle factors were pronounced in the sample households for their declining situation. In a few cases old age of main income earner was a barrier of their regular earning. Child-bearing responsibilities also prevented young members to be involved directly in income generating activities.

Economic factors caused downward mobility of the sample households as well. The value of their living houses ranged between Tk 350 - 19,600. Nine members lived in their own houses built on their own lands. The other one built house on the land of her brother-in-law. None of the sample members had borrowed housing loan from BRAC. The mean value of the productive assets such as cow, poultry, rickshaw, rickshaw van, etc. was Tk 4,706.

Inconsistent income of the household heads due to involvement in low return activities was a barrier to their economic improvement. Their income was also affected by seasonality. Nine households had more than one income earner, but the second earner was mainly a female. Eight VO members were involved with small economic activities. Level of their income was very low as they could not manage to work on a large scale. None of them used the BRAC loan in their own economic activity and consequently, they lost their control over both loan and profit acquiring from it. Five members received training from BRAC on skill development but they failed to initiate new enterprises at small scale due to lack of entrepreneurship skill. Nine members received loans from BRAC ranging from Tk 2,000-15,000. Due to family crises improper utilization of loan money caused declining economic condition of some sample households. Some of the members were not happy with the amount of BRAC loan. They mentioned that the amount of BRAC loan was too little to start a new enterprise. Four members joined other NGOs and two of them received loans from them.

Crises factors acted as the main impediment to their economic improvement. Over the previous three years, each of the sample households faced some family contingencies, which directly affected the economic condition of their households. Crises mainly included the death or illness of principal income earner of the household and loss of production modes like cow, rickshaw van, power tiller, etc. The households made distress sales of assets to cope with crises.

Due to lack of leadership skill, the members were unable to link them with the network of their VOs. Access to loan was the main reason for continuing their membership in BRAC. Most of the members mentioned improvement of their bargaining power within the household as they brought a big amount of cash from BRAC. Members claimed ownership on some small assets like poultry, goat and jewelry bought from their own income. In a few cases they claimed control on these as well. They were able to take part in decision making

on some familial aspects and their mobility increased. To some extent their legal and political awareness has been increased. But their social status has not improved significantly. Belonging to same economic stratum, members have similar perceptions of their social environment and they adhere to similar beliefs. Regarding their empowerment it seemed that BRAC could not build awareness and augment motivation effectively among them.

Finally, members improved their position in their immediate households through their access to loan, although they could not manage to improve their economic condition considerably. Case study revealed that six members could resist their declining economic condition by increasing ratio of income earner to dependent members and to find out employment with a regular income flow. Three of the sample members had already left BRAC for some unanticipated reasons. Prevention of inactivity and dropout of members required a reduction of their vulnerability during period of their crises.

Policy Implications

Special types of income generating activities should be promoted for the members who are physically able of undertaking employment but lack entrepreneurial ability. Intensive supervision need to be ensured for the loan practices of the destitute women which may help retain their membership in BRAC.

Flexible savings policies need to be adapted where members can easily withdraw their own money whenever necessary. Emergency loan fund should be developed which may help them cope with crises and seasonality.

Abstract

The study focused on 10 members of BRAC village organisations (VOs) who could not improve their economic condition. Rather their assets decreased over three years. The study explored the factors responsible for their declining economic condition. The data were collected through participant observation and informal interview by using a semi-structured checklist. Background information was collected through household survey. The study members were involved in BRAC for more than six years. Family crises were the main constraints to their economic improvement. Life-cycle factors also adversely affected their economic condition. Inconsistent income due to seasonality enhanced their vulnerability as well. The households made distress sales to cope with them. The members were unable to link them with the network of their VOs. Even they could not control their loan money as these were invested in their husbands' enterprises. The members, to some extent, observed changes in their status within the household but failed to achieve that in broader society. Finally, the study proposed special types of income generating activities for the members who lack entrepreneurial ability. In addition, emergency loan fund should be developed to help them cope with crises and seasonality.

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Why Some VO Members Do Not Benefit From RDP Intervention: A Panel Study of Ten Selected Cases

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Introduction

Development initiatives for women mean improvement in the quality of their lives and their empowerment. The empowerment of women specially seeks to increase women's participation in decision making processes which affect their lives and to create equality with men. Women are often targeted in anti-poverty programmes because they are believed to be poorer and more powerless than men but are able to channel resources to vulnerable children (Hulme and Mosley ed., 1996). Towards poverty alleviation and women's empowerment BRAC mobilizes rural poor women into groups called Village Organizations (VOs). The Rural Development Programme (RDP) of BRAC provides a comprehensive service to poor women incorporating awareness building, training, savings generation, credit disbursement and promotion of income generating activities. Informal credit market in rural area charges very high rates of interest which obstruct the poor from sustained gain in income through productive investments. BRAC assumes that affordable credit for productive activities would lead to improvements in income, welfare and asset positions (Pitt and Khandker, 1996:124). However, the impact of BRAC programmes over time is often found to be insignificant for some participants. The Second Impact Assessment Study of BRAC's RDP revealed that economic condition of a few member households has not been improving. Furthermore, their assets decreased over three years (Husain ed., 1998:71). That meant all participants within a programme have not been performing in a similar way. On that ground the present study was undertaken. The main objective of this study was to identify the factors that inhibited success of those members. The study also highlighted the reasons for their long time involvement in BRAC even though their household economy was declining.

Methodology

The analysis used a combination of case studies and sample survey data to describe the factors holding up the economic improvement of 10 selected households. Case studies were undertaken in 1999. The data were collected through participant observation and informal interview by using a semi-structured checklist. This was a panel study as the cases were previously surveyed

two times (1993-94 and 1996-97) under the household survey of the Impact Assessment Studies of BRAC's RDP. There was a set of indicators to assess the impact of BRAC programme on the lives of VO members. The present study considered only one indicator i.e. asset holding. Members whose asset holding decreased in between the two surveys were selected primarily. Out of those, 10 members were purposively selected from nine villages from four RDP regions namely Kishorgonj, Sherpur, Magura and Natore.

In selecting indicators for analysis some key constraints of sustainable livelihoods of the poor identified by Rahman and Hossain have been considered (cited in Montgomery *et al.*, 1996:149). They argued that economic sustainability of the household depends on the flow of income and assets of the household. They also pointed out some downward mobility pressures which obstruct the economy of the household. The pressures are: a) structural factors in the social and economic environment, including seasonality; b) crises factors such as family contingencies and natural disasters; and c) life-cycle factors and the developmental cycle of domestic groups (households may become poorer or better-off over time due to changes in the number of very young, older dependent and economically active members). It was hypothesized that the sample households might be affected more or less by these factors.

In addition to the above, factors contributing to members' success in their lives would be investigated for the sample households as well (Husain ed., 1998:155). These included a) leadership skill for their direct involvement with the VO management committee, b) involvement in one or more income generating activities and their quality of entrepreneurship, and c) presence of strong kinship ties within the VO that help them to enjoy special privileges such as using multiple loans. The study hypothesized that the sample members would lack such characteristics as their asset holding declined.

Since this study was limited to analysis of data for 10 observed declined cases, the results should not be generalized.

Findings and Discussion

Household profile and life-cycle factors

Table 1 represents some demographic, social and economic characteristics of the sample households. The mean age of the sample members was 39 years. There were two widows in the sample and the rest were married and living with their husbands. Only one member had primary education. Others had learnt how to sign through the functional education classes arranged by BRAC. Ability to sign names was also a pre-condition for the members to get loans.

Except one the sample households were headed by male. Level of education of the household heads was low. One had academic qualification up to secondary school level. Primary school enrollment of the children below 10 years was observed for sample households. Only the female-headed household failed to reach that.

Table:1 Characteristics of the sample households.

Sl. no of cases	Member's age	Marital status	Member's education	Education of household heads	Land size (decimal)	Family size
1	38	Married	Signing	Signing	53	3
2	40	Widow	Signing	Signing	5	5
3	35	Married	Signing	Signing	35	5
4	58	Married	Signing	Illiterate	17	3
5	33	Married	Class IV	Class I	4	5
6	56	Widow	Class V	SSC	100	8
7	48	Married	Read and write	Read and write	36	8
8	26	Married	Signing	Illiterate	106	6
9	31	Married	Signing	Signing	0	8
10	28	Married	Signing	Illiterate	50	5

Source: Case study data (1999)

The Second Impact Assessment Study showed that households with larger landholding were more capable of mobilizing and using resources and generating more assets and savings (Husain ed., 1998:58). The sample households with declining assets were found with smaller size of landholding. None of them could manage to increase their landholding being involved with BRAC for more than six years. Only one member increased landholding by inheriting land from her father-in-law. The average family size of the sample households was 5.6 which was same as

the national average (BBS, 1998). Apparently, the household characteristics presented above were not strongly correlated with the decrease in their assets.

Life-cycle factors were pronounced in some households for their declining situation. Two households were split due to marriage of their sons. So, the number of economically active members was reduced from the sample households. On the other hand, the household heads became older and less productive which affected their household economy as well. One member mentioned that having young six members of her family she was overburdened with household chores. Her husband could hardly manage their livelihood since she could not help him by earning money. Life-cycle effects were reflected in less direct involvement of women in income generating activities as well.

Economic constraints of the households

Under the structural factors of downward mobility pressure the economic constraints of the sample households were strong. Economic condition of the sample households largely depended on the characteristics of their main income sources. Irregular income due to involvement in low return economic activities was a barrier to their economic improvement. Table 2 shows that the main occupation of 60% of the household heads was wage labour. Wage labour included agricultural work in other's field and rickshaw pulling. Flow of their income from agricultural work fluctuated over the year as that work was closely related with seasonality. As reported, seasonal difference was also pronounced in cash earnings from rickshaw pulling. In rainy season it is too hard to pull rickshaw or van in the muddy road. Again people cannot afford riding on rickshaw when they lack money during the slack season. Two members mentioned own agricultural work as the primary occupation of their household heads. It was also reported that they could not manage livelihoods from the income of their own land. So, they sharecropped in other's land and could manage to live. The household with service holder head performed better. In addition to the regular income from service that household generated income from its own agricultural work. One member mentioned that her husband could not earn more from his business due to lack of working capital. However, the economic condition of the last two households appeared better than others. Nine households had more than one income earners.

Still all members reported that they live from hand to mouth position. It seemed that the economically active members lagged behind in the proper use of their labour.

Due to the seasonal fluctuation of cash earnings all the members mentioned reducing expenditure as a way of their subsistence whenever they faced shortage in cash. They changed their consumption pattern by reducing costly items from their foods. They also gathered minor edibles and fish from common access resources (Montgomery *et al.*, 1996:150).

Table:2 Economic characteristics of the sample households.

Sl. no of cases	Occupation of household head	Productive non-land asset value	Net worth* (Taka)	Number of income earners	Women's economic activity	BRAC loan amount	Savings amount
1	Own agriculture	3,225	1,06,115	2	Poultry rearing	11,000	1,415
2	Day labour	50	1,042	2	Maid	11,000	1,323
3	Day labour, business	5,100	60,500	2	Cow/goat rearing, <i>kantha</i> stitching	15,000	2,150
4	Day labour, own agri	525	- 80	3	Wage labour, goat rearing	9,000	1,010
5	Rickshaw pulling	0	2,344	1	-	6,000	1,139
6	Service	13,000	62,754	3	Religious work	6,000	1,304
7	Day labour	11,310	77,853	3	Cow rearing	2,000	943
8	Business, own agri	6,500	32,970	2	-	2,000	770
9	Rickshaw pulling	2,700	1,415	2	Poultry rearing	10,000	1,265
10	Own agri, day labour	4,650	68,237	2	Cow rearing	0	27

* Net worth defines the value of total assets including land and savings less the present liabilities of the households
Source: Household survey (1996-97) and case study data (1999)

In the context of rural Bangladesh, living condition of eight sample households was not worse. The value of their living houses ranged between Tk 2000 - 19,600. Rest two owned houses valued Tk 350 and Tk 500 only. Nine members were found living in their own houses. The other one built house on the land of her brother-in-law. None of the sample members had taken housing loan from BRAC. But some of them invested part of their loan money to renovate houses. Three members could not use tin to roof their houses. They belonged to one area where

the subsistence of the poor seemed hard. In terms of economic and social indicators that area was less vibrant than other areas.

Asset holding is a strong indicator to measure economic performance of the members. Nevertheless, the asset holding of the sample households declined over three years. Their present asset holding was not inspiring. Table 2 implies that the mean value of productive assets (invested for generating income) was Tk 4,706 which was lower than that of the sample members of the Second Impact Assessment Study of BRAC's RDP (Husain ed., 1998:40). In the sample households productive assets mainly included livestock, poultry and trees. Case study revealed that except livestock, members could not mobilize their assets effectively. The products of other assets were mainly consumed in the households. The sample members could not develop regular savings practices. Their savings ranged between Tk 27 - 2,150. Most of these savings were deposited with BRAC. Along with cash savings few households also leased in land from others. Members were not satisfied with their BRAC savings as they did not have access to their own savings during their emergency need. Households which observed distress sales of assets due to family crises could not resist it through their savings. Their savings were not enough to meet up such crises. Low level of savings, however, substantiated the chronic poverty situation of the sample households over a period.

The Second Impact Assessment Study argued that successful members were engaged with one or more income generating activities (Husain ed., 1998:148). So, it was hypothesized that the sample members might be less involved in cash earning. In this study women's work were under reported although in some cases the output of their work received cash. Table 2 shows that eight members were involved in economic activities which they perceived as their household responsibilities. The level of their income was very low as they could not manage to work at a large scale. None of them used any BRAC loan in their own economic activity. These were invested mainly in the economic activity of their male counterparts and they were responsible to repay the installments (Matin and Rab, 1998:8). Consequently, members lost their control over both loan and its outcome. Data showed that five members received training from BRAC on skill development. But they failed to initiate any entrepreneurship at small scale being supported

by BRAC. Even on their homestead they were reluctant to initiate new economic activity as they perceived men were responsible to earn income. Studies showed that group membership and income earning made it less likely that a woman would be deserted by her husband. So, they were interested in access to skills and financial resources (Amin and Pebly, 1994:146; Hashemi *et al.*, 1996:648). The sample members conceded that point but they mentioned that they were over burdened with household chores and child care. Initiating new entrepreneurship was not convenient for them.

Box 1: The case of Tulshi Rani.

Brahmin Tulshi Rani, aged 56, does religious rituals in exchange of food and clothes. She has formal education up to primary level. She worked for adult education for a period of ten years under the Directorate of Social Welfare. She received a ten-day training of Traditional Birth Attendants (TBA) from the Family Planning Department of the Government. But she did not practice it as she was over burdened by household chores and her religious rituals. In the recent past her two sisters-in-law took over the household responsibilities. Tulshi Rani would like to work as a health worker under the supervision of BRAC. She could not manage to convince BRAC staff in this regard.

The First Impact Assessment Study of BRAC's RDP argued that involvement in BRAC for more than two and a half years with loan amount of Tk 7,500 might create impact on a member household (Mustafa *et al.*, 1996:39). Such finding was negatively correlated with the sample members. Table 2 shows that nine members received BRAC loans ranging from Tk 2,000 - 15,000. The rest one asked for Tk 10,000 as her first loan and was refused. So she did not take any loan from BRAC. Improper use of loan money caused declining economic condition of some sample households. Five members mentioned that they repaid traditional money lenders by borrowing money from BRAC because during their crises they could not manage loans from BRAC and being compelled they borrowed from traditional money lenders with high rate of interest. Some members were not happy with BRAC loan. They mentioned that the amount of BRAC loan was too little to start a new enterprise. Four members joined other NGOs to get more loans and two members received loans from them. Those loans were invested in their husbands' enterprises as well. Nevertheless, none of them reported insufficient BRAC loan as the only factor of the downward mobility of their household economy.

Since asset holding of the households declined, half of the members had net worth of more than Tk 50,000 (see Table 2). It may be mentioned that the value of their homestead has increased the amount of net worth which they inherited from their parents. Case studies, however, revealed that six members could resist their declining economic condition by increasing ratio of income earner to dependent members and to find out employment with a regular income flow.

Crises factors leading to household vulnerability

Crises factors acted as the main constraint of the economic improvement of the sample households. The chronology of their poverty situation revealed that some of the households were not so poor by heredity. Most of them had a good amount of net worth (Table 2). Montgomery *et al.* showed that family crises like marriage, illness and death can lead to demands on existing resources causing distress sales of livestock or other household items (1996:150).

Box 2: A case of female-headed household.

Sufia was involved with BRAC for almost six years. She has three children. Her husband was a van puller and sometimes worked as an agricultural labourer on daily basis. Sufia did not work for cash as her husband did not like it. After suffering one year her husband had died from ulcer. Sufia sold the rickshaw van to meet up the expenses of his treatment. She borrowed money from traditional money lender as well. After her husband's death Sufia started to work as a maid. One of her daughter has been working in her neighbour's house. Her eldest son (16) was under employed and too lazy to work. After her husband's death Sufia continued membership in BRAC for one year, and then compelled to dropout. She could hardly manage to repay her last loan. Her sister and mother helped her to do that. Finally, Sufia asked BRAC to refund her savings and withdrew her membership from BRAC.

Data showed that over the last three years each of the sample households faced some family contingencies which directly affected the economic condition of their households. Crises mainly included death and illness of principal income earner of the household and financial loss through loss of production modes like cow, rickshaw van, power tiller, etc. Two members sold livestock and bi-cycle to set up new business and to lease in land respectively. One member sold land for her daughter's marriage. Again one member sold rickshaw because they migrated to town and needed cash money. It seemed that financial loss and distress sales of assets turned the economic condition of the households downward. They also suffered from shortage of capital and borrowed from traditional money lenders with high rate of interest.

Box 3: Crises lead to vulnerability.

Mafia, a BRAC member, said, "I did not misuse my loan rather tried hard to improve the household condition in all aspects. Three of my cows died within two years. We inherited 53 decimals of land from my father-in-law but could not maintain it because of these family crises. We sold 16 decimals of land for medication of my eldest son who had a surgery on his appendix. We have a power tiller, half of its price is shared by another person. We often face trouble with the power tiller as its different parts break frequently. As a BRAC member my sister-in-law is doing better than me. Because she did not face any crisis which largely affected her household economy."

Non-existence of network within the VO

Sample members were found socially vulnerable due to poor networking within and outside the VO. Some of them had relatives belonging to their same VOs but strong kinship ties were not observed among them. Studies showed that members often received more benefits from BRAC by using their kin relation within their VOs in violation of existing rules (Husain ed. 1998:156, Banu and Amin 1997:13). Such findings were not common for the sample members. Members reported that their relatives provided money for loan installments if they became unable to repay in time. The money was repaid within few days. As reported, economic conditions of their kin members were better as they could manage proper use of their loan money. Some of them got involved in income generating activities being supported by BRAC and could ensure a regular income for their households. So they did not have to face distress sales of their assets.

Box 4: Poor network.

Jahanara joined one VO situated in her neighbouring village. She was the only member from her village and she had no relative in that VO as well. So she felt a lack of fellow feeling from other members. Jahanara thought that she was discriminated to get income generating opportunity as she wanted to be a caretaker of BRAC's mulberry tree plantation. She was extremely poor. She wanted to receive the vulnerable group development card which was initiated for the extreme poor. But her co-members did not support her. As a result Jahanara dropped-out from the VO. Three months ago she has again joined another BRAC VO started newly in her village. Jahanara thinks it is now easier to manage loan installment from her neighbours if she becomes unable to repay on time.

Of the sample members, two were involved with VO management committee. They played a role as leaders of small groups consisting of five to seven members and were responsible to look after the loan behaviour of their group members. They might have a chance to enjoy more facilities and greater amount of loan as members of the management committee because of their direct interaction with both BRAC staff and VO members (Husain ed. 1998:157). But the cases under consideration were unable to use such opportunities.

Another drawback for female managed (husband is alive but works in another place away from home) households in rural Bangladesh is that women can not easily take loan in cash. Borrowing goods from neighbours or relatives is relatively easier for them. It appeared that loans might be repaid by men as they are the principal earners of households. So, these women do not have that kind of credit worthiness. Dependence on husband for repayment was significantly high (Matin and Rab, 1998:8). In the absence of their husbands it becomes difficult for women to repay loan. However, two sample members became inactive due to irregular repayment of their loan installments.

Box 5: Membership discontinuation.

The members of Nurjahan's household migrated to Dhaka and they stayed there for one year. In recent past, with her children she came back to the village as her rented house at Dhaka was burned. Her husband did not come back and carried out rickshaw pulling there. Before leaving village Nurjahan used to work at BRAC *Kantha* Centre. Later the centre was shifted to another village so she could not continue her work there. Nurjahan failed to find out any economic activity in her village. She said that in the absence of her husband she was unable to borrow money from the village. So, she could not manage to repay regularly and became inactive. She stopped to repay loan installment to BRAC and asked the staff to deduct the money from her savings.

Changes towards empowerment

The above analysis suggested that involvement in BRAC could not bring positive economic changes of the sample households due to some unanticipated reasons. However, some non-economic dimensions were observed in such households which were brought about by their involvement with BRAC. Most of the members mentioned improvement of their bargaining power within the household as they played a key role to bring a big amount of cash from BRAC. As mentioned before eight members were engaged in income generating activities. Their income was mainly consumed in the household. They made small purchases of some personal items and expenses towards children's needs. Members claimed ownership on some small assets like poultry, goat, jewelry, etc. In a few cases they claimed control on these as well. In other words, it was reported that they could manage selling of these without asking help from the male members of the households.

Almost all the members mentioned that their status has changed in their immediate family due to their involvement in BRAC. Through awareness training and meeting with BRAC staff they

developed their own visions on some social issues, viz. female education, early marriage, dowry, husband's second marriage, and so on. They were able to take part in decision making about some familial aspects. Through traveling to BRAC area office and the health centre (even though to a small extent) they made some communications of outside their households. To some extent their legal and political awareness has increased.

Box 6: A case of self-reliance.

Jabeda, aged 35, did not go to school due to poverty. Her husband had no formal education. They were struggling to survive. So, they felt importance of educating their children. Their children were going to school. Jabeda spent little from her own income for their education. She visits their schools whenever needed. Her husband allows her to go there because sometimes he can not manage time to go. She goes to the hospital for medication of their children as well.

On the other hand members reported that their social status has not improved significantly. Due to family contingencies their involvement with BRAC could not improve their household economic condition. None of their family members took part in the leadership of the village. As reported it was hereditary and always captured by the rich people of the village. Even men from the members' households could not make decisions in *salish* (village court). Powerlessness exacerbated their isolation from the village committee. Members of male-headed households reported that normally they were not refused to get money from traditional money lenders because they used to charge high interest and ready to lend money to needy people. Being involved with BRAC members' credit worthiness has improved to the traditional money lenders as they observed members' access to BRAC loans. They thought that members would be able to repay their loans by borrowing money from BRAC.

Perception about initial hopes and its fulfillment

Nonetheless, the economic condition of some sample households has not improved after being involved with BRAC. But its impact on some empowerment issues was visible. To address the reasons for their long time involvement in BRAC the study intended to know whether the expectation of the members to BRAC were fulfilled or not. The members were inspired to join BRAC by the local BRAC staff who used to visit their village frequently at the beginning. They were told that involvement with BRAC VO would bring economic and social changes on their

lives. The sample members joined BRAC mainly to get loan at low interest rate. In rural areas the traditional money lenders charge very high interest from the poor due to their lack of collateral security. They charged interest at the rate of 120 - 240%. In this respect members could fulfill their objectives to join BRAC more or less. To get Tk 5,000 on account of life insurance was another attraction for them to join BRAC. They were informed that BRAC would provide income generating opportunities for them. Their asset holding situation would be improved. They would get money in emergency. Majority of the members hoped to build new houses with BRAC loan. Most of their hopes have not been fulfilled yet. One member mentioned that she was inspired to involve in BRAC as her children would get education in BRAC school. Her two children had been going to BRAC school. One member said that she joined BRAC for depositing savings. She thought that she would help her husband with the savings in emergencies. In practice she could not save more due to her inability. Again, she could not withdraw own savings from BRAC as that was not permitted. In their present situation all the members understood that economic changes of the household depended on proper use of loans which they lacked due to their family crises and some structural factors as well.

The study assumed that the perception of the sample members about BRAC was different from that of the dropout members as they have been continuing membership although their condition has not been improving. Actually, some of them were on the process of dropping-out from the VOs. Dropout is usually associated with default of loan. Once a borrower decides to dropout she has no incentive to repay the loan as repayment is a precondition for obtaining a repeat loan (Rahman, 1998:43). The case study revealed that of the 10 sample members, three already dropped-out from BRAC over the last two years. One member dropped-out due to her inability to use loan money. The second one left BRAC because of not getting higher amount of loan as she expected. Last one left due to her inability of adherence to group discipline. Rest of the members have been trying to get involved with BRAC mainly for their access to loan.

Conclusion

BRAC is trying to alleviate poverty and to empower women through encouraging group formation and access to credit. The above analysis, however, suggested that involvement in

BRAC's RDP did not impact on some programme participants. Any individual factor was not responsible for the declining situation of the sample households.

Life-cycle factors were pronounced in the sample households for their declining situation. In a few cases old age of main income earner was a barrier to their regular earning. Childbearing responsibilities also prevented the young members to be involved directly in income generating activities.

The sample households were concurrently affected by some economic factors as well. Inadequate and often irregular income due to involvement with low return activities was a barrier of the sample households for their economic improvement. Their income was also affected by seasonality. In line with length of membership total amount of their loans was not up to expectation. Particularly in the female-headed household lack of adult male worker was a constraint for using credit. In general, households with more than one income earner can ensure higher amount of labour input in the enterprise and thus a higher return to capital is generated. In such case a part of the loan can be repaid from the earnings of other members (Rahman, 1998:35). In this study some sample households even though with high ratio of employed to dependent member were less enthusiastic to borrow greater amount of loans. Paradoxically, insufficient loan was stated as a barrier for some households as two of them borrowed simultaneously from other local NGOs. Due to low productive assets and net worth some households were more likely to invest in activities which require little amount of fixed capital. Such preference generated a low return to labour. Nevertheless, loan had negative impacts on some sample households as they could not mobilize it effectively.

Mainly crises factors asserted downward mobility of their economic condition. Their social vulnerability exacerbated their isolation which enhance the probability of crises occurring and reduce the ability of households to cope with them. Sample members were obligated to sell assets to cope with crises.

Poor net working of the sample members within the VO explained that the social credibility of them was very low. Since the group members jointly shoulder the repayment they prefer members from better-off sections (Rahman *et al.*, 1998:43). Low profitability of income of the sample households resulted in their low credit worthiness as well. The fear that they might not be able to generate sufficiently high returns from investment in micro-enterprises discouraged BRAC staff to provide greater amount of loans to them.

Since greater number of loan and greater length of membership could not impact economically on the sample households, the study focused on the reasons for continuation membership in BRAC. Nonetheless, access to credit with low interest was the main attraction of their involvement. In addition, it was a great opportunity for them to repay loan in installments which was not common for informal loan taken from traditional money lenders. Members could perceive improvement of their status within the households. To some extent they were able to communicate outside their households because of their involvement with BRAC. For those reasons members showed their desire to be involved with BRAC up to the end of their lives. Belonging to a same economic stratum members have similar perceptions of their social environment and they adhere to similar beliefs. On the point of their empowerment it seemed that BRAC could not build awareness and augment motivation effectively among them. Members could manage to improve their position in their immediate households through their access to loan. But they were not aware of their position due to the patriarchal ideology.

Finally, the analysis showed that though all the cases had declining asset position during the three-year period between the two Impact Assessment Studies (1993-94 and 1996-97) the present economic condition of some sample households was satisfactory. Case studies revealed that some members could resist their declining economic condition by increasing ratio of income earner to dependent members and to find out employment with a regular income flow. Three of the sample members by this time had left BRAC for some unanticipated reasons. Prevention of inactivity and dropout of members required a reduction of their vulnerability during period of their crises.

Policy implications

Special types of income generating activities should be promoted for members who are physically able to undertake employment but lack entrepreneurial ability. Intensive supervision might be ensured for the loan practices of the destitute women which may help retain their membership in BRAC.

Flexible savings policies¹ need to be adapted where members can easily withdraw their own money whenever necessary. Emergency loan fund should be developed which may help them cope with crises and seasonal vulnerability. Such a scheme may help members avoid selling their assets, borrowing from traditional money lenders, and remain starved in slack season. This may have positive and sustainable impact on both economic and social development of poor VO members.

¹ BRAC has already taken some steps about withdrawing savings from their own accounts for its urban members. It will be implemented for the rural areas by the year 2000.

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Appendix

Checklist

1. Household Composition

- Age
- Marital status
- Occupation of member and household head/earning member
- Education
- Family size
- No of earning members in the household
- Condition of the house

2. VO Related Activities

- Date of involvement
- Membership status
- Hopes at the beginning
- Have their hopes been fulfilled? If yes, how? If no, why? What had to do for that? Does she still think those will fulfill in future?
- What benefits has she received from BRAC? What else does she need?
- Has she involved with other NGOs? If yes, what are the reasons?
- Has she received benefit from other NGOs? How these are different from BRAC?
- Do you have relatives in the VO? If yes, do they help you? How are they doing? If better than the sample member then what are the reasons?

3. Credit and Savings

- Number of loans
- Amount of loans
- Use of loans, loans applied to existing entrepreneurial activity or initiated new entrepreneurial activity. Has the activity made profit?
- Who use the loans?
- What are the sources for repaying installments?
- Has she had better savings status than before joining BRAC? If yes how? If no, why?
- Do you have any non-BRAC loan? What is the difference between your BRAC and non-BRAC loan?

4. Training

- How many and what type of training has she received?
- Is the training useful for her? If yes, how? If no, why?

5. IGA Activities

- Involvement in IGA before and after joining BRAC
- Type of activities

- Places of activities
- Income from activities
- Use of IGA generated income
- Control over income from the activities
- Problems faced in activities
- Assistance from BRAC in the activities
- Has she received any training from BRAC on her IGA? What does she think about the effectiveness of such training?

6. Economic Status

- Have your assets increased after joining BRAC? For the response of yes or no, why?
- Has the condition of your house improved compared to her pre-BRAC situation?
- Has the landholding of the household increased?
- Do you have stocked food in your house? What was the condition before joining BRAC?
- Is there any change in your household for coping with crisis due to involvement with BRAC?
- If the poverty situation of the household is occasionally or chronically deficit then what are the reasons? Compare with other BRAC households which have same demographic characteristics.
- Do you think that the overall condition of your household has been changed due to being involved with BRAC?

7. Social Status

- Has her position (regarding own respect, bargaining power, and decision making) changed in her immediate family and in the community due to her involvement in BRAC? If yes, to what extend?
- Has her participation in social occasions/events increased or decreased?
- Does she make decisions on household expenditure, consumption, children's education, son's/daughter's marriage?
- Information about her contribution to household expenditure and other family matters
- Mobility out side to home

8. Attitudinal Changes

- Attitude towards female education, early marriage, dowry, husband's second marriage, mobility, involvement with IGA
- Increased awareness about social issues (female/children's health, education, etc.)

9. Attitude towards BRAC

- What do you think about your joining BRAC?
- What do you think about your present household condition compared to pre-BRAC situation?
- Do you want to continue your membership? Why?