Group Norms and the BRAC Village Organization – Enhancing Social Capital Baseline

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Acronyms

CO	Community Organizer
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ESC	Enhancing Social Capital
GM	General Members
MFI	Microfinance Institution
PO	Programme Organizer
SD	Social Development
VO	Village Organization

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Abstract

BRAC's developmental approach is centered on its village organizations (VO). In order to upgrade VO integrity and norms, BRAC's Social Development (SD) Programme (currently renewed as Community Empowerment Programme or CEP) introduced the Enhancing Social Capital (ESC) project in 2010. This study used social capital as an organizing framework to capture VO members' group behaviour, and their current status along programme activities. The study compared the status of intervention VOs with comparison VOs. Data were derived from 728 VO meeting observations and 2445 semi-structured interviews of VO members. Geographical and infrastructural factors explained some differences among intervention and control groups. VO presidents performed better than the general VO/members (GM). VO group solidarity, individual trust, the VO's client-friendliness, and years of education influenced the extent to which VO members adhered to good VO group norms.

Executive summary

Introduction

Group-based microfinance can increase the sustainability of microfinance institutions in developing countries. Group-based models enhance institutional efficiency by lowering transaction costs and shifting loan risk from institutions to borrowers. They also increase borrower accountability among peers, and shift loan risks from institutions to borrowers. As an NGO, BRAC adopts a holistic development approach centered on the village organization (VO), a group of female microfinance clients. In order to upgrade the VO as an organization, BRAC's Social Development (SD) Programme (currently renewed as Community Empowerment Programme or CEP) introduced the Enhancing Social Capital (ESC) project in 2010. The project aimed to increase solidarity among VO members, and develop their integrity as BRAC clients.

The proposed intervention was launched in 7,582 VOs across 10 districts in Bangladesh. Selected VOs reflected low microfinance performance in terms of meeting frequency, group integrity and discipline. This study captures the current status of the VO and BRAC's microfinance clients along programme activities. An end term evaluation will be conducted upon project completion.

Research methods

Data collection techniques

The study captured the dynamics of VO group behavior at both the institutional and individual levels. Meeting observations and supplementary interviews of Programme Organizers (PO) captured institutional level characteristics of the VO. Surveys captured individual-level characteristics of the VO general members (GM). Indicators reflected ESC intervention activities, and drew on the theoretical dimensions of social capital as an organizational framework.

Study area

The study was conducted in 10 districts where the ESC programme was to be launched. They include: Chuadanga, Comilla, Feni, Gazipur, Jhalokathi, Jhenaidaha, Meherpur, Moulvibazar, Munshiganj, and Khulna.

Sampling strategies

As the ESC programme aims to strengthen as a rural organization VO, its selected VOs were week and low-performing. We combined random and purposive sampling techniques to select intervention and control VOs. The project targeted roughly 5% of

the total intervention VOs, leading to a sample size of 300 intervention VOs and a control group of the same size¹.

Socio-demographic profiles

VO members in the intervention group averaged a monthly household income of Tk. 10,256. The average household education was 3.6 years. Approximately 82.4% of the intervention households had at least one child in a government primary school, and 9.8% had at least one child in an NGO primary school. Only 11.4% of school-going aged children (5-16 years old) actually attend school. Households in the control group were more socio-economically vulnerable than those in the intervention group. The intervention group has a higher income, higher household expenditure, and higher average years of education in the household for members above 5 years of age. Little socio-economic differences existed between VO presidents and the GM.

Institutional norms: VO meeting characteristics

VOs conducted their prescribed activities infrequently and inconsistently. POs often collected instalments for a single VO in multiple locations. Some VO members paid instalments at the designated meeting spot. Others sent their payment through family members or neighbouring VO members. POs had to go house to house for the remaining payment. Members occasionally sat on the front yard, but often inside a president's house or veranda. On average, less than half of the members showed up at observed meetings (39.7% and 35.6% in intervention and control groups respectively). Low attendance mostly occurred due to time constraints placed by manual labour work or family bindings, disharmony among VO members, disputes with VO leaders, and conflict between different social classes. In the absence of proper roads, some members were reluctant to walk long distances to the meeting spot. Other clients utilized loan funds to support their husbands' businesses and therefore, had little interest in meeting attendance. Finally, members paid their dues individually as opposed to groups; thus a typical collection took about two hours. POs were typically delayed by their first collection of the day, running late to subsequent meetings.

Adhering to group norms: general members' (GM) meeting behaviour

Meeting attendance

Over 40% of respondents cited that no meetings (spot collection) were held in their VO over the last month (44.4% intervention, 42.8% control)². In the event that spot collection was held, most (all but 2.9% intervention and 4.3% control respondents)

¹ We have over sampled by 6% to account for non-successful instances of data collection.

² Most VO meetings are in fact spot collection events where members pay their dues and leave, but no actual meeting activity occurs. In this report we use the term spot collection to refer to such events, whereas meetings refer to actual meeting activity where VO members sit together, and the PO addresses them as a group.

attended at least one event. Approximately 63% of the VO members submitted their last payment in spot collection settings, through self or another family member. In 30.7% cases of intervention respondents and 36% of the control group the PO collected instalments from members' residences. The average intervention group respondent could accurately cite 26.5% of the 18 promises; control group respondents cited 24.8%.

Loan utilization

The VO members used their loans in various sectors. Within the intervention group, the highest planned use, and actual use occurred in business followed by agriculture, household good (furniture, land, and building home), freeing mortgaged land, household spending, and daily household expenses. Comparing planned use to actual use, 58.8% of the intervention group and 54.3% of the control group reported business as the loan purpose to the BRAC office. However, 45.9% of the intervention group and 43.2% of the control group planned to use some percentage of their loans for business; 43.4% of intervention group and 40.5% of control group used any percentage of their loan for business purposes.

Loan repayment

Slightly higher than one fourth of the control group (26.3%) missed the last instalment compared to 8.3% of the intervention group.

Vertical networks: access to resources

Intervention and control groups varied in their knowledge regarding appropriate means for accessing resources. More VO presidents received certain services compared to the GM. A higher number of intervention group respondents received latrines from NGOs or private donors (8.7% compared to 4.4%). Presidents may have used BRAC networks to avail more services for their own households than for the GM. A higher percentage of presidents received latrines from BRAC POs compared to the GM (9.3% presidents, 5.8% of GM) despite having higher socioeconomic status.

Regional geographical variation explained water use patterns. More of the intervention group used supply water for non-drinking household purposes, whereas the control group resorts to *khal* and *haor*. Majority of the control group VOs were from *haor* areas. Over 71% of VO members in the intervention group were able to identify by name, arsenic as a form of contaminant in tube-well water. The number was much lower in the comparison group, at 53.1%. A higher percentage of the intervention group also had their water tested for arsenic (62.6% intervention, 57% control).

Intervention and control groups varied in their knowledge of human rights issues and access to resources, each leading in certain areas. Across all but two indicators, more presidents were aware of the issues compared to regular members.

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Horizontal networks

Approximately 19.9% of the intervention group and 18.4% of the control group knew the names of all members in their VO. A larger percentage of VO presidents knew all VO members' names compared to regular members (33.3% of presidents, 12.2% of members). Small groups existed in 7.8% of the intervention group and 16.8% of the control group.

Solidarity and trust

The intervention group exhibited greater trust between individuals, whereas the control group illustrated greater trust in the VO as an institution. A marginally higher percentage of the intervention group felt that if someone from the VO had a problem, financial or social, individual VO members would come to their aid (56.2% intervention, 38.7% control). A little less than one-fourth felt that the VO would intervene as a group (17.2% intervention, 25.2% control). A slightly higher percentage cited that no one from the VO would help (24.1% intervention, 27.4% control). However, solidarity within the VO was higher than VO members' general sense of solidarity for the village community.

Experience with BRAC

Approximately half of all respondents cited that if they defaulted on instalments, the PO provided extra time to make payment before considering them to be defaulters (56.9% intervention, 42.5% control). Of all advantages BRAC provided over other MFIs, respondents viewed quick loan disbursement procedures to be most beneficial (51.9% intervention, 53.8% control). A smaller number preferred BRAC's easy repayment process (9.9% intervention, 8.2% control) and the fact that one could get the desired loan amount (12.2% intervention, 4.3% control).

Rural women were often drawn to BRAC in the hope of receiving BRAC services. VO members were asked whether they received any additional benefit or service through BRAC by virtue of their VO membership. An overwhelming number mentioned receiving no benefit (94% intervention, 89.5% control). A very small percentage of respondents were supplementing their loans with adequate training for loan utilization. A higher percentage of VO presidents received training compared to general members (5.5% compared to 2.9%) suggesting that VO leaders may be at an advantage for selection due to their close relationship with the PO.

Conclusion and recommendations

Most selected VOs did not hold proper meetings. Members were generally willing to show up for meetings if held on a regular basis. Some, however, were constrained by physical distance or limited time due to labour work. Survey data showed that POs rarely held scheduled meetings. Intervention and control groups differed on loan repayment, though presidents and the GM did not. A much higher percentage of the control group missed the last payment. Analytical techniques used for the impact evaluation should accommodate these differences.

Presidents scored much higher than all members on indicators that suggest more social capital at an abstract level. Presidents scored higher than the GM on 6 out of 13 indicators related to service acquisition, with all statistically significant differences. Intervention and control groups varied in terms of their knowledge of resources. However, they did not differ on their knowledge of members' names. VO presidents maintained much stronger horizontal networks than general members. More effort should be taken to ensure equal distribution of knowledge and ownership. Presidents could serve as agents connecting VO members to various vertical networks.

Intervention and control groups differed on most variables, which must be accommodated during the end-line evaluation. Levels of solidarity were generally low among VO members - one fourth of the entire group felt that if someone from their VO was in trouble, no one would come to her aid. Institutional determinants, including the extent to which VOs were client friendly varied among all groups. More intervention group respondents felt that POs provided extra time for loan repayment if challenged in coming up with the money. However, less members of the same group had received any BRAC service by virtue of being a VO member. Less of the intervention group has also received any training in income generation.

Introduction

Group based lending models increase the sustainability of microfinance institutions (MFI). A group based approach can increase institutions' operational efficiency by lowering transaction costs, and shifting loan risk from the institution to the borrowers. From the clients' perspective, group activities allow rural, isolated women to establish extensive peer networks. Female microfinance clients have stronger financial standing than non-borrowers. Through programme participation they have made substantial improvements in household health, education and gender status. If harnessed adequately, the organizational space provided created by group-based MFIs could provide impoverished rural women with an organizational identity that serves as a vehicle for upward mobility.

BRAC's holistic development approach historically focused on the village organization (VO), a group of female microfinance clients. The VO was initially designed to serve as a centre for all of BRAC's development work. However, scholars caution viewing group-based microfinance programmes as a cure-all for chronic poverty. Groups are subject to complicated internal dynamics that challenge their ability to sustain. Particularly in finance-related organizations, group trust tends to be low which hampers members' cooperation on matters of group interest³. Over the years the VO weakened as an entity, failing to hold regular meetings. Where held, meetings were limited to financial transactions.

BRAC's Social Development (SD) Programme introduced the Enhancing Social Capital (ESC) project in 2010. Through building stronger networks and establishing meeting norms the project aimed to increase solidarity among VO members, and develop their integrity as BRAC clients. The programme was based on the premise that a strong and dedicated membership could help strengthen the VO as an organization and ensure institutional sustainability. This study captures the current status of the VO and its members along indicators based on programme activities. An end-term evaluation will be conducted upon programme completion.

Group based lending and the BRAC VO

Financial services reduce the impact of poverty in multiple and concrete ways (Littlefield *et al.* 2003). Microfinance, particularly, empowers women along several dimensions including the economic, political and social. MFI clients have far better standards of living after participation. BRAC microfinance clients show higher consumption, increased assets and enhanced access to services following

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³ See TILLY C, 2004. Trust and rule. *Theory and Society*, 33, 1-30.

programme participation (Zaman 1999)⁴. Socially, microfinance enables female clients to pursue equal gender roles in patriarchal societies. Income generation creates a stronger economic role for a woman in her household, providing her with decisionmaking and bargaining capacity. Her access to the market is the primary route to her empowerment (Ackerly 1995). Member households also made significant improvements in health and education sectors.⁵ Children from BRAC member households exhibited higher competence in reading, writing and math compared to non participating households, and their own status before programme participation (Chowdhury and Bhuiya, 2001).

Informal groups are currently most effective models for credit disbursement and building human resource capacity through income generation training, awareness, etc. (Mahmud, 2002). Groups form around joint activities, typically performing an economic function though strong social and political roles are also likely. Economic activity typically takes two forms - the production of goods and services, or activities that secure resources (Thorp et al. 2005). The group has a dual effect on lending. Firstly, it increases access to funds. Secondly, groups are financially sustainable, not always dependent on government subsidies and donor funds (Bennett et al. 1996). They reduce the cost of collective action (Anderson and Locker Rachel 2002). Groupbased systems can shift some costs and risks from the lending institution to the group (Stiglitz 1990). From the client's perspective, group liability provides a substitute for physical and financial collateral for landless women and men. For many impoverished citizens, therefore, groups are the only means of access to formal credit.

In developing settings, groups have tremendous potential to help members pursue upward mobility⁶. They provide rural women with organizational base to collectively establish ownership of their finances, direct this mobilization towards positive social change. Meeting attendance increases women's exposure to stakeholders in the community, allowing women to establish an identity outside the family. Increased mobility provides access to information, and diverse sources of knowledge. Together, these elements build confidence, and provide experience of engaging in the public sphere (Hashemi et al. 1996, Pitt and Khandker 1998). However, others found micro

⁴ For work on the international experience with microfinance, see SIMANOWITZ A 2003. Appraising the Poverty Outreach of Microfinance: A Review of the CGAP Poverty Assessment Tool (PAT). Occasional Papers, PANJAITAN-DRIOADISURYO, R & CLOUD K 1999. Gender, self-employment and microcredit programs An Indonesian case study. The Quarterly Review of Economics and Finance, 39, 769-79, MORDUCH J & HALEY B 2001. Analysis of the effects of microfinance on poverty reduction. Prepared by RESULTS Canada for the Canadian International Development Agency, November, REMENYI J &

QUIÑONES B 2000. Microfinance and poverty alleviation: case studies from Asia and the Pacific, Pinter. ⁵ For international experience, see MKNELLY B & DUNFORD C 1998. Impact of credit with education on mothers and their young children's nutrition: Lower Pra Rural Bank credit with education program in Ghana. Freedom from Hunger Research Paper, 4, 203-98, PITT M, KHANDKER S, CHOWDHURY O & MILLIMET D 2003. Credit programs for the poor and the health status of children in rural Bangladesh*. International Economic Review, 44, 87-118, ibid.

⁶ See: THORP R, STEWART F & HEYER A, 2005. When and how far is group formation a route out of chronic poverty? World Development, 33, 907-920. Authors refer to groups that focus on joint activities, typically centered on an economic function though they have strong social and political roles. Economic activities indicate the production of goods and services, or activities that secure resources.

credit to have less of an impact on increasing choices and resources, and more influence on gender roles within the household (Mahmud 2003).

BRAC adopted a group-based lending model for a number of reasons. Firstly, financial support alone cannot improve livelihoods of the poor. "A social development is also necessary as a precondition for realizing the full potential value of credit and financial interventions (Wood and Sharif 1997)." The VO of BRAC's Economic Development Programme served as an inlet for BRAC support at the village level.⁷ From its very inception the VO served as a platform for various financial and social development, and livelihood support. The VO allowed BRAC to look out for borrowers' well being through resource distribution, which in turn strengthened their capacity for regular loan repayment.

Secondly, group-based lending increased the programme's cost effectiveness, given a large programme size and high borrower to Programme Organizer (PO) ratio. Third, peer monitoring induced a sense of joint liability which transferred risks from the institution to the borrower. Group members have greater liability if they borrow money in a public setting. They are less likely to default on loans for fear of public embarrassment or exclusion. Peer engagement also eased the loan process for mostly illiterate VO members. Members may rely on this peer network to clarify logistic details, making the repayment process transparent and easy to understand (Montgomery, 1996, Berenbach and Guzman, 1992). Finally, a group setting simplified the instalment collection process. Collecting instalments in one setting at a designated time reduced the operational costs of providing a large number of small loans.

A VO engaged 30 to 40 female micro credit recipients in weekly meetings. Typically, participants sat on a floor mat. Microfinance POs regulated meetings and ensured group discipline. They led VO members in reading 18 oaths written on the back of their loan pass books, took attendance, completed loan activities, and engaged in discussion on social issues, such as child marriage and dowry. Ideally, VOs disbursed loans, collected instalments and savings, and raised awareness on social, legal and personal issues. Members received training on effective and productive use of loans. VOs provided an avenue for disbursing other forms of BRAC support, including health services, legal aid and other forms of training and awareness-raising. The organization also provided a recruiting base for BRAC's community workers, such as the community health volunteers, agricultural extension workers, and paralegal volunteers. The above enabled outreach, and female skills development.

Over time, however, BRAC's VO mechanism has weakened significantly. As POs remained occupied with instalment collection and meeting yearly targets for new client acquisition, they were left with little time to ensure group discipline. The need for regular reporting and surprise visits from the head office instilled tremendous

⁷ BRAC Economic Development Programme is an integrated programme for poverty alleviation directed at women and the landless poor.

pressure on microfinance POs (Mannan *et al.* 1995). In addition, the high VO to PO ratio - approximately 294,214 VOs operated across Bangladesh at the time of this study – strained their ability to ensure VO discipline and build group solidarity. The POs job was further challenged by members' lack incentive to show up at meetings. Therefore, if held at all, meetings simply concentrated on loan collection.

Each VO was also initially divided into 4-5 small groups. These small groups were expected to ease the collection of loan repayment, and aid any member unable to make their weekly payment. Small groups were responsible for ensuring members' meeting participation, regular repayment and proper loan use. As of 1999, 42% of the VOs had small groups. In many instances VO members were largely unaware of their small groups' function. However, VOs having small groups performed better. They held meetings, and made payments in the meeting itself at the designated time (Rafi *et al.* 1999). In addition to operational challenges, group-based lending does not always benefit the poor in expected ways. Bangladeshi women, the primary borrowers, often had little control over the disbursed loan. Very often, they handed over the money to their husbands. As the client herself may attend related training – and not her husband – the effectiveness of loan utilization is reduced. When the men are unwilling, or unable to repay the loan, women become the defaulters, both socially humiliated and legally bound to make the repayment (Kabeer 2001, Mannan *et al.* 1995).

Box 1. Project objectives

- 1 Increase members' awareness of different social and local issues
- 2 Increase members' access to information regarding locally available GO-NGO resources and services
- 3 Respect towards VO discipline
- 4 Increased female leadership at grassroots level
- 5 Regularity in loan re-payment
- 6 Increase solidarity among VO members

Kabeer *et al.* also found three positive trends during the initial period of VO formation. VO members' worldviews were shaken by microfinance participation; they felt some change in their lives. Meeting attendance increased mobility. An exclusive, female-only meeting provided women with a new form of gender identity and across VOs, a loose gender alliance (Mannan *et al.* 1995). In addition, group members tended to vote more, and have higher political participation across all domains. They were able to make independent decisions regarding their preference for political parties and candidates. For many members, group meetings and activities were a major source of information on issues related to their daily lives. In fact, older microfinance members had greater access to certain government initiatives when compared to newer members (Kabeer and Matin 2005).

Stronger VO discipline is likely to benefit both the microfinance programme and its borrowers. In order to strengthen the VO as a rural organization, the Social

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Development Programme (SDP) initiated the 'Enhancing Social Capital' (ESC) Project. The proposed intervention was scheduled for launch in 7,582 VOs in 10 districts. Selected VOs reflected lowest microfinance performance, measured through frequency of meetings, group integrity and discipline. The number of intervention VOs in each selected district are as follows: Chuadanga (155), Comilla (2,637), Feni (313), Gazipur (474), Jhalokathi (175), Jhenaidah (87), Meherpur (162), Moulvibazar (1,406), Munshiganj (673), and Khulna (1500). The intervention proposed to improve the social capital of VO members through seven project objectives. This baseline study will address six of these (Box 1).

The ESC initiative aimed to strengthen group integrity, ensure group solidarity and provide social mobilization support to the VO. Monthly meetings will be conducted by a Community Organizer (CO), a member of the community itself. Once a month the CO will follow-up the regular weekly meeting, at a gathering where she will share information and engage group members in discussion on issues related to the six objectives. The intervention's underlying objective is to develop the social capital of VO members which will enable them to 'socially solve economic problems', which will in turn lead to broader socio-economic development of the VO members, and increase VO sustainability.

Objectives of the study

The objective of the study is to compare the baseline characteristics of experimental VOs in 10 pilot districts with the control group in 3 additional districts; to compare the baseline characteristics of VO presidents with general members (GM).

Social capital and microfinance

Can social capital improve the performance of MFIs? The concept suffers for want of a universally accepted definition. This study used Putnam's definition of social capital as, "features of social organization such as norms, networks and trust that facilitate coordination and cooperation for mutual benefit" (Putnam *et al.* 1994). Most developing countries possess a wealth of social capital within kinship groups, tribes, or village associations. However, such associations tend to be inward looking; developing societies typically fail to develop modern broad-radius organizations that connect across traditional groups. Small traditional groups having one form of social capital are too resistant to change; thus development requires the creative destruction of this kind of social capital and the gradual broadening of the radius of trust (Fukuyama, 2002).

Social capital has generated greater economic well-being in Bangladesh (Ameen and Sulaiman 2006). Elsewhere, it has been instrumental in solving collective action problems for natural resource management and community initiatives (Ostrom and Gardner, 1993, Woolcock and Narayan 2000). Communities with intense civic associations are better equipped to fight poverty. Particularly in the case of microfinance, credit associations with higher social capital generate better repayment (Karlan 2007, Karlan 2005). One reason for this, is that the interactions facilitated by

social capital help reduce the cost of imperfect information that is instrumental to effective loan utilization. This is even more significant for female borrowers, who have limited exposure to production chains and markets. Secondly, social capital created within a peer network leads individuals to rely on each other when challenged unable to repay loan instalments. From an institutional perspective, social capital increases organizational efficiency by helping distinguish between loan defaults that are willful, and those that are the effect of negative personal shocks (Grootaert and Van Bastelaer 2002).

As the nature and forms of social capital vary across time, social and institution context, the concept lacks defined indicators. Therefore, we use social capital conceptually to create an organizational framework for this study. We classify social capital along three dimensions- norms, networks and trust – which help explore group activity in the BRAC VO.

Norms

This study defines norms as accepted standards of behaviour that take an informal institutional form. Good normative standards within group-based lending models may include timely repayment, frequent attendance of meetings, and disciplined loan utilization. In the case of microfinance as elsewhere, established norms are not necessarily indicative of higher social capital. For example, a strong credit repayment discipline is instrumental to programme performance, but its effect can be detrimental to group cohesion and organizational integrity. The Grameen Bank in Bangladesh enforced a strong credit discipline to ensure proper repayment, eroding the levels of trust between the organization and its clients (Dowla, 2006). The type of norm established is a key determining factor. Cooperative and participatory norms can help establish relations of cooperation between VO members and enhance their participatory behaviour. In the same organization, Grameen, members were found as viewing group formation and using the group for disbursement and collection as a reflection of accountability and permanence (Matin 2000). Good behavioural norms, therefore, may be established by regular holding of meetings to ensure attendance, establishing a client-friendly organization to avoid defaults, and encouraging greater solidarity between members. In this study we evaluate members' adherence to norms by looking at meeting attendance, respect for VO discipline, and loan use and repayment.

Networks

How arenorms best created? Microfinance groups do not require pre-existing social bonds – rather, they can be used to create such bonds through the social networks they generate (Thorp *et al.* 2005). Networks refer to personal contacts at both vertical and horizontal levels – that is, among VO members as well as between VO members and power holders or resource distributors. Microfinance groups may increase networks in various ways. Firstly, the VO may help women come to create a market for the goods they produce. Secondly, they can use existing social structures to mobilize mutually beneficial networks and institutions. The networks thus created

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may be both horizontal, and vertical. Vertical ties create an avenue for the pursuit of tangible benefits. Horizontal networks can enhance group solidarity and establish a peer support network (Ameen and Sulaiman 2006). A stronger VO can help its members establish both types of networks. The ESC programme will serve as a source of information, which may lead VO members to pursue resources through appropriate resource providers and increase their vertical contacts. The programme will also bring members together in meetings, increasing their horizontal connections or familiarity with each other. This study evaluates VO members' horizontal networks through familiarity with other VO members. To measure vertical networks we look at the specific source of their knowledge regarding access to various services.

Trust refers to the norms of reciprocity that economists identified as the building block of social capital. . Two BRAC evaluations cited earlier mentioned the ineffective nature of social capital. This is likely because the effect of social capital is largely dependent on the levels, and kind of trust prevailing in society. In developed societies, effective law and order creates a level of generalized trust which is missing in the developing context. In fact, trust is generally expected to be extremely low in financial institutions (Tilly 2004).

How then does trust play out within the microfinance VO? In developing communities trust tend to be highest within the closest network - family and kin - declining as you circulate outwards. In this context of patron-client and familial relations, microfinance institutions can provide an avenue to create horizontal relations. Furthermore, the lack of transparency in such societies breeds distrust of governing institutions. In fact, longer standing BRAC members expressed higher levels of trust in public officials than new members, possibly as their new mobility and exposure provided new information regarding governing institutions (Kabeer 2001, Kabeer and Matin 2005). Similarly, the VO can generate greater trust among its members by practicing transparency in its actions. Stronger and transparent leadership can play a role in this regard. Where the microfinance PO is strained in his ability to play a leadership role, the SD Community Organizer, or CO can assume the role of an effective leader. Effective leaders must understand what permits members to delegate autonomy to these leaders (Thorp et al. 2005). Where VOs are stronger, and there are good vertical relations with PO, members can have increasing ownership over the financial process - recommend clients, take responsibility over defaulters, etc. to ease pressure on borrowers and on the PO. Weight shifted to middle. In addition, for social capital to work in a microfinance setting, leaders themselves have to be highly moral, knowledgeable and able to play the role of catalyst between the organization and its clients.

Solidarity

High group solidarity may lead to greater trust among individual VO members. By solidarity we refer to the sense of community developed within individual VO members, by virtue of combined interests, action and group discussions. Increased group activity can help erode the mistrust typically associated with financial institutions. For example, the reliance on peer pressure for repayment may create

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disincentives and room for corruption within groups. Leaders such as the ESC programme's Community Organizer (CO) can help build solidarity among VO members through various activities, such as facilitating mutual information exchange, diversification of skills among members, and provide increased information about markets. In Cameroon, for example, tolls and extortion costs largely affected women's access to markets. Members could be linked through activity-based associations that link together women at different ends of the marketing chain to exchange information regarding markets, and strategize on ways to infiltrate male dominated markets. Providing information regarding social and local resources can encourage such activity-based relationships to develop, and help erode the mistrust typically associated with financial institutions. Capable and well-trained COs can play an effective role in this regard⁸.

⁸ As COs were newly appointed we did not review their performance instead, we look at the capacity of the VO President and for each indicator we compare the President with the other members.

Methods

We first measured the current status of VO discipline at the institutional level. Secondly, we mapped individual VO members' current status along six indicators; Increased members' awareness of different social and local issues, increased members' access to information regarding locally available GO-NGO resources and services, respect towards VO discipline, increased female leadership at grassroots level, regularity in loan re-payment, and increased solidarity among VO members. For each variable the study compares an intervention group with a control group to account for external factors that influence outcomes. Such factors were likely to equally affect treatment and control groups, and therefore, differences may be attributed to the intervention alone. The study also compares the status of VO presidents with general member respondents to determine whether leaders were better versed.

Comparing demographics will allow us to establish differences in individual and household characteristics of VO members. As experimental and control groups were selected based on VO characteristics, demographic details for the two groups may differ. If the experimental and control groups were similar in their demographic qualities, any differences during the impact evaluation, could be attributed to the ESC project. Should differences arise between the two groups, they may be accommodated in the final end-term evaluation.

Data collection

- a. Survey for individual level indicators
- b. Meeting observation and supplementary interview of PO for institutional level indicators.



Figure1. Model

Variables

Indicators were chosen based on ESC inputs and organized around the various theoretical dimensions of social capital. Robert Putnam identified social capital as

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having the distinct dimensions of norms, networks and trust. In the case of VO, the ESC project aimed to help VO members broaden their vertical and horizontal networks, and instil feelings of solidarity and trust among them. In the context of ESC, these concepts do not manifest in actual physical acts; we merely use them as organizing principles as opposed to actual proxy variables.

- Demographics: Basic demographic characteristics of the study population
- Continued group engagement leads to the creation of behavioural norms. Good normative practices can consolidate into actual institutional processes over time leading to organizational efficiency and sustenance.
 - Institutional (VO) level variables include the number of members attending the last meeting, and the existence of a complete governing body, adherence to meeting procedures, possession of mat and bell
 - o Individual level variables include meeting attendance, loan repayment in meetings, regular loan repayment, loan use in predicted sectors
- If VO members were able to expand their individual <u>networks</u> through the group, they were likely to develop greater integrity towards the organization, and continue group engagement.
 - <u>Vertical networks</u> include the extent, and source of knowledge regarding various issues related to their daily lives (sectors include health, immunization, education, government resources, etc.)
 - o <u>Horizontal networks</u> include the extent of association with other VO members
- Increased <u>solidarity</u> or group cohesiveness among VO members can enhance their behaviour within the VO. Indicators include their tendency to come to each other's aid on various group endeavours and non financial issues.
- <u>Trust</u> among VO members is reflected in the extent to which they were willing to engage in financial activities with each other.
- <u>Client-friendliness</u> includes the extent to which the VO is willing to cater to its members' needs. Such tendencies may enhance VO members' willingness to conform to VO principles and engage with the VO as a group. Variables include ease of access to loan, advantages and benefits associated with BRAC loans.

Study area

The intervention group was chosen from the 10 districts where ESC was scheduled for launch. These are Chuadanga, Comilla, Feni, Gazipur, Jhalokathi, Jhenaidah, Meherpur, Moulvibazar, Munshiganj, and Khulna.

Sampling strategies

As the ESC programme aimed to strengthen VO as a rural organization, its selected VOs were weak and low-performing. Therefore, findings from this study are only applicable to weakly performing VOs and cannot be generalized across all MFIs. VOs were selected based on the following programme-provided characteristics, indicating weak performance:

- Absence of small group,
- Absence of management committee (Which consists of a chairman, a secretary, cashier and 2-4 small group leaders)'
- Does not recite 18 promises at the beginning of the meeting,
- Irregular repayment,
- Higher number of defaulting member,
- Doesn't have any fixed meeting spot,
- Collection takes place in two/three spots, and
- Smaller number of loan disbursement takes place,

Intervened VOs were selected using both random and purposive selection techniques. The project targeted roughly 5% of the intervened VOs, leading to a sample size of 300 organizations⁹. Initially, 300 VOs were randomly selected, proportionally reflecting each of the 10 districts. However, the team faced serious challenges during the initial phase of data collection. Although surveys were conducted on a door to door basis, the observation component required data collectors' presence at actual VO meetings. Each VO is scheduled to meet once a week, typically early in the morning. This presented two challenges. Firstly, each team was scheduled to remain at a location for a certain period of time. If the weekly meeting did not fall during this time, they would miss the window for observation. Secondly, the VOs were located in remote areas and often, the data collectors' had difficulty finding the location before the meeting began, typically between 7:00 and 8:00 am.

In order to address these challenges we adjusted the sampling strategy during the first week of data collection. When research assistants reached a particular area, they first collected the meeting schedule of all VOs in the relevant branch office that were on the list of intervened VOs. They purposively identified the VOs which had meetings scheduled during their designated time in the area. From this list, they further selected VOs, the locations for which they could clearly identify based on instructions from the relevant PO. Finally, VOs were randomly selected from this remaining list based on the proportionality and numbers reflected in the original list. They selected the same number of VOs that existed in the original random selection list.

⁹ We have over sampled by 6% to account for non-successful instances of data collection

Upon selection of the intervention group, the microfinance programme was requested to provide a list of control VOs of the same number as the intervention group, and using the same selection criteria used by the ESC programme to identify weak VOs. The programme first identified three districts with minimal intervention on VOs as foreseen for the coming year (2010-2011). The districts from which control VOs were selected, were Mymensingh, Jamalpur and Hobiganj. Some selected VOs were located in Kishoreganj, although they were administered from Hobiganj. Following this, microfinance field office staff identified appropriate VOs based on the same criteria used by SDP to select the intervention group from the 10 districts where the project is being implemented. The experimental and control groups, were therefore, comparable.

Socio-demographic characteristics

Socio-demographic characteristics could ideally influence microfinance behaviour. Members of socio-economically vulnerable households may be unable to regularly attend meetings, pay loan instalments, or use loan funds effectively and as planned. Enrolling children in BRAC schools may result in increased loyalty to BRAC, and encourage more regular loan repayment in the BRAC VO. Secondly, the experimental and control groups were selected based on characteristics of the VO at the institutional level. Therefore, any socioeconomic differences between the two groups should be established early, so that they can be accounted for in the impact evaluation. For each section below we outlined characteristics of the intervention group followed by comparison with the control group. Finally, we established differences between VO presidents and general members (GM), a recurrent theme in this study.

Who were the VO members? The average monthly household income for intervention VO members was Tk. 10,256 compared to Tk. 8,413 among the control group. The average household education was 3.6 years. Approximately 82.4% of intervention households have at least one child in a government primary, and 9.8% have at least one child in an NGO school. Approximately 11.4% of school-going aged children (5-16 years old) attended school. This low number may be attributed to the fact that many children begin primary education, but do not actually go on to receive secondary school education in Bangladesh.

Experimental and control groups differed on many demographic variables, most of it statistically significant. The experimental group earned more, spent more and was more educated, all differences being statistically significant. Thus, households in the control group were far more socioeconomically vulnerable than those in the intervention group. At the individual level, however, differences were not noteworthy.

The difference between households of VO presidents and general members was not as stark, the only statistically significant differences being in household size, average years of education in household and mean age in household all of which were slightly higher in the case of VO leaders (Table 1). Particularly, the household head was significantly older and more educated in VO presidents' households, suggesting a slightly higher socioeconomic standing. Presidents' households were less vulnerable than that of general members. Their household head were younger, more educated and more have a secure income source; all the differences were statistically significant (Table 1). VO Presidents themselves were only marginally older and more educated than general members. The differences were not statistically significant.

For additional analysis of household economic vulnerability we compare the profession of household heads across experimental and control groups. A higher percentage of household heads in the experimental group have secure income

through job, business or self employed agriculture; differences were statistically significant (Table 1, Fig. 2).

	V	'O type		Resp	ondent ty	/pe
	Exp	Ctrl	р	Pres	GM	р
	n=1275	n=1170		n=804	n=1641	
Household Level Data						
Household income (mean)	10256	8413	0.0	9125	9458	0.3
Household expenditure (mean)	7819	6104	0.0	6943	7047	0.7
Household size (mean)	5.0	4.8	0.0	5.1	4.8	0.0
Household education in years (mean)	3.6	2.8	0.0	3.5	3.1	0.0
Age of household members (mean)	25.3	25.0	0.5	26.8	24.3	0.0
At least one child in a GO primary school (%)	82.4	74.4	0.0	78.9	78.4	0.8
At least one child in an NGO primary school (%)	9.8	11.3	0.2	11.7	9.9	0.2
	n=1011	n=898		n=637	n=1271	
School going aged children attending school (%)	11.4	11.8	0.8	11.9	11.5	0.8
Female headed households (%)	5.3	6.1	0.4	6.6	5.2	0.2
Age of household head (%)	43.1	42.4	0.1	45.1	41.6	0.0
Education of household head in years (mean)	3.5	2.4	0.0	3.4	2.8	0.0
Characteristics of Respondent (VO Member)						

99.2

3.3

35.4

99.7

2.4

35.7

99.7

5.6

35.3

0.1

0.0

0.5

99.3

5.7

35.7

0.2

0.4

0.4

Table1. Household-level der	nographic data by	y VO type and	respondent type*
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*Exp, ctrl, pres and GM refer to experimental, control, president and general member respectively.



Figure 2. Profession of household head

Social status of ordinary villager (%)

Education in years (mean)

Age in years (mean)

Adhering to group norms: VO discipline

Institutional norms

In the following section we examine the extent to which the VO as an institution adheres to good normative principles. First we explored this at the institutional level through VO meeting observations.¹⁰

VO meeting characteristics as reflected in meeting observation

Meeting attendance

VO meeting observations recorded minimal organized group activity during the data collection period. We defined meetings as gatherings of 3 or more VO members where participants were seated during proceedings, and POs addressed the VO as a group for any purpose. Instead of meetings, research assistants documented organized spot collection where members showed up merely to make their payments. In fact, most VO members were unfamiliar with the idea of VO activities.

POs carried out collection for a single VO in multiple locations. Some members paid their dues at the meeting spot at the designated time. Others sent their payment through family members or other VO members. POs collected remaining payments from the respective VO member's residences or husbands' workplaces. During spot collection, members rarely sat on the front yard as per VO principle. Occasionally, they sat inside the presidents' house or veranda; the insides of rural houses were rarely spacious and depending on the house owner's comfort and ease, meetings were held in different rooms at different times. With furniture and other household activities consuming the limited space, there was very little room for the people to stand let alone sit on the floor rugs as per VO custom. If too many members showed up at the same time the place became congested, making members impatient and compelling them to leave.

Ensuring complete meeting attendance was the biggest challenge for any VO. On average fewer than half of the members showed up at the observed meetings (39.7% and 35.6% in experimental and control groups respectively). Moreover there were some VOs where hardly any members showed up. In order to avoid attending meeting members dropped off their instalment amount at the VO leader's house the day before the designated meeting, or sent it over with some other VO member or a family member. In the absence of sufficient members, observed meetings rarely

¹⁰ Roughly 61 and 91 % of the sampled VOs were observed respectively in experimental and control groups

appeared like traditional VO meetings. Members either came in one by one, or in their own groups as opposed to the traditional small group setting.

Many women were neither allowed nor interested in attending the meeting. Most cases of low attendance occurred due to time constraints placed by labour work or family bindings. For example, in tea gardens and ultra poor area women work as day labourers and were unable to attend scheduled VO meetings. Low attendance was also the result of disharmony among VO members. Members engaged in disputes with the VO leader may refuse to attend meetings. Divides were further created by members of different social classes. *Goshthi* or factional conflict was a key component for members' absence at meetings. Different *goshthi* members belonging to the same VO were uninterested in attending the same meeting. They preferred to hold their own meetings within their household premises. It was often the case that POs go to the richer member's house separately to collect her loan instalments.

Many VO members avoided attending meetings as they felt it unnecessary to travel long distances for meeting attendance. Others took loans to support their husband business. Thus, they only showed up during loan disbursement, leaving other formalities to their husbands. Finally, in most cases members had no interest in VO activities. Majority thought that any issues discussed were unnecessary and recitative. They did not want to waste their precious time listening. Moreover, if asked to stay longer members excused themselves mentioning unattended children at home or incomplete household chores. Often, they got impatient waiting in line for others to finish, and leave without making their payment

Meeting discipline

Ideally, the VO was required to maintain certain formalities such as ringing a bell, having members sitting on a floor mat in 'U' shape, calling out attendance, maintaining a register book, reciting 18 promises, etc. We found such activities to be missing in most instances. There was a tendency to stage meetings, as we discovered through comments made by VO members. Meeting observation showed 25.7% out of 245 experimental VOs and 29.3% out of 157 control VOs to actually possess mats for their members to sit on. Very few VOs - 19.2% in experiment group and 13.5% in control group – owned a register book for maintaining attendance. Only 12.6% VOs in experimental and 6.4% in the control group actually called out attendance.

Members belonging to relatively older VOs mentioned maintaining these formalities in earlier days, when VO discipline was a vital programmatic element in BRAC's microfinance approach (Box 1). During those times members would sit on floor mats in a U shape and together read out 18 oaths from the back of their passbooks. POs diligently noted attendance in the registers, and collected instalments through small groups. Issue based discussions were frequently held in VO meetings. However, such rituals slowly disintegrated over time. Contemporary VO meetings simply consist of instalment collection, too often the result of both POs' and members' time constraints.

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Box 1. Staging of VO meetings

"We never sit together like today. We don't know the reason behind today's meeting. We pay our dues on time. We have no time for these types of formalities we have many tasks at home and outside."

"We pay our dues regularly what we don't understand is why do we need to attend meeting."

"We are suffering drinkable water crisis but today's discussion was on the topic of dowry. It is not helpful for us and not helping our family life in any way."

Ideally VO members were expected to hand over their instalments to their respective small group leader, who then gives the money to the cashier. The cashier should check the amount and hand it over to the PO. Then PO should then check his or her computer sheet and have the VO leader sign the document. However, most VOs members paid money directly to the PO. In 98% cases POs marked the computer sheet with a tick sign without the VO leader's signature; the PO actually took the VO leader's signature in only 21 cases.

Small groups

"The small groups were considered as functioning cells of a VO. It was assumed that through these groups all the members would have a chance in sharing. Consequently the satisfaction that they would derive out of such participation would keep them active in achieving the objectives of the VO." Small groups could also facilitate effective and efficient VO management by programme staff (Rafi *et al.* 1999). Small groups, however, rarely existed; we found small groups in 16.9% experimental and 14.5% control VOs. In some instances groups were not maintained for multiple reasons, including members' tendency to resolve issues individually or a tendency among VO members to cling to those who helped them enter the VO, such as family members or friends. Moreover, members of many VOs were completely unaware of the concept, perplexed when questioned about small groups. Where they existed, POs were unable to explain which members belonged to which small group. Members tended to attend spot collection individually as opposed to in groups.

POs, time constraints

POs typically attend three VO meetings daily. Individual handover of payments in the absence of small groups causes sufficient delay in collection. A typical VO spot collection lasts for approximately two hours. Delayed by his first meeting, the POs were unable to reach their later spots on time, ideally fifteen minutes before the instalment collection. We observed that the POs were able to arrive timely only in 18% and 17% of VOs in the experiment and control groups respectively. To make up for missing time, the POs skipped several elements of VO meetings. To save time some POs held combined collection for two or three neighbouring in one spot.

Staging of VO meetings

Researchers identified several observed VO meetings as staged. Informal conversations with VO members revealed that some POs set up a meeting scenario to impress evaluators (Box 2). POs either went to each and every member's house to inform them about the evaluation and request their timely arrival at the meeting, or requested the VO president over telephone to ensure the presence of all members. POs also made these members sit on a mat in a U shape and recite 18 oaths. We found 55 cases in experimental group and 22 cases in control group where VO members were made to recite oaths to impress the evaluators. In 9 cases experimental POs conducted issue based discussion at the end of the meeting.

Box 2. Case: VO observation

"The first VO member showed up at 8:52 am. The PO asked her to inform other members about the meeting. Without moving from the spot, the VO member loudly called out a few members names. "Where are you all?" she added, "*Sir* (s) from Dhaka have come to visit us, come quickly". Soon after, 4-5 members accumulated at the meeting spot, arriving individually instead of by the traditional small group. There was no arrangement for seating and thus, all had to stand while submitting their instalments. One member remarked to the PO "Why haven't you informed us about this visit of Dhaka officials earlier we would have arrange everything beforehand and make it look like proper meeting?"

Following collection, members attempted to leave the spot. However, the PO requested they stay back, since officials from Dhaka wanted to talk to them. Members reluctantly remained, though some complained of having unfinished work at home.

A brief discussion with VO member Amina uncovered that the VO used to maintain all formalities when she had first joined. The PO used to facilitate members' seating on floor mats, and reading aloud of 18 oaths from members passbooks. Attendance registers were regularly maintained, along with instalment collection through small groups and issue-based discussions. However, she claimed that things had changed. Women had to engage in income generation in addition to household chores, thus having limited time for group activity. For instance, Amina had no employment when she joined the VO. Currently however she employs a number of labourers to work in a large paddy field. She takes turns with her husband to administer the employed labourers. That leaves her with limited time to attend VO meetings. Moreover, unlike older POs, the current PO does not insist that members remain until the end of the meeting. Amina felt that the POs have become more understanding and flexible."

Mode of repayment

Proper repayment conduct is vital to programmatic efficiency. VO members were expected to make repayments in the VO meeting. Approximately 36.6% of experimental group members and 27.2% control group payments paid in spot, followed by 12.9% experimental and 39.2% control group members having POs collect instalments from their home (Table 2). A larger percentage of experimental group members (17%) also had others bring in their payment, compared to the

control group (7.7%). And finally, 21.7% experimental and 9% control group members collected instalments from 'anywhere', meaning no designated spot or mechanism.

Each VO was scored out of 4 based on a number of selected criteria.¹¹ Out of four, the experimental group scored an average of 1.43, whereas the control group performed much lower at 1.05. Table 3 shows average VO scores by VO size, and across experimental and control groups. The range of membership has considerable influence in ensuring a higher score for VOs. Where the range of membership was higher, there the possibility of having better VO performance in terms of member attendance in meeting, instalment paid in meeting, existence of small group and VO executive committee. Larger VOs (31-40 range) scored better in both experimental and control groups (1.68 and 1.43 average respectively)

Table 2. Mode of repayment by VO type (Source: VO meeting observation)

Mode of repayment	% of VO*		% of M	р	
	Exp	Ctrl	Exp	Ctrl	
	n=353	n=208	n=6174	n=3450	
Instalments paid in spot	68.6	57.7	36.6	27.2	.00
PO collected instalments from home	33.4	67.8	12.9	39.2	.00
Instalments were paid by others	58.1	37	17	7.7	.00
Instalments collected from shop	2.8	7.2	0.7	2.6	.01
Instalments paid anywhere	39.9	26.9	21.7	9	.00
No observation conducted	36	34.6	10.8	14.3	.16

* Multiple answers recorded

** No members were found, observation could not be conducted,

Table 3. VO Score by size and VO Type

VO Size	VO Туре					
(No of members)	Exp	Exp				
	Average score	n	Average score	n		
1-10	1.36	85	0.94	86		
11-20	1.41	184	1.05	117		
21-30	1.47	81	1.09	74		
31-40	1.68	28	1.43	52		
Total	1.43	378	1.07	329		

Scoring criteria: meeting attendance, full committee, small group, and instalment paid in meeting Table Source: VO meeting observation

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¹¹ Scoring criteria: Score meeting attendance -1, Score full committee -1, Score Small Group -1, instalment paid in meeting/spot -1. Indicators include the ratio of members attended to total membership. Ratio of members repayment in spot to total memberships. small group existed or not, score out of 1 - if president/secretary/cashier any one of them exists got one third, if president/Secretary, president/Cashier, Secretary/Cashier any one pair exist got two third, if president, secretary and cashier full executive members exist got one.

Challenges to VO group activity

Competitive markets

BRAC had lost many old members and potential new customers to other MFIs. Various NGOs were active in previously remote and obscure rural areas. VO had trouble maintaining membership in a dynamic and competitive environment.

Risk of non repayment

Many members borrowed money to invest in their husband businesses, build or repair their homes, meet up festival or wedding expanses, meet up daily house hold expanses, pay other debts etc. In some instances they borrowed money to lend out to others. Only in some instances did members themselves utilize borrowed funds towards self administrated income generation activity. Also, investment in unproductive or uncertain areas increased risk of non repayment. Finally, the prevalence of MFIs familiarized the microfinance clientele with the workings of NGOs. They were better able to access loans with ease, and engage in fraudulent activity with little repercussion. Many viewed VO engagement only as easy access to funds.

Consolidating behavior around norms

Meeting Attendance of VO members

In this section study the VO members' normative group behaviour as reported through individual interviews. The norms and practices established by an institution should ideally influence the behaviour of its members. Through continued actions informal norms consolidate over time, turning into formal rules guiding behaviour. In case of the VO, at least some members should adhere to meeting principles through regular meeting attendance and making payments in meetings. Over time, this behaviour should transcend to all members of the community leading to larger meeting attendance, and regular instalment collection in meetings. Through the engagement of its members, meetings should be enhanced from mere spotcollection to include vibrant discussions on issues pertaining to individual and community needs. Regular meetings will ease the collection process for POs, and be more cost effective for the programme. Secondly, it will encourage compliance with borrowing rules and principles, including proper loan utilization and repayment. Together, these factors will enhance efficiency of the microfinance programme. In this section we look at the extent to which individual VO members adhere to VO discipline, highlighting differences between experimental and control groups, and secondly between presidents and non position holding members. If the ESC programme is effective in transforming this behaviour, the end-term evaluation should find to significant changes in the below numbers.

Self-reported attendance rates of individual VO members show slightly different results from that recorded in the meeting observations. Within our total sample 43.4% of respondents (44.4% experimental, 42.8% control) cited that no meetings

were held in their VO in the last month. When any form of spot collection did, most (all but 2.9% experimental and 4.3% control respondents) attended at least one event. We can therefore conclude that if meetings were held more regularly, members could be expected to attend. When those reporting regular spot collection in their VO were asked about the frequency of attendance in general, 90.4% of the experimental group and 73.4% of the control group cited regular attendance. About 6.5% of the experimental group and 18.5% of the control group mentioned that they attended meetings sometimes, and the remaining 2.9% of the experimental group and 5.8% of the control group mentioned that they do not attend spot collection at all.

Table 4 details the location of repayment. Since VO presidents had to show up for spot collection, we only compared experimental and control groups. Approximately 63% of VO members made their last payment in a meeting, through self or another family member. About 66% of the experimental group and 58.8% of the control group paid their last instalments at the VO spot collection; 58.5% experimental and 66.2% of the control group respondents paid their savings in the same manner (Table 4). In 30.7% cases of experimental respondents and 36% of the control group the PO collected instalments from the member's residences. To collect savings, the PO went to the residence of 36.6% of the experimental and 30.4% of the control group members. Other methods included payment in the BRAC office, payment made to a shop or second party, making payment at the VO president's residence, or having the VO president come door to door for collection.

	Instal	ments	Savings		
Location of repayment	Exp	Ctrl	Exp	Ctrl	
	n=1275	n=1170	n=1275	n=1170	
VO meeting or spot collection	66.0	58.8	66.2	58.8	
BRAC office	0.2	3.2	0.2	3.2	
PO comes to residence	30.7	36.0	30.4	36.2	
Other	2.8	2.0	2.9	2.0	

Table 4. Loan repayment in meetings

VO members were asked to cite the 18 promises, and the total number of promises they could accurately cite was recorded for each respondent. The average experimental group respondent could cite 26.5% of the 18 promises, and control group respondents knew 24.8%. The difference was statistically significant.¹²

Those not making payment during the scheduled time and at the designated spot were also asked for the reason behind non-attendance. A mere 6.2% of the experimental group and 1.6% of the control group answered this question. The vast majority of those responding did not have time to attend (68.4% experimental, 63.2% control), followed by those who felt little need to attend spot collection (22.8% experimental, 31.6% control). Other reasons – all having a frequency of below 6% in

¹² The number of promises they could accurately cite was recorded, and the total number added up and scored out of 1, and later converted to a percentage

either group – included the lack of interest, obligations due to having children, and meetings generally lacking discipline and order.

Loan use

Were the VO members using their loans as planned? Answers were recorded as multiple responses, as each respondent cited multiple uses for a single loan. Within the intervention group, the highest planned use, and actual utilization occurs in business followed by agriculture, household good (furniture, land, and building home), freeing mortgaged land, household spending and daily household expenses. Of the above, only business and agricultural expenditure consist of actual income generation activity; the others fall beyond loan criteria and thus defy institutional norms. In fact, spending money in inappropriate sectors emerges as a significant finding (Fig. 3).¹³



Figure 3. Planned vs. actual loan use of experimental group

Approximately 58.8% of the experimental group and 54.3% of the control group reported business as the loan purpose to the BRAC office. Of this number, only 45.9% of the experimental group and 43.2% of the control group really planned to use some percentage of their loans for business; 43.4% of experimental group and 40.5% of control group actually ended up using any percentage of their loan for business (Table 5).

The second most frequent sector was agriculture. Of the experimental group 26.7% and of the control group 30.3% reported agriculture as planned use to BRAC office.

¹³ In Figure-2 and Table-4 we do not look at the total amount of funds spent in each activity but rather, the percentage of respondents who have planned to, or actually spent any amount of their loan on the respective activity. This is because we are looking at individual behavior in this study and therefore, it is more important to capture the range of activities.

Of this number 25% experimental and 28.1% control respondents planned to use any part of this loan on agriculture; only 25.5% and 28.2% respectively used any percentage of this loan on agriculture. A large percentage of respondents used some percentage of their loan on household assets – homestead land, fixing house, buying furniture, etc (14% experimental vs. 10.1% control, 11.3% VO presidents vs. 12.5% members). About 1.3% of the experimental group and 0.9% of the control group reported using some part of their loan for children's wedding or dowry (Table 5). This number was likely underreported as BRAC viewed dowry as a serious offense, and respondents admitted that disclosing this information may risk future access to BRAC loans.

	VO	type	Respond	dent type
	Exp	Ctrl	Pres	Member
Loan purpose as reported to BRAC	n=1266	n=1164	n-1635	n=795
Business	58.2	54.3	57.1	56.0
Agriculture	26.7	30.3	28.9	28.2
Household daily expenses	1.1	2.1	1.6	1.5
Home/land/furniture	7.1	4.6	5.4	6.1
Children's wedding/dowry	0.2	0.1	0.1	0.1
Income related investment (non-agricultural)	5.6	6.8	5.0	6.7
Replay loan or free mortgaged land	0.8	1.9	1.5	1.2
Lend money to another person	0.1	0.0	0.1	0.0
Other	0.3	0.1	0.1	0.2
Personal loan utilization plan	n=1266	n=1164	n-1635	n=795
Business	45.9	43.2	44.0	45.8
Agriculture	25.0	28.1	26.6	26.3
Household daily expenses	3.3	4.2	3.6	4.0
Home/land/furniture	12.2	8.6	10.8	9.7
Children's wedding/dowry	1.1	0.9	1.1	0.9
Income related investment (non-agricultural) ¹⁴	5.5	8.8	7.8	5.7
Replay loan or free mortgaged land	5.6	5.3	5.3	5.9
Lend money to another person	1.4	1.1	1.3	1.3
Other	1.2	0.2	0.6	1.0
Actual Loan Utilization	n=1266	n=1165	n-1635	n=795
Business	43.4	40.5	43.2	41.4
Agriculture	25.5	28.2	27.0	26.7
Household daily expenses	8.1	9.3	9.0	8.4
Home/land/furniture	14.0	10.1	11.3	12.5
Children's wedding/dowry	1.3	0.9	1.1	1.2
To buy car/boat/ <i>thelagari</i>	5.8	8.7	5.7	8.0
Repay loan or free mortgaged land	7.7	7.6	7.2	7.9
Lend money to another person	1.5	1.3	1.5	1.3
Other	12	02	10	0.6

Table 5. Loan use in predicted vs. non predicted sectors

* Multiple response answers

**Percentages were based on number of respondents

¹⁴ For example, to buy a car, boat or *thelagari* (push cart) for commercial purposes

Presidents and general members differed little on loan use. Across both groups, clients used their loans in non-predicted sectors, a higher percentage reporting business or agriculture to BRAC, but a lower number actually using the money for income generation. Many spent at least part of the loan amount on household daily expenses, homestead, land and furniture, to repay loan or mortgage, or lend the money to someone else (Table 5).

Loan repayment

A little more than one fourth of the control group (26.3%) missed the previous week's instalment compared to 8.3% of the experimental group; the difference was statistically significant. A small number actually cited the reason for having missed this payment (105 experimental, 308 control). The most frequently cited reason was being unwell (43.8% experimental, 32.5% control) followed by unemployment (24.8% experimental, 26.3% control) and additional unexpected expenditures (19% experimental, 31.2% control). Less frequent reasons include not being at home, having loss in business, or difficulty coordinating with the PO.

Missed payment (%)	VO typ	be	Respond	lent type
	Experimental	Control	President	Member
Missed last instalment (%)	8.3	26.3	17.7	16.6
р	0.0		0.5	
Reason for missing	n=105	n=308	n=141	n=272
Was outside the home	12.4	9.4	9.2	10.7
Expenditure	19.0	31.2	31.2	26.5
Was unwell	43.8	32.5	36.2	34.9
Did not have work	24.8	26.3	22.7	27.6
Loss in business	0.0	2.6	1.4	2.2
Other ¹⁵	1.0	1.0	0.7	1.1
PO related problems	1.0	2.3	2.8	1.5
Challenges to repayment	n=1267	n=1169	n=797	n=1639
Need to loan from another person	12.4	11.5	10.2	12.8
Cannot pay child's education costs	2.4	2.8	2.5	2.7
Have to spend less on food	10.2	7.6	8.9	9.0
Other	1.2	2.0	1.3	1.8
No problem	81.3	78.9	81.3	79.6

Table 6. Irregular payment by type of VO and type of respondent

* Multiple response answers

**Percentages were based on number of respondents

VO presidents were no better at making timely instalments than regular members. About 17.7% of the interviewed presidents missed the previous week's payment compared to 16.6% general members; the difference was not statistically significant.

¹⁵ Other includes: someone else borrowing money and not repaying (or them borrowing on behalf of someone else who could not repay), mother died, land related case, cow died, and problems with PO include fights or arguments with PO, and PO having left the VO

The reasons for missing payments were comparable across the two groups, most frequent reasons being additional expenditure, being unwell and not having employment (Table 6).

Table 6 also highlights the obstacles to regular repayment. A higher percentage of the experimental group faced no problems with repayment (81.3% compared to 78.9%); as did a higher percentage of presidents compared to regular members (81.3% compared to 79.6%). Members having trouble needed to borrow from another source including informal lenders (12.4% experimental vs. 11.5% control; 10.2% presidents compared to 12.8% regular clients), or compromise on food or children's education.

Vertical networks: access to resources

In this section we look at VO members' vertical networks through their knowledge, and pursuit of various resources and activities, and the source of this knowledge. Activities included sanitation practice, water source, children's immunization, and birth-control and government handouts.

Access to government services

The intervention group was most knowledgeable regarding the appropriate government office to approach regarding the receipt of elderly allowance, widow allowance and VGD cards with approximately 37.1%, 22.4% and 21.2% accurately citing sources (Table 7). A smaller percentage of the experimental groups know the right resource provider compared to the control group. However, the difference was only statistically significant in the case of VGF cards (4.6% of the experimental group and 2.9% of the control group could accurately identify office), and widow allowance (22.4% of the experimental group and 30.3% of the control group could accurately identify office). Similarly, a higher percentage of VO presidents knew the right service provider compared to general members. The difference was statistically significant in the case of disability allowances and stipends. In both cases the number was extremely small (Table 7).

		VO type		Res	pondent ty	ре
Knowledge of source (%)	Exp	Ctrl	р	President	Member	р
	n=1275	n=1170		n=804	n=1641	
VGD	21.2	21.4	0.479	28.6	17.7	0.415
VGF	4.6	2.9	0.000	4.5	3.5	0.557
Elderly allowance	37.1	50	0.114	48.8	40.6	0.774
Widow allowance	22.4	30.3	0.001	33.2	22.7	0.868
Freedom fighter allowance	0.6	0.6	0.935	0.7	0.5	0.295
Disability allowance	1.6	2.7	0.129	3.5	1.5	0.032
Indigent disability stipend	0.2	0.1	0.537	0.4	0.1	0.024
Maternity allowance	0.1	0.9	0.165	0.4	0.5	0.561
Maternal health voucher	0.0	0		0.0	0.0	
Warm clothes	0.2	0		0.7	0.1	
100 Days	0.1	0		0.1	0.0	
Rural employment and road						
maintenance	0.0	0		0.0	0.0	
75 days	0.0	0		0.0	0.0	
Agricultural training	0.1	0		0.2	0.1	
Livestock training	0.0	0		0.0	0.0	
					(Toble 7 of	votion od)

Table 7. Sources of social safety nets

(Table 7 continued...)

	VO type Respondent type						
Knowledge of source (%)	Exp	Ctrl	р	President	Member	р	
- · · ·	n=1275	n=1170		n=804	n=1641		
VGD	21.2	21.4	0.479	28.6	17.7	0.415	
VGF	4.6	2.9	0.000	4.5	3.5	0.557	
Elderly allowance	37.1	50	0.114	48.8	40.6	0.774	
Widow allowance	22.4	30.3	0.001	33.2	22.7	0.868	
Freedom fighter allowance	0.6	0.6	0.935	0.7	0.5	0.295	
Disability allowance	1.6	2.7	0.129	3.5	1.5	0.032	
Indigent disability stipend	0.2	0.1	0.537	0.4	0.1	0.024	
Maternity allowance	0.1	0.9	0.165	0.4	0.5	0.561	
Maternal health voucher	0.0	0		0.0	0.0		
Warm clothes	0.2	0		0.7	0.1		
100 days	0.1	0		0.1	0.0		
Rural employment and road							
maintenance	0.0	0		0.0	0.0		
75 days	0.0	0		0.0	0.0		
Agricultural training	0.1	0		0.2	0.1		
Livestock training	0.0	0		0.0	0.0		

Table 8. Access to government handouts: benefit

	VO type			Respondent type		
	Exp	Ctrl	р	President	Member	р
	n=1275	n=1170		n=804	n=1641	
VGD (%)						
A) 30 KG W per month	7.5	4.7	0.00	8.5	5.0	0.68
B) 30 KG Rice per month	11.9	8.8	0.00	13.4	9.0	0.50
C) Cash 400tk per month	0.7	0.3	0.11	0.6	0.4	0.88
VGF (%)						
10/15/20 KG food grain	13.7	17.5	0.41	16.9	14.9	0.75
Elderly allowance (%)						
250tk per month	21.8	23.0	0.00	25.5	20.8	0.86
Widow allowance (%)						
250tk per month	12.0	15.2	0.75	17.7	11.5	0.54
Freedom fighter allowance (%)						
720tk per month	0.1	0.3	0.09	0.2	0.2	0.809
Disability allowance (%)						
220tk per month	0.8	1.7	0.15	2.2	0.7	0.06
Indigent disability stipend (%)						
A) 300tk	0.2	0.0	0.27	0.0	0.1	0.27
B) SSC 450tk	0.0	0.0		0.0	0.0	
C) College 600tk	0.0	0.0		0.0	0.0	
D) University 1000tk	0.0	0.0		0.0	0.0	
Maternity allowance (%)						
300tk per month	0.0	0.2	0.37	0.2	0.1	0.15
Maternal health voucher (%)						
200tk-500tk	0.0	0.0		0.0	0.0	

(Table 8 continued...)

(Continued Table 8)				
Warm clothes (%)				
Depends on fund	0.5	0.1	0.4	0.3
100 Days (%)				
100tk per day	0.1	0.1	0.2	0.0
Rural employment and road				
maintenance (%)				
90tk per day	0.0	0.0	0.0	0.0
75 days (%)				
100tk per day	0.1	0.0	0.1	0.0
Agricultural training (%)				
Based on needs	0.1	0.2	0.2	0.1
Livestock training (%)				
Based on needs	0.0	0.0	0.0	0.0

Table 8 shows the percentage of respondents who were accurately able to identify the particular benefit associated with each government handout. The intervention group was most accurately able to identify the benefits associated with elderly allowance (21.8%), widow allowance (12%), Vulnerable Group Feeding (VGF, 13.7%), and Vulnerable Group Development (VGD, 11.9% able to identify one out of three components). Across the experimental and control groups, statistically significant differences existed in the case of VGD (7.5% experimental vs. 4.7% control able to identify first component, 11.9% experimental vs. 8.8% control able to identify second component) and elderly allowance (21.8% experimental and 23% control). On the whole a larger percentage of VO presidents were able to identify benefits associated with resources when compared to non-position holding members. However, the difference was only statistically significant in the case of disability allowance, where the percentage itself was minimal (2.2% of presidents vs. 0.8% of members).

Table 9. Other government resources

	_	VO type		Respondent type			
	Exp	Ctrl	р	President	Member	р	
Education (% of respondents)	n=1275	n=1170		n=804	n=1641		
Primary education is free of cost	93.1	95.0	0.009	94.4	93.8	0.58	
Study materials are provided by govt	92.9	95.2	0.001	95.4	93.3	0.22	
Knowledge of stipend	72.9	88.2	0.000	83.0	78.9	0.05	
Eligibility for stipend							
A. Poor financial condition	35.2	42.0	0.000	41.0	37.2	0.09	
B. 85% school attendance	14.9	16.0	0.467	16.7	14.8	0.29	
C. At least 40% marks in final			0.072			0.05	
examination	16.9	19.7		20.5	17.1		
Stipend amount for primary							
schooling							
A. Monthly Tk. 100 for one child	47.6	56.8	0.000	56.0	50.0	0.01	
B. Monthly Tk. 125 for more than one child	2.7	1.5	0.054	2.7	1.8	0.16	
				(Te	able 9 conti	nued)	

(Continued Table 9)						
Khas land (% of respondents)						
Government owned land	41.3	51.1	0.000	51.7	43.2	0.21
1 No. khotian	0.9	0	0.001	0.6	0.4	0.53
Eligibility for khas land						
Agricultural income- based landless family	34.8	41.7	0.204	44.7	34.9	0.01
No ownership of cultivable land	0.9	0.7	0.407	1.2	0.5	0.14
Owning <10 decimal cultivatable land	0.2	0	0.145	0.2	0	0.06

We also tracked knowledge of other government resources, namely education and government allocated khas land. In the education sector, a large number of respondents were aware of education benefits provided by the government (Table 9). A larger number of respondents in the control group were aware of educational advantages provided by the government, and the difference was statistically significant for all three mentioned indicators: knowledge that primary education was free of cost (93.1% experimental, 95% control), that study materials were provided by the government (92.9% experimental, 95.2% control), and that there was a stipend involved (72.9% experimental, 88.2% control). A smaller number accurately cited conditions for stipend eligibility: 35.2% experimental and 42% control group members cited poor financial condition, 14.9% experimental and 16% control cited 85% school attendance, and 16.9% experimental and 19.7% control cited at least 40% marks in examination, correctly as required conditions. The difference was statistically significant for two out of three conditions. A higher percentage of control group respondents knew the exact stipend for one child, and a lower percentage of the same knew the amount for more than one child; both differences were statistically significant.

A higher percentage of presidents were aware of educational benefits across all indicators when compared to general members; however the difference was only statistically significant for three indicators: 83% presidents had knowledge of stipend compared to 78.9% regular members, 41% cited poor financial condition as eligibility criteria compared to 37.2% regular members, and 20.5% cited 40% examination marks compared to 17.1% regular members.

Government handouts and training

The VO members were largely unaware of training opportunities available through various government and non-government agencies. An overwhelming 91.2% of the surveyed VO members were not aware of any IGA training at the UP level, by government or non government organizations. However, more control group respondents and VO presidents cited knowledge of training facilities compared to experimental and general member groups respectively (Table 10). Table 15 shows knowledge of various types of training for the 214 individuals who were aware of available training facilities. Most respondents cannot name the organization where they would receive this training. The office that was most frequently cited as the source of training was the youth development office (18.9% experimental, 3.1%

control). The VO presidents were no better off than regular VO members on this issue.

	Exp	Ctrl	President	Member
	n=1275	n=1170	n=804	n=1641
Knowledge of IG training by UP/GO/NGO	8.0	9.6	12.3	7.0
p-value	0.2		0.0	
Government organization**	n=95	n=108	n=92	n=111
UP mohila odidoptor	5.3	4.6	4.3	5.4
UP shomaj sheba office	0.0	1.9	2.2	0.0
UP youth development	18.9	3.7	9.8	11.7
UP prokolpo kormokortar karjaloy	1.1	0.9	2.2	0.0
UP poshu shompod karjaloy	6.3	6.5	6.5	6.3
UP motsho shompod karjaloy	3.2	1.9	0.0	4.5
UP krishi shomprosharon karjaloy	5.3	3.7	5.4	3.6
BRDB	2.1	0.0	0.0	1.8
UP LGED karjaloy	1.1	0.0	0.0	0.9
UP shastho complex	2.1	0.0	1.1	0.9
Government education institution	1.1	0.9	1.1	0.9
Jonoshastho o prokoushol bibhag	1.1	0.0	0.0	0.9
Cannot name organization	65.3	85.2	75.0	76.6
Ansar VDP	1.1	0.9	2.2	0.0
Non-government organization**	n=97	n=103	n=93	n=107
Various NGOs	52.6	67.0	64.5	56.1
Non-government education institution	8.2	1.0	2.2	6.5
Poultry and dairy farm	5.2	2.9	4.3	3.7
Non-government health institute	12.4	1.9	11.8	2.8
Cannot name organization	25.8	32.0	24.7	32.7

Table 10.	Knowledge o	of training at	t UP level b	y VO type	e and res	pondent type

* Multiple response answers

** Percentages and totals were based on number of respondents

Sanitation practice

Approximately 82% of the intervention group members had access to sanitary latrines within their households compared to 73.1% of the control group. The VO presidents were better off, with 80.6% having ring/slab latrines in their household compared to 76.3% of general members. Both the differences were statistically significant (Table 11).

		VO type Res				pondent type		
	Exp	Ctrl	р	VO Pres	Member	р		
Sanitation Practice	n=1275	n=1170		n=804	n=1641			
% using ring/slab toilet	82.0	73.1	0.00	80.6	76.3	0.00		
Source	n=694	n=634		n=399	n=929			
Microfinance/WASH PO	4.5	10.1	0.00	9.3	5.8	0.01		
Govt. hospital/Union Parishad	4.1	7.4	0.00	5.4	5.7	0.81		
NGO/private source	8.7	4.4	0.00	5.6	7.4	0.12		
Self financed	82.7	78.1	0.01	79.8	81.1	0.50		

Table 11. Sanitation practice by VO type and member type





Upon inquiring the source of latrines, most cited latrines as self financed indicating weak vertical networks. A higher number of experimental group respondents received latrines from NGOs or private donors (8.7% compared to 4.4%). A marginally lower percentage received it from the microfinance or WASH POs (4.5% of the experimental group compared to 10.1% of the control group) (Table 11).

Compared to regular VO members, the presidents may be using their BRAC networks to avail more services for themselves than for other BRAC members. Although they were of higher socioeconomic standing, a higher percentage of VO presidents received latrines from POs (9.3% compared to 5.8% of general members), whereas a lower percentage received it from a private source, or bought it themselves (Table 11, Fig. 4).

Water source

How aware were the VO members regarding safe use of water for drinking, cooking and other household chores? BRAC and other development organizations emphasized the importance of using supply (tap) water, or arsenic-free tube well water. Findings showed that VO members across both experimental and control groups used tubewell water for drinking and cooking, and to a lesser extent for dishwashing, showering and washing clothes during both the rainy and dry seasons (Table 12). About 99.7% of the experimental group and 100% of the control group members used tubewell water during the rainy season. During dry season a small number switched over to using supply water. About 97.1% of the experimental group and 99.5% of the control group continued to use tube well water in the dry season. More of the experimental group members also used supply water for non-drinking household purposes, whereas the control group resorted to *khal* and *haor* (Table 12). This was largely due to geographical differences; majority of the control group VOs exist in *haor* areas.

-										
				Rai	ny seasc	n				
	Drir	nking	C00	king	Dishw	ashing	Sho	ower	Washing	g clothes
Source	Exp	Ctrl	Exp	Ctrl	Exp	Ctrl	Exp	Ctrl	Exp	Ctrl
	n=1246	Sn=1164	n=1275	n=1170	n=1275	n=1170	n=1275	n=1170	0 <i>n=</i> 1275	n=1170
Tubewell	99.7	100.0	71.3	93.9	61.6	75.8	48.2	64.5	47.8	64.5
River	0.3	0.0	5.0	1.3	4.8	5.0	8.9	7.4	8.5	6.9
Pond	0.0	0.0	19.2	3.9	31.5	22.6	43.8	34.0	45.0	34.1
Khal	0.0	0.0	3.0	0.1	3.1	0.4	3.9	0.6	3.9	0.5
Rain	0.0	0.0	0.4	0.2	0.2	0.3	0.2	0.7	0.3	0.7
Well	0.0	0.0	0.4	0.4	0.7	1.0	0.6	1.3	0.5	1.4
Supply	0.0	0.0	2.2	0.4	2.5	0.4	2.4	0.5	2.4	0.5
Haor	0.0	0.0	0.0	0.1	0.0	0.1	0.0	0.1	0.0	0.1
Waterfall	0.0	0.0	0.2	0.0	0.2	0.0	0.2	0.0	0.2	0.0
				Dr	y seasor	I				
	n=1275	5 n=1170	n=1275	n=1170	n=1275	n=1170	n=1275	n=117	0 n=1275	n=1170
Tubewell	97.1	99.5	73.0	93.9	65.4	78.9	54.7	68.9	54.3	69.1
River	0.4	0	4.8	0.9	4.6	3.4	8.3	5.0	8.4	4.6
Pond	0.2	0.3	18.0	4.4	27.8	21.8	38.1	31.8	38.9	32.0
Khal	0.2	0	3.1	0.1	3.1	0.4	3.7	0.5	3.8	0.4
Rain	0.1	0	0.1	0	0	0	0	0	0.1	0.1
Well	0.2	0.0	0.5	0.5	0.8	0.9	0.6	1.1	0.6	1.2
Supply	1.8	0.3	2.2	0.4	2.5	0.4	2.4	0.5	2.4	0.5
Haor	0	0	0	0.1	0.0	0.1	0	0.1	0	0.1
Waterfall	0.2	0	0.2	0	0.2	0	0.2	0.0	0.2	0

Table 12. Water source by VO type (%)

The eradication of arsenic in ground water is a prominent issue in Bangladesh. The extent to which VO members were aware of arsenic showed their access to knowledge of issues affecting their daily lives. Over 71% of the VO members in the experimental group were able to identify by name, arsenic as a form of contaminant

in tubewell water. The number was much lower in the comparison group (53.1%). A higher percentage of the experimental group (62.6% compared to 57% of control group) also had their water tested for arsenic. Differences could be affected by geographical factors, mainly the presence or absence of arsenic in their locality. The VO presidents had better access to information, which enhanced access to certain services. A higher percentage of presidents were also aware of arsenic (66.3%) compared to general VO members (60.6%) and the difference was statistically significant (Table 13).

		VO type		Respondent type				
_	Exp	Ctrl	p-value	President Member p				
n	1275	1170		804	1641			
Knowledge of arsenic	71.1	53.1	0.0	66.3	60.6	0.0		
n	1238	1127		779	1586			
Arsenic testing	62.6	57.0	0.0	63.4	58.2	0.0		
n	775	642		494	923			
Results	90.3	96.4	0.0	92.5	93.4	0.5		

Table 13. Knowledge of arsenic in ground water by VO type and member type

Children's immunization

Bangladesh has made tremendous strides in immunizing its children against prevalent diseases over the past decades. However, the VO members were only dimly aware of vaccine names, doses and appropriate age for a child's first dose. With the exception of measles, no group had more than 5% of its respondents accurately cite the above details for five vaccines: Tuberculosis (TB), diptheria, whooping cough and tetanus (DPT), hepatitis, polio and measles. Intervention group respondents were most knowledgeable regarding measles, with 20.2% identifying the vaccine by name, 14.4% correctly stating the number of doses and 17.2% correctly citing the age for a child's first dose.

Looking only at statistically significant differences, more experimental group respondents were knowledgeable regarding names of certain vaccines (Hepatitis, polio and measles) and all details regarding the hepatitis shot. A higher percentage of presidents responded correctly to every answer compared to general members, although the difference was only statistically significant in a few cases (Table 14).

Table 14. Knowledge of vaccines by VO type and member type

	١	VO type		Respondent type		
Vaccine and leave	Exp	Ctrl	р	President	Member	р
	n=1275	n=1170		n=804	n=1641	
TB: name of vaccine (%)	4.3	4.0	0.7	5.3	3.6	0.0
TB: number of doses (%)	3.7	5.7	0.0	5.7	4.1	0.1
TB: age for first dose (%)	3.6	3.7	0.9	4.4	3.3	0.2
DPT: name of vaccine (%)	2.2	1.5	0.2	2.7	1.5	0.0
DPT: number of doses (%)	1.3	0.9	0.5	1.6	0.9	0.1
DPT: gap between doses (%)	1.6	1.3	0.5	2.4	1.0	0.0
DPT: age for first dose (%)	2.1	1.3	0.1	2.6	1.3	0.0
Hepatitis b: name of vaccine (%)	1.6	0.4	0.0	1.2	0.9	0.5
Hepatitis b: number of doses (%)	1.2	0.3	0.0	0.9	0.7	0.7
Hepatitis b: gap between doses (%)	1.3	0.1	0.0	1.1	0.5	0.1
Hepatitis b: age for first dose (%)	1.3	0.2	0.0	1.2	0.5	0.1
Polio: name of vaccine (%)	2.4	1.2	0.0	2.6	1.4	0.0
Polio: number of doses (%)	0.9	0.7	0.5	1.0	0.7	0.5
Polio: gap between doses (%)	1.2	1.1	0.9	1.4	1.0	0.5
Polio: age for first dose (%)	2.0	1.3	0.1	2.4	1.3	0.1
Measles: name of vaccine (%)	20.2	13.9	0.0	18.8	16.5	0.2
Measles: number of doses (%)	14.4	13.8	0.7	14.9	13.7	0.4
Measles: age for first dose (%)	17.2	13.8	0.0	16.0	15.3	0.6

Birth control

The respondents were asked to identify different birth control methods, and the source of their knowledge regarding each particular method. On the average, each respondent approximately identified 3 methods. The control group identified a marginally higher number (3.1% compared to 3.0% by VO members) as did presidents (3.2 compared to 2.9 by general members). Both differences were statistically significant (Table 15).

The birth control pill was the most well known (94.9% experimental, 97.2% control group identifying this method) and vasectomy the least known (4.4% experimental, 2.3% control identifying this). About 64.7% of the experimental group and 62.6% of the control group mentioned condoms as a contraceptive method. Most respondents within the experimental group mentioning condoms discovered it through government health workers or clinic (76.7%). About 5.5% of the experimental group came to know of it through the BRAC health worker compared to 10.7% of the control group. Only 1% of the experimental group discovers the use of condoms through the PO, compared to 3.4% of the control group (Table 15). Birth control pills, too, were most widely publicized by government health workers or clinics. More experimental respondents discover it through a family or friend (14.6% experimental, 4.7% control) and less through the BRAC health worker (4.9% experimental, 11.8% control) or PO (0.7% experimental, 3.8% of control).

	VO t	ype	Respond	dent type
Birth control issue	Exp	Ctrl	President	Member
-	n=1281	n=1158	n=804	n=1641
Average # of BC methods identified	3.0	3.1	3.2	2.9
p-value	0.0		0.0	
Condom	n=830	n=736	n=529	n=1037
BRAC PO (%)	1.0	3.4	2.1	2.1
BRAC health worker (%)	5.5	10.7	9.8	7.0
Government (health worker/clinic) (%)	76.7	75.7	76.2	76.3
Non-government (clinic or NGO) (%)	1.8	1.6	1.9	1.6
Family or friend (%)	9.9	3.3	6.0	7.1
Media (%)	1.7	0.7	0.8	1.4
Self (%)	0.0	0.1	0.2	0.0
Unwilling to tell (%)	4.5	4.5	3.4	5.0
Birth Control Pill	n=1215	n=1126	n=772	n=1569
BRAC PO (%)	0.7	3.8	2.5	2.0
BRAC health worker (%)	4.9	11.8	9.2	7.7
Government (health worker/clinic) (%)	77.9	78.0	77.8	78.0
Non-government (clinic or NGO) (%)	2.1	1.2	1.9	1.5
Family or friend (%)	14.6	4.7	8.5	10.5
Media (%)	1.2	0.4	0.5	1.0
Self (%)	0.0	0.1	0.1	0.0
Injection	n=986	n=982	n=668	n=1299
BRAC PO (%)	0.7	4.0	2.5	2.2
BRAC health worker (%)	4.0	12.4	9.6	7.5
Government (health worker/clinic) (%)	82.4	77.8	78.6	80.8
Non-government (clinic or NGO) (%)	2.5	1.1	2.2	1.6
Family or friend (%)	10.3	4.1	6.7	7.5
Media (%)	1.2	0.5	0.4	1.1
Self (%)	0.0	0.1	0.1	0.0
Norplant	n=173	n=70	n=92	n=151
BRAC PO (%)	1.2	1.4	2.2	0.7
BRAC health worker (%)	4.6	12.9	13.0	3.3
Government (health worker/clinic) (%)	88.4	71.4	80.4	85.4
Non-government (clinic or NGO) (%)	2.9	8.6	6.5	3.3
Family or friend (%)	2.9	5.7	0.0	6.0
Media (%)	1.7	0.0	0.0	2.0
Vasectomy	n-56	n=27	n=39	n=44
BRAC PO (%)	3.6	14.8	2.6	11.4
BRAC health worker (%)	14.3	33.3	33.3	9.1
Government (health worker/clinic) (%)	67.9	40.7	48.7	68.2
Non-government (clinic or NGO) (%)	5.4	11.1	10.3	4.5
Family or friend (%)	5.4	0.0	5.1	2.3
Media (%)	5.4	0.0	0.0	6.8

Table 15. Knowledge of birth control methods by VO type and member type: Multiple response answers (% of respondents)

*Multiple response answers ** Percentages are based on number of respondents

About 77.3% of the experimental group and 83.9% of the control group were aware of the injection as a birth control method. Most discovered this through government sources - 82.4% experimental, 77.8% control, 78.6% presidents and 80.8% general member respondents cited government clinics or workers as a source. Other birth control methods include Norplant, Intrauterine device, vasectomy and ligation. Most cited the government as the source of knowledge, followed by family or friend, and to a lesser degree, the BRAC health worker.

Approximately half of all VO members of childbearing age practice a birth control method. This number excludes women who were trying to conceive. A higher percentage of general members use birth control compared to presidents (56.6% general members, 49.6% presidents) and the difference was statistically significant. This was most likely because general members were substantially younger than VO members and presidents, being older were possibly not sexually active. There was no statistically significant difference between experimental and control groups on birth control practice.

	VO t	VO type Respondent		
IUD	Exp	Ctrl	President	Member
	n=222	n=310	n=201	n=331
BRAC PO (%)	1.8	2.9	3.0	2.1
BRAC health worker (%)	5.0	11.9	11.4	7.6
Government (health worker/clinic) (%)	83.3	78.4	79.1	81.3
Non-government (clinic or NGO) (%)	2.7	3.2	3.0	3.0
Family or friend (%)	5.0	2.9	3.0	4.2
Media (%)	2.3	0.6	0.5	1.8
Ligation	n=326	n=400	n=286	n=440
BRAC PO (%)	1.5	5.8	4.2	3.6
BRAC health worker (%)	5.2	11.0	11.5	6.4
Government health worker or clinic (%)	82.5	78.5	75.9	83.2
Non-government clinic or NGO (%)	3.4	2.0	3.1	2.3
Family/neighbour/acquaintance (%)	5.5	2.3	3.8	3.6
Media (%)	1.8	0.3	1.0	0.9
Self (%)	0.0	0.3	0.3	0.0

Table 15.1 Knowledge of birth control methods by VO type and member type:
single response answers (% of respondents)

	VO type			Respondent type		
Birth control practiced	Exp	Ctrl	р	President	Memo	р
	n=1038	n=975		n=651	n=1362	
Practicing birth control (%)	66.8	65	0.39	61.3	68.2	0
Source *	n=694	n=634		n=399	n=929	
BRAC PO (%)	0.1	0.5		0.5	0.2	
BRAC Health worker (%)	1.3	2.8		2	2	
Government (%)	48.4	49.1		52.6	47	
NGO or health worker (%)	3.3	2.4		3.5	2.6	
Self or husband (%)	55	47.6		47.6	53.2	
Not relevant (%)	0.3	0		0.3	0.1	

Table 16. Birth control practice by VO type and member type

*Multiple response answers

** Percentages were based on number of respondents and exclude women who were not of childbearing age, or were trying to conceive

When the respondents cited using birth control, their source for receiving the method was recorded in multiple response answers (Table 15). Close to half of the respondents paid for their own birth control in all four groups (55% experimental, 47.6% control; 47.6% presidents, 53.2% general members). A similar number received theirs through the government health worker at least once. A negligible percentage received their method through the BRAC PO or health worker, and the number does not differ much across groups – for example, 1.3% experimental, and 2.8% control respondents received their method through BRAC health worker.

Human rights issues

Experimental and control groups varied in their knowledge of various human rights issues, each having better knowledge of a certain area (Table 16). More experimental respondents were aware of legal age of marriage for men (28.1% experimental, 21.6% control), but less were aware for women (75.8% experimental, 21.6% control). Fewer experimental group respondents, however, were aware that acid throwing, sexual harassment, polygamy and human trafficking were criminal and punishable offenses. For example, 38.9% experimental VO members viewed sexual harassment as criminal and punishable, compared to 70.1% control VO members.

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Table 17. Knowledge of I	uman rights issues by VO type and membership
type	

Knowledge of social and	١	/О Туре		Men	nbership Type	;
legal issues	Exp	Control	Diff	President	Member	Diff
	n=1275(%)	n=1170(%)		n=804(%)	n=1641(%)	
Legal age of marriage (M)	28.1	21.6	6.5	24.8	25.1	-0.4
Legal age of marriage (F)	75.8	79.0	-3.1	78.9	76.6	2.3
Acid throwing	19.5	21.6	-2.1	23.6	19.0	4.6
Sexual harassment	38.9	70.1	-31.2	57.7	51.9	5.8
Polygamy	94.1	97.3	-3.1	96.9	95.0	1.9
Women and children	11.1	15.9	-4.8	15.2	12.5	2.7
Inhuman punishment	4.5	3.9	0.6	6.5	3.2	3.3
	Terms and conditions of marriage					
A. Age	22.8	16.9	5.9	22.5	18.8	3.7
B. Consent	5.7	0.0	5.7	3.0	3.0	0.0
C. Denmohor	4.2	0.0	4.2	2.0	2.3	-0.3
D. Registration	11.0	0.1	10.9	6.5	5.4	1.0
	Punishmen	t for demand	ing dov	/ry		
A. 1-5 years jail and 5000 Tk. fine	13.7	4.9	8.9	10.7	8.9	1.8
ls torture for dowry punishable?	44.5	75.3	-30.8	64.4	56.7	7.8
	Proce	edure for divo	orce			
Giving Notice before divorce	12.7	19.3	-6.6	19.9	13.9	6.0
Divorce Letter	1.6	0.0	1.6	1.1	0.7	0.4
Wedding registration	3.6	0.0	3.6	2.5	1.6	0.9
		legal divorce				
ADR	11.7	14.5	-2.8	16.4	11.4	5.0
Village court	0.9	0.0	0.9	0.5	0.4	0.1

Table 18. Place to seek help in case of human rights violations

Respondents' knowledge of where to seek help in the event of Human Rights related incident*						
	VO	type	Member	Members' Position		
	Exp	Ctrl	Pres	Member		
	n=1275	n=1170	n=804	n=1641		
To stop child marriage						
Union <i>parishad</i> or government office	13.1	22.9	18.7	17.4		
Police	26.5	24.3	25.9	25.2		
Other	20.6	25.7	28.3	20.5		
Does not know	40.2	27.9	27.7	37.5		
To legaliz	e marriage					
Kazi office	75.8	87.2	84.1	79.9		
Other	7.6	3.9	5.6	6		
Does not know	16.8	9	10.6	14.3		
			(Talala	10		

(Table 18 continued...)

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To stop o	dowry in marria	ge		
Union parishad or government office	9.1	13.7	12.1	10.9
Police	20.2	22.6	22	21
Other	14.7	24.6	25.1	16.7
Does not know	56.2	39.4	41.2	51.6
Dowry r	related violence)		
Police	18.6	25.3	23.5	21.0
Court or government lawyer	7.8	12.0	10.8	9.3
Other	11.2	22.3	21.0	14.3
Does not know	62.6	40.6	44.9	55.6
Violenc	e for denmoho	r		
Union Parishad or government office	13.9	17.9	17	15.2
Police	19.4	27.1	22.8	23.2
Court or government lawyer	12.2	12.8	14.4	11.6
Other	9.1	11.3	13.6	8.6
Does not know	45.8	31.6	33.1	41.9
Stop	illegal divorce			
Union Parishad or government office	8.1	15.6	12.9	11
Police	12.8	16.3	14.7	14.4
Other	18.1	32	31.7	21.4
Does not know	64.4	44.2	48.5	57.8
Do	orra Mara			
Police	0.8	3.4	1.2	2.4
Other	1.9	13.6	10.2	6.2
Does not know	97.3	83.1	88.7	91.3
Inhuma	an punishment			
Police	3.4	10.3	7.3	6.3
Court or government lawyer	1.8	5.6	4.4	3.3
Other	5.7	8.8	8.6	6.4
Does not know	89.2	75.6	79.7	84.1
Legal supp	oort for acid att	tack		
Police	44.6	44.8	44.5	44.8
Court or government lawyer	14.2	21.6	19	17.1
Village court	4.9	11.3	10.1	6.9
Other	3.7	4.2	4.5	3.7
Does not know	32.9	18.2	22.3	27.6
Medical he	elp for acid atta	ack		
Hospital or doctor	84.2	88.2	86.3	86
Other	4.2	6.8	6.8	4.7
Does not know	11.8	5	7	9.3
Sexua	al harassment			
Police	21.6	27.1	27.1	22.9
Other	11.8	25.1	20.3	17.1
Does not know	67.1	47.9	53	60.3

(Continued Table 18)

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Respondents' source of	knowledge regarding appro related incident	priate place to	o report Huma	an Rights
	VO	type	Members	' Position
	Exp	Ctrl	President	Member
	n=1275	n=1170	n=804	n=1641
	To stop dowry in man	riage		
	n=558	n=709	n=473	n=794
NGO official	19.2	25.0	26.4	20.0
Family or friend	73.8	65.9	66.6	71.0
Media: Radio/TV/book	12.5	7.9	8.9	10.6
Other	5.2	3.5	4.9	3.9
	Dowry related violen	ice		
	n=477	n=695	b=443	n=729
NGO official	21.0	26.6	31.2	20.2
Family or friend	73.0	64.2	61.4	71.6
Media: Radio/TV/book	13.2	7.6	9.5	10.2
Other	5.5	3.3	4.3	4.1
	Violence for denmo	hor		
	n=692	n=800	n=538	n=954
NGO official	15.8	18.6	23.2	13.9
Family or friend	79.6	71.4	69.5	78.4
Media: Radio/TV/book	12.0	7.5	10.0	9.3
Other	4.3	4.1	4.3	4.2
	Stop illegal divorc	е		
	n=454	n=653	n=414	n=693
NGO official	17.6	25.3	28.3	18.5
Family or friend	73.1	66.3	62.6	73.0
Media: Radio/TV/book	11.5	5.8	8.0	8.2
Other	6.6	3.8	5.8	4.5
	Dorra Mara	100	<u></u>	
	n=35	n=198	n=91	n=142
NGO official	37.1	22.2	31.9	19.7
Family or friend	51.4	(4.7	67.0	73.9
Nedia: Radio/ I V/book	14.3	2.0	3.3	4.2
Other		1.0 nt	0.0	2.0
		n_026	n-162	n-261
NCO official	15.0	11=200	11=100	10.0
Formily or friend	10.2	20.9	20.2	19.9
Modia: Padia/TV/book	10.0	6.6	00.0	71.0
Other	12.3	0.0	0.U 2 1	0.0
Other	Legal support for acid	2.0 attack	5.1	4.0
	n-856	n_957	n-625	n-1188
NGO official	13.8	21 <i>A</i>	22 4	15.4
Family or friend	66 <i>/</i>	21.4 50.7	60.2	64.2
Media: Badio/TV/book	26.2	17.6	20.5	22 2
Other	20.2	3.1	20.0	30
	2.0	0.1	2.0	0.0

Table 19. Source of knowledge regarding where to seek support in HR violation incident

(Table 19 continued...)

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(Continued Lable 19)						
Medical help for acid attack						
	n=1125	n=1111	n=748	n=1488		
NGO official	8.8	17.6	17.1	11.2		
Family or friend	69.2	62.8	65.1	66.5		
Media: Radio/TV/book	34.1	19.3	26.6	26.8		
Other	1.5	1.6	1.2	1.7		
	Sexual harassmen	t				
	n=420	n=610	n=378	n=652		
NGO official	16.4	22.5	25.9	16.6		
Family or friend	73.8	62.5	61.9	70.1		
Media: Radio/TV/book	22.4	10.3	14.8	15.5		
Other	4.3	6.4	5.6	5.5		

More experimental respondents were aware of the terms and conditions for marriage; no control group respondents could cite consent and *denmohor* as conditions, and only 0.1% cited registration as mandatory compared to 11% of experimental group respondents (Table 17). Fewer control group respondents could identify the correct punishment for demanding dowry as 1-5 years jail and Tk. 5,000 fine (4.9% compared to 13.7% experimental); however more knew that torture for dowry was punishable (44.5% experimental, 75.3% control).

More control group respondents identified giving notice as a necessary precondition for divorce (12.7% experimental, 19.3% control). However, no control group members cited divorce letter and registration as factors compared to 1.6% and 3.6% experimental VO members respectively. In terms of seeking help for illegal divorce, 11.7% experimental and 14.5% control VO members will seek help through ADR, whereas 0.9% experimental and no control respondents sought help through village court. Across all but two indicators, more presidents were aware of the issues compared to regular members. The exceptions were, legal age of marriage for men and the requirement of *denmohor* for marriage; for both the difference was minimal.

The respondents were asked if they knew where to report human rights violations. With the exception of acid attacks, more control group respondents reported directly to the Union *Parishad* office, Kazi office, or government institution in question. A larger percentage of experimental group respondents did not know where to go in such cases. Comparing the presidents with the members, a larger percentage of members did not know suggesting that presidents have greater access to information (Table 18).

The respondents were asked where they came to know this information – that is, where did they find out about sources of support when it comes to human rights violations? Over 70% of the experimental group and approximately 65% of the control group found out about relevant sources from friends or family (dowry, *denmohor*-related violence and child marriage, sexual harassment) (Table 19). A large percentage did not know where to go, which is alarming given the prevalence of NGOs engaged in awareness raising programmes. Not relying on an authorized source of knowledge increases the risk of misinformation. The numbers are slightly

lower for the case of acid attacks (66.4% experimental and 59.7% control discovered where to go for legal aid, from friends or family), where books or other media outlets serve as the second most popular source (26.2% experimental, 17.6% control respondents found out from a media outlet where to go for legal aid in the case of acid attacks) (Table 19).

Horizontal networks

VO members should ideally establish strong horizontal ties to override traditional and clientelist networks. A mere 19.9% of the experimental group and 18.4% of the control group knew the names of all members in their VOs (Table 20). Most (56.6% of the experimental group and 58.1% of the control group) could identify some members by name, though 23.5% in both groups did not know most. A larger percentage of VO presidents knew all VO members' names compared to regular members (33.3% of presidents, 12.2% of members).

Small groups existed in 7.8% of the experimental group and 16.8% of the control group. This number does not include the 20.4% of experimental and 24.1% of control group respondents who were not aware of its existence. Among the respondents who cited membership of small groups, 25% of the experimental group and 46.7% of the control group knew their small group members' names. A higher percentage of presidents (44.4%) knew all small group members' names compared to regular members (35.7%) (Table 20).

	VO type		Respond	dent type
	Exp	Ctrl	President	Member
Knowledge of VO members' names (%)	n=1275	n=1170	n=804	n=1641
Yes	19.9	18.4	33.3	12.2
Some	56.6	58.1	50.9	60.5
Don't know most	23.5	23.5	15.8	27.2
Knowledge of small group members' names (%)	n=100	n=197	n=126	n=171
Yes	25.0	46.7	44.4	35.7
Some	60.0	38.6	42.1	48.5
Don't know most	15.0	14.7	13.5	15.8
Small group leader encourages meeting attendance (%)	n=100	n=197	n=126	n=171
Yes	65.0	66.5	69.8	63.2
No	14.0	23.4	15.9	23.4
Meetings don't take place	21.0	10.2	14.3	13.5

Table 20. Horizontal networks by VO type and member type

Ideally, where small groups existed its leaders were expected to encourage meeting attendance of its members. Stronger horizontal networks could generate higher meeting attendance. Of those belonging to small groups, 65% experimental and 66.5% control respondents mentioned that small group members did indeed encourage meeting attendance.

Solidarity and trust among VO members

What was the extent of solidarity within the VO? How much did VO members trust each other? In order to answer this question we first look at the extent of solidarity within the VO as felt by the respondents (Table 21). Following this, we evaluate the extent to which the interviewed VO member trusted fellow VO members (Table 21.1).

A marginally higher percentage of the experimental group felt that if someone from the VO had a problem – financial or social – VO members would personally come to their aid (56.2% experimental, 38.7% control). A little less than one-fourth expected a VO group intervention (17.2% experimental, 25.2% control), while a slightly higher percentage cited that no one from the VO would help (24.1% experimental, 27.4% control). Solidarity within the VO, however, was higher than VO members' general sense of solidarity for the village community. When the same question was asked regarding the aid of someone in the village, the vast majority responded that villagers – and not necessarily the VO members – would come to a fellow villager's aid. A mere 27.1% of the experimental group and 11.4% of the control group cited that VO members would personally come to the aid of a village member. Solidarity within the VO was, therefore higher than among village members generally.

When the crisis was financial – particularly loan-related – the VO tended to be more supportive. Over 50% of the experimental group and 38.9% of the control group stated that if members defaulted on a loan, the VO as a group came to their aid (Table 20.1). However, around half of the respondents cited that no one would help (46.5% experimental, 57.6% control). Only 35.1% of the experimental group and 29.0% of the control group advised fellow VO members on using loans, but 48.5% of the presidents did the same compared to 24.2% general members. Only 25.6% of the experimental group and 18.9% of the control group asked the VO for support on behalf of another member, but 48.5% presidents advised VO members on the use of loans compared to 24.2% members.

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	Exp	Ctrl	President	Member
IF someone in VO has problem, who would help first?	N=1275	N=1170	n=804	n=1641
VO members personally	56.2	38.7	49.1	42.9
VO as a group	17.2	25.2	2.4	2.5
PO	2.3	6.5	1.0	0.5
No one from VO	24.1	27.4	47.4	54.0
VO President	0.3	2.2	0.1	0.1
If someone outside the VO in the village has a problem, who would help first?	N=1275	N=1170	n=804	n=1641
VO members personally	27.1	11.4	20.5	19.1
VO as a group	7.2	12.8	10.4	9.6
PO	0.2	0.5	0.2	0.4
Someone from village	57.3	59.1	57.8	58.3
No one from village	8.2	16.2	10.9	12.6
If a member cannot repay loan, does anyone help	N=1275	N=1170	n=804	n=1641
VO as a group	50.5	38.9	49.1	42.9
Small group	2.1	2.8	2.4	2.5
PO	0.7	0.6	1.0	0.5
No one	46.5	57.6	47.4	54.0
Does not occur	0.2	0.0	0.1	0.1
VO President	0.0	0.1	0.0	0.1
If you cannot repay on time, do other VO members help financially?	N=1275	N=1170	n=804	n=1641
Yes	56.3	42.7	53.0	48.3
No	43.4	57.1	46.9	51.4
Was not required	0.3	0.2	0.1	0.3
Advised VO member on loan use	N=1275	N=1170	n=804	n=1641
No	64.9	71.0	51.5	75.8
Yes	35.1	29.0	48.5	24.2
Asked VO for support on some other VO members' behalf	N=1275	N=1170	n=804	n=1641
No	74.4	81.1	67.3	82.6
Yes	25.6	18.9	32.7	17.4

Table 21. Solidarity within VO by VO type and member type

Table 21.1. Respondents' trust of other VO members by VO type and respondent type

Questions	VO	type	Respondent type	
QUESTIONS	Exp	Ctrl	President	Member
Would you cooperate with someone from VO for work or business, or do you prefer to work alone?	N=1275	N=1170	n=804	n=1641
Together	31.1	53.5	47.6	39.0
Alone	68.9	46.5	52.4	61.0
Would you cooperate with someone from village for work or business, or do you prefer to work alone?	N=1275	N=1170	n=804	n=1641
Together	29.0	51.8	45.6	37.1
Alone	71.0	48.2	54.4	62.9
10dc land for self vs. 25dec land together with someone from VO	N=1275	N=1170	n=804	n=1641
Alone	72.6	50.6	56.5	64.8
Together	27.4	49.4	43.5	35.2
10dc land for self vs. 25dec land together with someone from village	N=1275	N=1170	n=804	n=1641
Alone	75.4	51.6	58.7	66.6
Together	24.6	48.4	41.3	33.4
Cooperate with VO members to work on community interest issue with no self benefit	N=1275	N=1170	n=804	n=1641
No	33.6	33.2	27.4	36.3
Yes	66.4	66.8	72.6	63.7
Helped VO members in time of need (other than loan)	N=1275	N=1170	n=804	n=1641
No	53.0	61.7	45.9	62.7
Yes	47.0	38.3	54.1	37.3
Type of help (multiple response answers)	n=599	n=448	n=435	n=612
Financial	52.1	28.3	39.3	43.8
Social	37.1	57.1	49.7	42.8
Advice	37.7	20.5	36.3	26.1

Institutional support

Experience with BRAC

The literature cites organizational transparency, efficiency and the quality of leaders to act as agents, as key factors influencing the sustainability of microfinance groups. A VO member's feelings of solidarity towards the VO and BRAC were likely to be influenced by her experiences within the organization. Thus we look at some structural determinants of clients' sentiments towards the organization. Questions were as follows: How easy was it for clients to take loans from BRAC? What other advantages were they receiving from the organization?

Approximately half of all respondents cited that if they default on instalments, the PO provides extra time to make payment before considering them to be defaulters (56.9% experimental, 42.5% control) (Table 22). The difference between leaders and regular members was negligible; a marginally higher percentage of presidents cited that the PO provides extra time (52% presidents, 49.1% members) or that other VO members come to their aid (53% presidents, 48.3% members).

Advantage	VO ·	type	Respondent type		
Advantage	Exp	Ctrl	President	Member	
If you cannot repay on time, does PO give extra time?	N=1275	N=1170	n=804	n=1641	
Yes	56.9	42.6	52.0	49.1	
No	43.0	57.4	48.0	50.8	
Was not required	0.1	0.0	0.0	0.1	
Comparative advantage of BRAC loan**	n=1273	n=1157	n=797	n=1639	
Administered by specific rules	9.2	1.4	6.0	5.2	
Low service charge	3.3	0.6	2.4	1.8	
Quick loan disbursement	51.9	53.8	53.8	52.3	
Can get desired loan	12.2	4.3	9.4	7.9	
Loan is easily repayable	9.9	8.2	8.8	9.2	
Savings criteria satisfying	3.6	2.2	2.5	3.2	
Close to home	2.9	6.4	4.5	4.6	
No advantage	1.8	1.6	2.1	1.5	
Other:	11.3	23.2	15.9	17.5	

Table 22. Advantages of BRAC loan by VO type and respondent type

(Table 22 continued...)

¹⁶ Other includes written documentation (security), information easily available regarding loan details, don't need guarantor, savings money returned, BRAC first to approach, no other organization close by, BRAC provides health services, have been BRAC member for long, BRAC provides additional time when unable to pay instalment, BRAC PO comes to the member's house to collect payment (convenient), BRAC is unlikely to steal their money, BRAC looks after them in time of need.

(Continued Table 22)				
Condition for taking BRAC loan (%)**	n=1271	n=1170	n=802	n=1639
VO membership	42.3	29.3	39.4	34.5
National ID/ UP shonod	60.0	68.8	61.8	65.4
Picture	75.6	70.9	73.8	73.2
Regular savings	33.0	20.6	29.3	25.9
Husband's permission	31.2	25.7	28.6	28.6
Self signature	44.2	48.9	50.0	44.7
Stamp	0.7	0.0	0.5	0.3
Small group membership	0.1	0.0	0.1	0.0
BRAC service received	n=1267	n=1169	n=797	n=1639
Education	0.7	0.3	0.6	0.5
Health	3.8	6.0	7.2	3.7
Legal aid	0.2	0.3	0.4	0.2
Training	1.1	1.5	2.9	0.5
Material good	0.1	0.1	2.3	1.6
Financial help	0.5	3.3	0	0.1
No additional benefit	94.0	89.5	87.3	94
IGA Training	N=1267	N=1169	N=797	N=1639
Training Received	2.1	5.6	5.5	2.9
р	0.0		0.0	
Type of Training	n=27	n=65	n=44	n=48
Chicken/Duck/Farm animals/Fish	63.0	92.3	81.8	85.4
Accounting	7.4	0.0	0.0	4.2
Handloom	3.7	0.0	2.3	0.0
Handicrafts	11.1	1.5	4.5	4.2
Agricultural	14.8	4.6	9.1	6.3
Small business	0.0	1.5	2.3	0.0

** Multiple response answers, percentages were based on number of respondents

Over half of the interviewed BRAC clients cited their preference for BRAC over other MFIs was due to quick loan disbursement (51.9% experimental, 53.8% control). A smaller number cited easy repayment (9.9% experimental, 8.2% control) and the fact that one can get the desired loan (12.2% experimental, 4.3% control). There was little difference between presidents and other clients in this respect

When the respondents were tested for knowledge regarding proper conditions for taking BRAC loans, an overwhelming number cited that a national ID and picture was sufficient (60% experimental, 68.8% control for national ID or UP *shonod*, and 75.6% experimental and 70.9% control for picture). Others mentioned the need for husband's permission (31.2% experimental, 26.7% control), self signature (44.3% experimental, 48.9% control), and a regular savings (33% experimental, 20.6% control). Alarmingly, less than half cited VO membership as a required criteria (42.3% experimental, 29.3% control), suggesting that the remaining did not view VO membership and any related obligations towards the group as a loan requirement (Table 22). There was little variation between the president and member on these issues; less than 40% of interviewed VO presidents were aware of VO membership as a condition for borrowing.

Rural women were often drawn to BRAC with the hope of receiving BRAC services. VO members were asked whether they received any additional benefit or service through BRAC by virtue of their VO membership. An overwhelming number mentioned receiving no benefit (94% experimental, 89.5% control). Of the few receiving services, health services were the most distributed (3.8% experimental, 6% control). A higher percentage of presidents cited receiving health services (7.2% presidents, 3.7% regular members), training (2.9% presidents, 0.5% regular members) and material goods (2.3% presidents, 1.6% regular members). The presidents may be taking advantage of their leadership position to access resources at the cost of depriving VO members (Table 22).

Next, we measured VO members' tendency to undertake capacity building initiatives for themselves. For accurate measurement we would have to measure trainings undertaken as a ratio of trainings actually held. However we have no way of actually knowing the latter. Therefore, Table 21 provides a simple snapshot of the extent to which weak VOs were building the capacity of their members for effective loan use.

A very small percentage of respondents were supplementing their loans with adequate training for its utilization. However, a much smaller percentage of the experimental group were taking loans (2.1% compared to 5.6%) compared to the control group. A higher percentage of VO presidents were receiving training compared to general members (5.5% compared to 2.9%) suggesting that VO leaders may be at an advantage for selection due to their close relationship with the PO. Within those who do engage in training, the highest percentage engage in chicken, duck, farm animal and fish rearing (63% of those in experimental group receiving training, though less prevalent, were accounting, handloom, handicrafts, agriculture and small business (Table 22).

Conclusion

The ESC programme was based on the premise that VO members' social capital can be increased through the programme's objectives, namely increasing members' awareness of local and social issues, increasing their access to information regarding resources, promoting greater respect towards VO discipline, increasing leadership at grassroots level, promoting regularity in loan repayment and increasing solidarity among VO members. We tracked the current status of VO members along these areas, using various components of social capital – norms, networks and trust – as organizing principles. We tested for differences between intervention and control groups, and between VO presidents and general members.

Meeting observations showed that VOs failed to hold proper <u>meetings</u>; where held they took the form of spot collection. POs rarely held meetings as scheduled, which members cited as the primary reason for lack of attendance. On average, less than half the VO showed up at the meeting spot. Physical distance, limited time for group activity, and family bindings all constrained members' ability to attend meetings. Some failed to connect with VO members due to internal conflict. Low meeting attendance prompted many POs to spend extra time for door to door collection. This took up the POs time, which he or she could have better utilized towards establishing VO discipline. Small group leaders were expected to ensure members' attendance in meetings. However, few small groups existed in sampled VOs; those existing performed no particular function. There was a general propensity to stage VO meetings in order to impress visitors.

In terms of <u>loan use</u>, many used at least some percentage of their loan in the planned sector. However, some of the money was spent on additional areas such as freeing mortgaged land, buying homestead or furniture, household expenses and paying for a child's wedding. There was some difference between experimental and control groups, and between presidents and general members. There was significant difference between experimental and control group missed the last payment. Across all groups, most cited reasons for missed payment include unemployment, ill health affecting ability to engage in labour, and high or unforeseen household expenditures. More generally, frequent challenges to repayment include the need to borrow from another person, and the need to sacrifice on food or a child's education cost.

In order to understand the <u>vertical networks</u> of VO members we looked at VO members' knowledge of various services. The underlying assumption was that better connected individuals would have greater knowledge of services, including service source, and the type of benefit associated with it. In general more presidents were aware of various services and their sources, but experimental and control groups

differ on most, each being better aware in some areas. On knowledge of government handout sources, experimental and control groups differed significantly for 2 out of 15 tracked resources (VGF cards, and widow allowance). The most widely known benefit was elderly allowance (21.8% experimental and 23% control group respondents could accurately state that the benefit equals 250Tk.).

A greater percentage of control group respondents were aware of educational benefits and *khas* land, greater knowledge of resources indicating stronger vertical networks. Presidents scored higher than members on 6 out of 13 indicators with the difference being statistically significant. In terms of sanitation practice, a greater percentage of the experimental group and VO presidents used proper sanitary toilets compared to the control group, and VO members; both differences were statistically significant. More experimental respondents use supply water, whereas a greater percentage of the control group use *haor* or *khal* water, possibly due to geographical differences. A much higher percentage of the experimental group and presidents. Similarly, a higher percentage of experimental group and presidents were knowledgeable regarding immunization for children. However, the control group scores better on knowledge about birth control.

Looking at <u>horizontal networks</u> – relationships between VO members - we found little identifiable difference between the experimental and control groups on knowledge of members' names. However, where small groups existed (more on the control group), a greater percentage were knowledgeable regarding small group members' names. VO presidents maintained much stronger horizontal networks than general members.

<u>Solidarity</u> was generally high among VO members – only one-fourth of the entire group felt that if someone from their VO was in trouble, no one would come to her aid. Most stated that VO members would personally come to their aid (56.6% experimental, 38.7% control), and a lower percentage stated that VO would intervene as a group (17.2% experimental, 25.2% control). More respondents would help a fellow VO member, than general villagers outside of the VO. More experimental group respondents felt that the VO helps if someone (including themselves) could repay loan, while a larger percentage of the control group had helped another VO member with advice, or by asking for VO help on her behalf. Generally, presidents scored higher than GM on all indicators of solidarity.

<u>Trust</u> was much lower for members in the experimental group compared to those in the control group. About 31.1% of the experimental group would cooperate with someone from the VO for work or business, compared to 53.5% of the control group. VO presidents were also more likely to trust VO members than general respondents.

<u>Institutional determinants</u>, including the extent to which VOs were client-friendly varied among all groups with little discernible pattern. More experimental group respondents acknowledged that POs gave them extra time for loan repayment when they were unable to make instalments. Fewer members of the same group received

any BRAC service by virtue of being a VO member. Less of the experimental group also received training in income generation (2.1% experimental, 5.6% control). Finally, it was extremely difficult tracking VO members' parallel loans in other microfinance organizations. An overwhelming 80% of all surveyed members cited that they did not have a second loan, which was extremely unlikely.

The ESC programme has much potential to generate solidarity among VO members. However, it must be accompanied by efficient leadership, particularly by the president and the PO. Presidents scored much higher than all members on indicators that suggest more social capital at an abstract level. On the one hand, more effort should be taken to ensure equal distribution of knowledge and ownership. On the other hand, presidents could serve as agents connecting VO members to various vertical networks. In addition, strengthening the POs duty beyond loan collection to their original designated purpose as organizers may further enhance the effectiveness of the ESC programme.

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