



**The wider social impacts of
BRAC's group-based lending in rural
Bangladesh: Group dynamics and
participation in public life**

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INTRODUCTION

This study was carried out as part of the Global Imp-Act Programme which brings around 30 microfinance institutions (MFIs) in 20 countries located in Asia, Africa, Latin America, Russia and Eastern Europe together with UK-based team of researchers with a view to developing and institutionalizing systems for monitoring social performance in the field of microfinance (www.imp-act.org). An explicit concern with impacts of their activities that went beyond individual clients and their households was expressed by a number of Imp-Act partners early on in the life of the programme and it was adopted as one of its specific sub-themes. Most of the MFIs that expressed interest in exploring this category of impacts had an explicit concern with bringing about social change and many used their 'group' approach to purposively promote such change. BRAC was one such MFI.

Background description of BRAC

BRAC began out as a relief and rehabilitation programme in the aftermath of the war for Bangladesh's independence in 1971 but evolved into one of the largest development NGOs in the world. While credit delivery was identified as an aspect of BRAC's activity as early as 1974, credit was recognized as only one element in a broader programme of activities to assist poor households move out of poverty. BRAC's Rural Development Programme focuses on women from poor households and it uses targeting criteria based on land ownership to identify those eligible to participate in its activities.

Its approach to microfinance combines the Grameen group methodology (joint liability, small loans and weekly repayments) with a range of other interventions aimed at promoting livelihoods, business skills, health, legal literacy and legal aid, skills and social awareness. Groups are federated into Village Organizations and representatives from the VOs participate in the *palli samaj* set up at the ward level to give a political voice to poor women and therefore ensure that their interests are represented in local government bodies¹. *Palli samaj* also mobilizes government resources for the poor and actively participates in mobilizing

¹ Administratively, ward is a federation of villages. Each ward has an elected ward member and for every three wards, there is an elected female ward member. These ward members and a chairperson, who is elected amongst them, make up the local government body at the union level (the *union parishad*), which is a federation of nine wards. A sub-district (*upazillas*) is comprised of unions.

the community for campaigns on immunization, sanitation, birth registration etc. BRAC's microfinance staff meet VOs once a week to discuss and facilitate credit operations, the social development staff meet VO members twice a month to discuss various socioeconomic and legal issues and the health staff meet with the VOs once a month to discuss health issues. As of June 2004, BRAC had organized its 4.49 million members into 131,204 VOs across the country.

BRAC's Research and Evaluation Division has carried out a series of impact assessment studies. The findings from these studies have served to identify some of the areas in which it was failing to achieve its overall goals of poverty reduction and the empowerment of the poor. One relevant response was the setting up in 1996 of a special programmes to provide financial services to those sections of the rural population in Bangladesh who have been identified as 'tomorrow's poor' i.e. around 20% of the household above the poverty line who are in constant risk of falling below it. This group is not traditionally targeted either by microfinance programmes or by commercial banks, yet, they run much of micro and small enterprises. In the literature, this group is referred to as the 'missing middle' and studies suggest that the growth of this sector can have significant poverty alleviating effects through employment creation for the poor (Daniel 2003). The main characteristics of this Micro Enterprise Lending and Assistance programme (MELA) are that it lends on an individual basis, provides larger loans than those available under the BDP over a longer period and requires monthly repayments.

Rationale and methodology for assessing wider social impacts

BRAC's interest in participating in the 'wider impacts theme' of the Imp-Act programme was to explore possible wider social, and specifically gender, impacts associated with its group-based microfinance based activities. There are sound reasons for such an interest. In the context of Bangladesh, and South Asia more generally, women are incorporated into family and kinship groups on highly unequal terms and their access to resources and relationships in the wider community to be mediated by male members of the family. Moreover, women from poorer households, along with the rest of their family, interact with others within their community through asymmetrical patron-client relationships which give them little or no role in the informal structures of decision-making within the community while their relationships with the state and its various representatives are characterized by high levels of fear, suspicion and mistrust.

Indeed, Bangladesh has been described as a society characterized by very low levels of 'trust' in which relationships take the form of concentric circles of 'moral proximity' (Wood 2000). Levels of trust are highest within an inner circle of relationships constituted largely by the immediate

family which, despite its internal inequalities, remains the arena of the ‘moral economy’ par excellence in people’s lives and their anchor of security in an uncertain world. As social interactions move outwards in ever-wider circles, from face-to-face but highly asymmetrical patron-client relationships to the increasingly impersonal and institutionalized relationships of the state and civil society, levels of trust decline, distrust increases and behaviour becomes increasingly instrumental. Studies testifying to widespread corruption and other unruly practices on the part of various representatives of the state at local and national levels help to explain why this might be the case in contexts like Bangladesh (Transparency International 1997; World Bank 2000).

In a context in which dominant relationships which govern the lives of the poor tend to be vertically organized - explicitly or implicitly – as patron-client relationships, the group-based strategies promoted by microfinance and other non-governmental organizations represent a form of association based on horizontal principles and, moreover, one that they can ‘choose’ to belong to instead of having membership imposed on, or ascribed to them, by their gender or their poverty (Kabeer 2001). However, not all microfinance groups embody the same internal dynamics and external interactions. As a recent review of the larger NGOs in Bangladesh pointed, there is a spectrum of NGOs in Bangladesh with highly minimalist MFIs, such as ASA, at one end of the spectrum essentially mimicking market principles in their approach to their clients and a social mobilization organization like *Nijera Kori* at the other, eschewing all forms of service provision, but organizing its group members to resist injustice and claim their rights (Thornton et al. 2000; Kabeer 2003). BRAC occupies an intermediate position on this spectrum. It provides microfinance services but combines it with a range of other activities, some aimed at promoting the social welfare of its members and others at promoting their awareness of their rights.

Given BRAC’s overall approach, and the critical role played in it by its group-formation strategy within it, this study set out to explore the extent to which participation in these groups over a sustained period of time had brought about changes in women’s interactions with other sections of society. Had group membership strengthened their self-confidence in the public domain and led to higher levels of participation in the public life of the community? Did it represent a form of ‘social capital’ that enabled individual members to overcome some of the constraints associated with the dependencies of class and gender? Had it helped to increase their trust in public officials responsible for carrying out various functions of the state? These questions have not yet been explored in any detail in previous research by BRAC and to that extent, this study can serve as a pilot for future studies.

Two kinds of comparison were built into the methodology adopted by the study. The first was a comparison between mature and newer group members and the second between group members and those receiving individual loans under the MELA programme. Mature members were defined as those who had joined BDP over five years ago while new members were those who had joined in the past two years. Around 400 BDP group members were selected from two rural districts in Bangladesh: Tangail and Comilla². Equal numbers of mature and new members were selected from each district. In addition, 51 MELA loanees were selected from each district. Table 1 describes the sample breakdown together with mean number of years that the different categories have been participating in BRAC's activities. It will be seen from the table that the majority of MELA clients would be classified as 'new' by the criteria used here.

Table 1. Sample breakdown

| | BDP | | MELA | |
|----------------------|---------|---------|---------|---------|
| | Comilla | Tangail | Comilla | Tangail |
| Mature members | 102 | 101 | - | - |
| Mean yrs. membership | 8.8 | 8.3 | - | - |
| New members | 98 | 100 | 51 | 51 |
| Mean yrs. membership | 1.3 | 1.2 | 1.6 | 1.3 |
| Total | 200 | 201 | 51 | 51 |

In addition to the household survey, a number of focus group discussions were carried out with both mature and new groups in the two study locations in order to deepen insights into the possible wider impacts of BDP group activity. A small number of open-ended individual interviews were also carried out with mature and new members in the Comilla area. We will report on the findings from our quantitative data in the first half of the report and then draw on the qualitative data to help us to interpret these findings and to identify kinds of impact that the quantitative instrument failed to capture.

² Tangail has had NGO/MFI presence since the early 80s and during the 90s the concentration of NGO/MFI activities grew tremendously. NGO/MFI presence in Comilla on the other hand began only in the 90s and the density of NGO/MFI activities is relatively less. BRAC's microfinance activities in both the regions however began during mid 90s. Though it is not the purpose of this paper to provide a representative picture of wider social impacts through group based lending programmes, the difference in the two areas in terms of history and density of NGO/MFI activities provide a good picture of the issue.

ANALYSIS AND EVIDENCE OF WIDER SOCIAL IMPACTS

Characteristics of sample households

Table 2 compares some key characteristics of mature and new group members and MELA clients. It is straightforwardly obvious that MELA clients are better off than group members, both mature and new. They are better educated, are far more likely to report food surpluses in the previous year and own more homestead and cultivable land. 'Mature' and 'new' group members come from similar age groups and have similar levels of education. While mature members own more homestead and cultivable land than new members, the difference is only statistically significant for homestead holdings.

There may be a number of reasons for ownership of cultivable land being similar for 'mature' and 'new' members. First, most activities supported through microfinance tend to be directed towards the non-farm sector to encourage livelihood diversification. Indeed, the weekly repayment schedule, which begins the week after loan disbursement, makes it difficult for the loan money to be invested into acquiring cultivable land. Second, most microfinance members tend to be either landless or own marginal amounts of cultivable land. It is extremely difficult to accumulate cultivable land from such low levels of land ownership. Third, the operated land market works quite well through various land lease contracts, which allows microfinance clients to increase their crop sector involvement without increasing ownership of cultivable land. Various studies suggest that this is indeed happening, especially for 'mature' microfinance members (Mustafa et al. 1996; Husain 1998; Todd 1996). Higher landholdings among mature members can be plausibly attributed to access to financial services because investment in land is one of the uses reported by those who have access to microfinance (Kabeer, forthcoming).

There is, however, remarkably little difference in their levels of food security. A number of explanations for this are possible. One is that BRAC is not achieving a great deal of impact on the household food security of its members. A second is that it has begun to recruit from better off sections of the poor so that its newer members have achieved levels of food security that its older members only achieved over a period of time. This is highly possible given the rapid expansion in BRAC's scale of operations in the mid 1990s (Zaman 1998; Matin 1998; Zohir et al. 2001).

However, given that there has been some impact on their land holdings, especially on homestead land, these explanations do not appear too plausible. An alternative explanation may be that basic food security of the kind measured in the survey has increased across the board for reasons that are not connected with access to microfinance. Certainly, there is evidence from other studies that there has been a rise in basic food security in the country as a whole (Sen and Hulme 2004). Such a trend has also been noted in studies that included the two districts in the study (Toufique 2002, Kabeer, forthcoming).

Quantitative evidence of wider impacts³

Group dynamics

The formation of women from poorer households into groups in a society in which they are normally secluded within the home and where social interactions tend to be restricted to family and kinship domain can itself be seen as a form of wider social impact. However, the significance of this impact will depend on the resilience of these groups and the extent to which they promote forms of change that might not otherwise have occurred.

Table 3 provides information on the nature of group relations and group dynamics reported by these members. MELA clients have not been included in the table since they borrow on an individual basis. Estimates from the survey data suggest that mature members had been members of their BDP group for an average of 8.6 years while new members had only been members for 1.2 years. This would suggest considerable degree of resilience in group membership. Around 60% of mature BDP members reported someone leaving the group they had joined compared to 16% of new members. Although 60% appears high, it be borne in mind, it applies over a period of around 8 years and may represent some double-counting, as some of the members surveyed may belong to the same group.

Table 2. Economic characteristics of sample households

| Sample Households | New | Mature | Sig. | MELA |
|--|-----|--------|------|------|
| Mean age of member | 36 | 35 | - | 37 |
| Mean years of education of member | 1.6 | 1.6 | - | 8.6 |
| % reporting food deficit in previous year | 32 | 33 | - | 5 |
| % reporting food surplus in previous year | 28 | 29 | - | 82 |
| Mean size of cultivable land ownership (in decimals) | 24 | 33 | - | 179 |
| Mean size of homestead land (in decimals) | 7 | 12 | *** | 30 |

³ In the statistical analysis in this paper, -indicates the results were not significant at the 10% level of confidence, * indicates that they were significant at the 10% level, ** indicates they were significant at the 5% level and *** indicates that they were significant at the 1% level.

Table 3. Group relationships and group dynamics

| | New | Mature | Sig. |
|---|-----|--------|------|
| Mean number of years membership of BRAC | 1.2 | 8.6 | *** |
| % reporting someone had left the group since she joined | 16 | 59 | *** |
| % of group members who were related | 56 | 44 | ** |
| % of group members who live in same neighbourhood | 61 | 77 | * |
| % who trust or partially trust other BRAC members | 93 | 98 | * |
| % reporting that they managed the last loan independently | 16 | 36 | *** |
| % reporting that they were present in the last meeting | 68 | 65 | - |
| % reporting dispute over loan size with other members | 18 | 24 | - |
| % reporting dispute over loan size with BRAC staff | 8 | 16 | ** |
| % reporting dispute over repayment with other members | 13 | 12 | - |
| % reporting dispute over repayment with BRAC staff | 16 | 19 | - |
| % reporting dispute over savings withdrawal with BRAC staff | 6 | 32 | *** |
| % reporting that there were women who wanted to join but couldn't | 9 | 17 | *** |

Given that groups tend to come together on the basis of physical proximity, it is not surprising that most groups are made up of people who were either related or lived in the same neighbourhood. However, in that a significant minority of group members (20-40%) does not come from the same neighbourhood, it could be said that participation in BDP groups is helping to strengthen social networks across households. Also note that more mature groups tend to be less based on kinship and neighbours suggesting that over period of time groups learn to include people from more distant concentric circles etc.

There are no significant differences between mature and old group members for certain aspects of intra-group dynamics viz. attendance at group meetings and the likelihood of dispute between members over loan size or loan repayments or with BRAC staff over loan repayments. While mature members were somewhat more likely to report such disputes, this may have been a function of length of membership. There were, however, statistically significant differences for other indicators. Mature members were more likely to report disputes with BRAC staff over loan size and savings withdrawal than new members. It may be that as members become better off, they find lending rules more irksome, or that as they become more self-confidence with duration of membership is attested to by the significantly higher percentage of mature members (36%) who reported managing loan approval independently (i.e. without approaching the group and VO leader) compared to new (16%). This also suggests that as members repeatedly interact with BRAC staff, visit

BRAC offices for loan disbursement, they learn the rules of the game and gain the confidence to play it independently without the aid of the group-VO structure which plays a very important role at the initial stages.

Finally, mature members were significantly more likely than new to report cases of women who wanted to join a BRAC group but could not. The main reason was the belief that they would not be able to keep up with their loan repayments. While the difference reported between the groups may simply reflect differences in duration of membership rather than a greater exclusionary tendency on the part of more mature groups, it serves to highlight a finding that has been reported in some of BRAC's own impact assessment studies which is that microfinance organizations often exclude the very poor (Zaman 1998; Husain 1998). It was in recognition of this that BRAC began a new programme called Challenging the Frontiers of Poverty Reduction: Targeting the Ultra Poor (CFPR/TUP) in 2002 aimed at those who were most likely to be excluded by its normal microfinance activities (BRAC 2004).

Participation in community life

We turn now to quantitative evidence for other wider impacts investigated by the study. In this section we examine the impact of duration of BDP group membership on various aspects of relationships and activities within the community while in the next, we examine impacts in relation to the policy and political domain. Table 4a and 4b summarizes the evidence for the first set of impacts and relates a variety of cognitive, behavioural and relational changes at the community level. The extent to which others approached an individual for advice was taken as an indicator of informal leadership within the community. The findings tell us that MELA clients were more likely than BDP members to be approached by their neighbours probably because they were more educated or better off. However, among BDP group members, mature members were significantly more likely than new members to be approached for advice.

MELA clients were also much more likely than BDP group members to report participation in various informal committees and associations within the community and a surprisingly high percentage of them reported participation in the *gram shalish* (informal tribunal dispensing justice and resolving conflict at village level) which is a traditionally male forum. However, this may reflect the fact that such tribunals are increasingly being organized by NGOs as a forum where poorer people, especially poor women are more likely to find justice. Lower percentage of MELA clients had been members of another NGO compared to BDP members and even lower percentage were currently members: ASA was the one most frequently mentioned in both the cases.

Turning to BDP members, duration of group membership did not make a great deal of difference to whether members were invited to participate in the local village tribunal or whether they participated in informal associations within the community – there were uniformly low levels of participation for both mature and new members. While a high percentage of both groups were now, or had been in the past, members of another NGO, differences were not significant. Only 6 out of a total of 401 BDP members belonged to more than one other NGO. Most of those who reported current and past membership of another NGO were generally referring to other more mini-malist microfinance organizations. Thus with the exception of 15 of the total of 60 BDP group members who were currently also members of *Nijera Kori* (a social mobilization organization), the rest belonged to ASA (14), *Grameen Bank* (7) and other smaller, localized and less known NGOs (eg. IDB, Society etc). Of the 78 respondents who had been member of another NGO in the past, 21 had been members of ASA, 9 of *Grameen Bank*, 14 of Society, 2 of *Nijera Kori* and the rest 23 distributed among a number of smaller lesser-known NGOs.

This evidence of dual NGO membership creates a problem for our new/mature member distinction since some of the impacts reported may be attributable to membership of another NGO. Moreover, if ‘new’ members have been members of these other NGOs groups for more than 2 years, the ‘newness’ of their membership status is compromised. We will attempt to control for this later in the paper.

Table 4a. Participation in the community

| | New | Mature | Sig. | MELA |
|---|-----|--------|------|------|
| % reporting that neighbours seek advice from them | 31 | 39 | * | 64 |
| % joining <i>shalish</i> as a member | 4 | 5 | - | 46 |
| % belonging to another NGO | 15 | 15 | - | 8 |
| % of HHs belonged to another NGO in the past | 23 | 19 | - | 13 |
| % member of other associations/committees | 3 | 3 | - | 77 |
| % agreeing that ‘most people can be trusted’ | 6 | <1 | *** | 4% |

The survey included a number of attitudinal questions; in particular, questions relating to ‘trust’, a concept we noted has been identified in recent economic literature as an important indicator of social cohesiveness within a community. We use the idea of ‘concentric circles’ of trust to explore the responses to this question, starting with levels of trust expressed towards those with whom BRAC group members had routine face-to-face inter-actions, family and neighbours, and then moving gradually outwards those with whom their interactions were on

frequent and then on a more limited basis and then to more general categories of people.

However, the concept of trust is an abstract one and not an easy one to communicate through a questionnaire format since it lends itself to a number of different interpretations. In this section and the next section we merely report on our survey findings on these questions, first in relation to the community and then in relation to the domain of policy and politics. At a later section, we will draw on our qualitative material to consider possible interpretations for these findings in the Bangladesh context.

The questions on ‘trust’ started with a general question which asked which of two statements were agreed with more strongly: ‘most people can be trusted’ or ‘you have to be generally careful when dealing with people’. The results are reported in the final row of Table 5a. The overwhelming support for the second question would appear to confirm the characterization of Bangladesh as a society with extremely low levels of trust. However, the findings reported in Table 4b qualify this picture. They report on whether respondent ‘fully trusted’, ‘partially trusted’, ‘did not trust’, ‘did not know’ a range of different actors and institutions within the community. The responses to this set of questions suggest that levels of trust vary considerably, not only in relation to category of actor or institution about whom the question was asked but also by characteristics of the respondent.

They also suggest that, with a few exceptions, the majority of respondents were more likely to express ‘partial’ rather than ‘full’ trust. Consequently our discussion in this section focuses on this set of responses. The findings in the table confirm the view that the highest levels of trust are reserved for those in the ‘inner circle’ of family closely followed by neighbours. This holds for both MELA clients and RDB group members and it holds regardless of duration of group membership. Moving beyond the inner circle, we find that MELA clients also express higher levels of trust in ‘other villagers’ and ‘people from other religions’ than BDP members generally. Here, however, duration of group membership did make a difference: mature BDP group members reported significantly high levels of trust towards both these two generalized categories of people than did new members.

Table 4b. Trust in other actors and institutions within the community

| Levels of trust | New | Mature | Sig. | MELA | New | Mature | Sig. | MELA |
|-----------------------------|------|--------|------|-----------|------------------|------------------|------|------------------|
| | Full | Full | | Full | Full/ partial | Full/ partial | | Full/ partial |
| Family members | 90 | 91 | - | 95 | 100 | 100 | - | 99 |
| Neighbour | 9 | 12 | - | 11 | 87 | 91 | | 91 |
| BRAC VO members | 28 | 28 | - | Not asked | 92 | 92 | | NA |
| BRAC members | 83 | 88 | - | 90 | 93 | 98 | ** | 98 |
| Other villagers | 6 | 6 | - | 6 | 78 | 88 | *** | 93 |
| <i>Palli shamaj</i> members | 4 | 13 | *** | Not asked | 16 | 35 | *** | NA |
| Other NGO members | 17 | 14 | - | 15 | 38 | 34 | - | 36 |
| Other religions | 7 | 11 | - | 13 | 43 | 58 | *** | 76 |
| Village <i>shalish</i> | 7 | 13 | * | 22 | 37 | 46 | ** | 64 |
| <i>Mohajon</i> | 4 | 7 | - | 2 | 13 | 21 | * | 14 |
| Village elite | 7 | 8 | - | 16 | 35 | 40 | - | 59 |

Turning to attitudes towards NGOs, we have already noted in Table 3 that while levels of trust among BDP group members towards other members of BRAC groups was generally high, duration of membership did increase levels of trust within groups. Table 4b suggests that while levels of trust in members of the VOs were also very high, they were not significantly different between mature and new members. On the other hand, while the level of trust expressed in BRAC's *palli samaj* members, who may not have been personally known to individual group members, were generally much lower, it did increase significantly over time. Interestingly, trust in members of other NGOs is quite low and does not vary a great deal between MELA clients and group members or by duration of group membership.

Finally, the table reports on 'trust' in various actors and institutions representing local power structures: moneylenders, village leaders and the village tribunal. MELA clients expressed much higher levels of trust in both the village tribunal and in traditional village leaders than BDP group members but lower levels of trust in moneylenders (who it is likely they could afford to avoid). Among group members, on the other hand, duration of group membership increased trust in all three categories but differences between mature and new members were statistically

significant only in relation to the village tribunal and to moneylenders, on whom it is likely they continued to rely, but on altered terms. Evidence from other studies suggests that such an altered relationship with informal credit market providers may have come about due to access to microfinance (Sinha and Matin 1998).

An interesting pattern emerges from these findings. As we noted at the start of the discussion, MELA clients, who were generally the better-off and more educated section of our sample, expressed higher levels of trust (both 'full' as well as 'partial') on most counts than BDP group members. This suggests that 'trust', particularly beyond the immediate confines of family and neighbourhood, is partly a function of where individuals are positioned within the socioeconomic hierarchy of the community. However, the findings also suggest that among group members, duration of membership appeared to increase levels of trust. The fact that there was a much greater likelihood of statistical significant differences between mature and new group members when the measure of trust included partial as well as full trust, rather than only full trust, suggests that duration of membership helps to build up some degree of trust among BDP group members, but not to the levels of strong trust expressed by MELA clients. Group membership thus served to bridge some of the 'trust-gap' between better off and poorer sections of village society.

Participation in policy and politics

We turn next to the evidence for impacts in the domain of policy and politics. Table 5a examines the levels of trust in relation to various representative of the state, both elected officials and government officials. Once again MELA clients consistently expressed higher levels of trust than BDP group members in most of these actors and institutions and once again, many more BDP group members reported partial rather than full trust. So once again, our discussion focuses on findings, which included partial as well as full trust.

The findings suggest that levels of trust in the police were universally low among both BDP members and MELA clients and that duration of group membership made little difference to this result. Clearly whatever the reasons for distrusting the police, they were equally strong for better off as well as poorer members of society. As far as government health provision was concerned, trust in the government health centre and in government health workers were very much higher for both MELA clients and BDP members, but duration of membership only made a difference in relation to BRAC health workers. As far as other categories of health providers were concerned, lower levels of trust were expressed towards village quacks, particularly by MELA clients, and higher levels of trust were expressed towards private doctors, particularly by MELA clients.

Differences between mature and new BDP members were significant only in relation to private doctors. BDP group members were also asked about levels of trust towards BRAC health workers. While levels expressed were generally lower than for government health workers and private doctors, it was significantly higher for mature members.

Finally, the table reports on trust in three categories of locally elected officials: the chairman, the female and the male members of the *union parishad*. MELA clients were once again more likely to express trust than BDP group members in all three categories and among BDP group members, mature members were statistically more likely to express trust than newer members in all three categories. As before, therefore, it would appear that group membership helped to build up at least partial levels of trust among poorer sections of the community so that, while it is only in relation to BRAC health workers that we find a significant difference between mature and new group members when the focus is on ‘full trust’, once the focus is expanded to also include partial trust, we find significant differences not only in relation to BRAC health workers, but also private doctors and all three categories of elected representatives.

Table 5a. Trust in actors and institutions in policy/polity domain

| Levels of trust | New | Mature | Sig. | MELA | New | Mature | Sig. | MELA |
|---------------------|------|--------|------|------|------------------|------------------|---------|------------------|
| | Full | Full | | Full | Full/ partial | Full/ partial | | Full/ partial |
| Police | 3 | 2 | - | 3 | 10 | 14 | - | 10 |
| Govt. health centre | 19 | 20 | - | 29 | 61 | 60 | | 56 |
| Govt. health worker | 49 | 49 | - | 57 | 81 | 84 | | 90 |
| Private doctor | 42 | 46 | - | 67 | 74 | 80 | * | 92 |
| Village ‘quack’ | 19 | 14 | - | 4 | 38 | 38 | - | 11 |
| BRAC health worker | 14 | 21 | * | NA | 36 | 60 | ** * | Not asked |
| UP member (male) | 8 | 5 | - | 19 | 37 | 47 | ** | 56 |
| UP member (female) | 7 | 5 | - | 19 | 30 | 45 | ** * | 53 |
| UP member (chair) | 8 | 6 | - | 21 | 37 | 51 | ** * | 56 |

Table 5b reports on various behavioural and knowledge aspects of members in the area of policy and politics. The payment of bribes is discussed in this section because where respondents specified who they had paid bribes to, the police featured most frequently with the *shalish*, local leaders and *union parishad* members also featuring but far less frequently. According to the table, MELA clients were more likely to have

paid a bribe at some stage in the past than BDP group members. It is very likely that the need to pay bribes increases with the affluence of the household. This could also be due to the nature of the enterprises that MELA clients operate and get support for through the MELA loans. Micro and small enterprises suffer disproportionately due to the poor business environment (Daniel 2003). However, mature group members were less likely to have ever paid a bribe than new members and were significantly less likely to have paid a bribe in the past year. If this information is accurate, it suggests that duration of membership may increase the ability of members to resist having to pay bribes.

Table 5b. Access and participation in policy/polity domain

| | New | Mature | Sig. | MELA |
|--|-----|--------|------|---------------|
| % who have ever paid bribe | 11 | 7 | - | 27 |
| % who paid bribe in past year | 7 | 2 | ** | 17 |
| % reporting receiving government benefits | 21 | 41 | *** | Not available |
| VGD/VGF | 5 | 3 | - | |
| CFE | 16 | 35 | *** | |
| RMP | 5 | 4 | ** | |
| % participating in some form of political activity | 9 | 11 | | 25 |
| % reporting voting in national elections | 77 | 95 | *** | 97 |
| % reporting voting in local elections | 78 | 98 | *** | 97 |
| % reporting campaigning for national elections | 6 | 5 | - | 40 |
| % reporting campaigning for local elections | 7 | 11 | - | 43 |
| % reporting standing for local elections | 5 | 10 | - | 5 |
| % who knew... | | | | |
| name of party in power | 58 | 62 | - | 100 |
| name of PM | 71 | 76 | - | 100 |
| name of another party | 50 | 55 | - | 100 |
| name of local women UP member | 32 | 43 | ** | 48 |
| name of chairman | 68 | 69 | - | 98 |
| constitutional rights | 25 | 25 | - | 39 |

Table 5b also suggests that mature BDP group members were significantly more likely than new ones to access various state entitlements intended for the poor. This question was not addressed to MELA clients most of whom are not eligible for such programmes. The main form of access reported was Cash for Education; a programme intended to boost the educational participation of the children of the poor. The other programme to which longer-term BDP membership created access was the Rural Maintenance Programme intended for

destitute women. We will explore possible reasons for this when we discuss our qualitative findings.

Membership of BDP did not appear to lead to higher levels of participation in protests and campaigns of various kinds nor was there much difference between mature and new members. There were very much higher levels of participation among MELA clients, which as we see below, mainly took the form of campaigning in local and national elections. This is likely to reflect the greater involvement of better off households in local politics. As party politics has taken over the old land and status based forms of factionalism as a route to power and patronage, political affiliations have become an important new resource in achieving upward mobility. We see the association between party political activity and household prosperity once again in the very high percentage (97%) of MELA clients who voted in both national and local elections.

What is of interest, however, is the comparison of mature and new members who voted: it would appear that longer term BDP membership does give rise to a significantly higher level of political participation as far as voting is concerned. While higher percentage of mature members reported campaigning in elections, particularly local elections, than did new members, the difference was not significant.

Finally, as we would expect, the table suggests that MELA clients demonstrated much higher levels of political knowledge than BDP members: all, or almost all, of them knew the name of the party in power, the name of the Prime Minister of the country, the name of another political party and the name of the chairman. However, they did not perform as well in relation to the name of the local women UP member (which may say something about how important the local woman UP member was considered to be) or of their constitutional rights (which may be a reflection on how relevant these were considered to be to their lives).

Turning to the comparison between mature and new BDP members, we find that mature members consistently reported higher levels of knowledge than new, except in the case of constitutional rights, where there was no difference. However, it was only in relation to knowledge of their local woman UP member that the differences in knowledge between mature and new members were significant.

This set of findings thus corroborates the pattern that emerged in the previous section that duration of BDP group membership served to close the gap in certain important cognitive and behavioural outcomes between the better off MELA members and poorer BDP members. Thus we find that levels of trust, knowledge and participation in the domain of policy and politics are generally much higher among MELA clients than among

BDP members but that duration of group membership helps to build up all three dimensions of what could be conceptualized as the ‘political capabilities’ of poorer households.

Wider social impacts: re-visioning society

A final set of questions sought levels of support for five alternative ‘visions’ of a just society, each of which embodied a different balance between equality, incentives and need⁴. The first was a vision of a society in which everyone earned the same income, thus attaching a strong value to egalitarianism but with possible adverse effects on incentives. The second was a society where individuals were free to earn as much as they could: here a strong value was attached to individual initiative but with possible adverse consequences for equity and basic needs. The other three sought to combine a concern with incentives, equity and need through a number of different arrangements: a ceiling on what individuals could earn, a floor to what individuals could earn and government support for the poor. This set of questions was aimed at finding out whether BDP group members subscribed to different values to individual clients and whether duration of group membership made any difference to their values. Respondents could either ‘strongly agree’, ‘agree’ or ‘disagree’ with the vision in question or opt for ‘don’t know’. Table 6 reports on percentages who expressed strong agreement with each of these visions while Table 7 lists the vision most strongly preferred.

Table 6. Support for alternative visions of a just society: % in strong agreement

| Vision of a just society | New | Mature | Sig. | MELA |
|--|-----|--------|------|------|
| 1. A just society is one where everyone earns the same income | 28 | 22 | - | 22 |
| 2. A just society is one where everyone earns as much as they are able to | 31 | 26 | - | 44 |
| 3. A just society is one where everyone earns as much as they are able to, but there is a maximum income above which no one can earn | 4 | 1 | - | 17 |
| 4. A just society is one where everyone earns as much as they are able to but there is a minimum income below which no one can fall | 21 | 17 | - | 31 |
| 5. A just society is one where everyone earns as much as they are able to, but the government has programmes to help the poor | 63 | 58 | - | 53 |

⁴ These questions were influenced by the ILO’s Socioeconomic Security Surveys (see ILO, 2004).

Table 6 suggests that all three categories of respondents in our survey expressed strongest support for the idea of a society in which everyone could earn as much as they were able to, but where the government assisted the poor (Vision 5), BDP group members, particularly the newer ones, gave this vision stronger support than MELA members. The idea of society in which everyone is allowed to earn as much as they are able to (Vision 2) was ranked second for all three categories in terms of the support it received. Stronger support for this vision was expressed by MELA clients compared to BDP group members, and among group members, newer members expressed stronger support.

Table 7. Preferred vision of society

| % reporting that of the society options, they most prefer | New | Mature | Sig. | MELA |
|---|-----|--------|------|------|
| Everyone earns the same income | 14 | 11 | - | 6 |
| Everyone earns as much as they are able to | 24 | 32 | 1.8* | 45 |
| An income floor | 8 | 8 | - | 7 |
| Special programmes for the poor | 54 | 48 | - | 38 |

There was greater variation in the vision, which was ranked third for each category. BDP group members, both mature and new, opted for equality of income (Vision 1) while MELA members supported the idea of a minimum floor (Vision 4). All three categories expressed least support to the idea of an ‘income ceiling’ (Vision 3), although MELA clients expressed stronger support than BDP group members.

Table 7, which asked respondents to state their preferred vision, repeated the pattern of strongest support for Vision 2 and 5, but with MELA members expressing much stronger support for individuals to earn as much as they could than they gave to the idea of government assistance to the poor. It is also worth noting that longer standing BDP group members gave stronger preference to the idea of everyone earning as much as they could than did new members (the difference was statistically significant) while newer members expressed stronger preference for government assistance to the poor as well as equality of income. Predictably therefore those who were most comfortably off (MELA members) supported a vision of society which prioritized incentives while the less well off (BDP group members) supported a vision which sought to combine incentives with need. However, among BDP group members, it appears that support for an incentive-based society increased with length of BDP group membership while support for attention to need declined. What these findings appear to suggest therefore that while there is widespread support for government assistance to those in need, such support

declines with an increase in household prosperity while support for an incentives-driven society, with its in egalitarian implications, increases.

Regression analysis of wider impacts⁵

As we pointed out earlier, the comparison of new with mature groups in order to ascertain the impact of group membership may be blurred by the fact that many BDP members had been members of another NGO. In the final stage of our quantitative analysis, therefore, we report on the results of regression analysis of the effects of number of years of BDP group membership (rather than our earlier ‘mature’ versus ‘new’ comparison) on a variety of indicators of wider impact that proved important in the preceding discussion, but with a control variable to separate out the possible effects of dual NGO membership.

While most of the indicators of impact refer to wider social impacts, we have also included food security as one of our variables in order to examine whether actual years of membership had a greater effect on this variable than the mature/new dichotomy. We also carried out the same analysis for MELA clients in order to examine whether their years of participation in BRAC’s microfinance activities, although restricted to a maximum of 5 years, had any effect on the impacts examined.

Table 8. Regression estimates of impacts within the community and policy of BDP group membership

| Independent variables | Years in BDP group | Age | Edu- cation | Dual NGO mem- ber- ship | Cult. land owned | Home stead land owned | Tangail dummy |
|----------------------------------|--------------------------|--------|----------------|-------------------------------------|------------------------|--------------------------------|------------------|
| Dependent variables | | | | | | | |
| Food security | -.028 | -.006 | .044 | -.173 | .005* | .035** | -.648*** |
| Advice | .043 | -.010 | -.129*** | .472 | .001 | .010 | -.228 |
| <i>Shalish</i> member | .067 | -.006 | -.029 | -1.295* | .003* | .013 | -.981*** |
| Knows name of women UP member | .059** | -.017* | .000 | -.637** | -.002 | .011 | .472 |
| Access to Govt. assistance | .125*** | .007 | .011 | -.254 | .001 | -.001 | .243 |
| Bribe in last year | -.172** | -.046* | -.013 | 1.603*** | -.010 | -.028 | -.619 |
| Voted in local election | .414*** | .007 | -.014 | .459 | .000 | .012 | -.262 |
| Voted in national election | .264*** | -.008 | -.040 | .311 | .001 | .029 | -.643** |

⁵ The details of the independent and dependent variables used in the regression analysis are given in the appendix.

The indicators, our dependent variables, are defined as dichotomous variables and we use logistic regression analysis to estimate the effects of a number of independent variables that were likely to have an influence on these impacts, along with number of years of BDP membership: dual NGO membership, age and education of BDP member, cultivatable and homestead land owned and district location. Table 8 and 9 report on findings relating to a range of behavioural, cognitive and relational impacts within community and polity for BDP members and MELA clients respectively while Table 10, 11, 12 and 13 reports on impacts in terms of 'full trust' and 'full or partial trust'. For ease of interpretation, the definitions of the variables used are provided in Appendix.

The results for the variable measuring food security confirms the previous finding that years of BDP membership had no significant effect on household food security. They suggest instead that ownership of land, both cultivable and homestead, were the key determinants of household food security. However, while years of membership appeared to have no significant effect, in as much as older members had significantly more homestead land than new members (Table 2)⁶, membership may have had an indirect effect on food security.

The rest of the results in Table 8, which relate to wider social impacts, suggest that length of BDP group membership had statistically significant and positive effects on most of the cognitive, behavioural, and relational indicators of impact included in the table. In other words, the longer a woman had been a member of an BDP group, the more likely she was to have access to government programmes, to have voted in national and local elections, to know the name of her woman union member and the less likely she is to have paid a bribe in the previous year. However, length of group membership had no significant effect on the likelihood of being sought for advice by neighbours or of participating in a *gram shalish*. The education variable has an unexpectedly negative effect on likelihood of being sought for advice. Ownership of land was positively associated with the likelihood that the member had participated in a *gram shalish*. It is worth noting, although we are not able to explain the finding, that BDP members who were also members of other NGOs were less likely to participate in a *gram shalish*, less likely to know the name of their union woman member and more likely to have paid a bribe in the previous year. In other words, membership of another NGO appears to dilute or offset some of the positive effects of long term BDP membership, possibly because of exposure to other kinds of values and priorities or because of competing demands on time. Also worth noting is the significant effect of district location. Although we do not have enough information to explain the observed differences between the two districts,

⁶ The correlation coefficient between number of years of membership and homestead land was 0.16, significant at 0.01 level of confidence. There was no significant correlation with cultivable land owned.

the table suggests that BDP group members in Tangail were significantly less likely to participate in *gram shalish* than those in Comilla and significantly less likely to vote in national elections.

Table 9 reports on findings related to participation in the MELA programme. Voting in local elections has not been included in the table as the variables had no explanatory power at all while indicators relevant only to BDP members have been omitted. We also find none of the explanatory variables help to explain variation in household food security. However, the results for the other indicators do tell an interesting story. Although the maximum years of participation in MELA is 5 years, given that is how long the programme has been in operation, years of membership still makes a difference to a number of our impact indicators. Those who joined earlier were more likely to have participated in a *gram shalish* and to know the name of their women UP member than more recent entrants. Other explanatory variables which proved significant included landownership which also increased the likelihood of participating in *gram shalish* and education which had a positive effect of promoting an informal leadership role within the community – as measured by being consulted for advice or participation in a *gram shalish*. However, education also increased the likelihood of paying a bribe in the past year - possibly the ‘affluence effect’ noted earlier - and reducing the likelihood of voting. District location had no significant effect for MELA clients.

Table 9. Regression estimates of impacts within the community and polity of participation in MELA

| Independent variables | Years in MELA | Age | Education | Dual NGO member | Cultivated land owned | Home-stead land | Tangail | R ² |
|------------------------------|---------------|--------|-----------|-----------------|-----------------------|-----------------|---------|----------------|
| Dependent variables | | | | | | | | |
| Food security | -.177 | -.060 | -.307 | -.467 | -.018 | .017 | -19.081 | .478 |
| Advice to others | .261 | .054* | .100* | -.737 | .003 | -.001 | -.272 | .214 |
| <i>Shalish</i> member | .453*** | -.025 | .106* | -.293 | .004*** | -.011 | -.070 | .241 |
| Bribe given in past year | -.046 | -.024 | .350*** | 1.217 | .000 | -.005 | .239 | .258 |
| Know name of woman UP member | .389*** | -.003 | .072 | -1.345 | .004 | .001 | .205 | .178 |
| Voted national election | .948 | .548** | -.838* | 11.535 | .009 | -.030 | .821 | .591 |

The next set of tables report on levels of trust by BDP and MELA members in various actors and institutions within the community and polity, where separate regressions are carried out for ‘full trust’ and for ‘full or partial trust’. As we have already noted, a very low percentage of BDP members, both new and mature, expressed full trust except in relation to family, neighbours and BRAC VO members. The regression

analysis confirms that years of BDP membership made very little difference to expressions of full trust; the exception interestingly was its positive effect on trust in people of other religions. Ownership of land reduced trust in people of other religions but increased trust in the *gram shalish* as an institution. However, significant effects were most frequently reported in relation to district location. BDP members located in Tangail were more likely to express trust in people from other religions, in the healing powers of '*jharphuk*' practitioners and in their elected female union council member.

The results for the expanded version of the trust measure which includes both full and partial trust suggest that length of membership of BDP group has a significant and positive effect on many more trust measures: in other villagers, in people from other religions, in other BDP group members, in members of BRAC's *palli samaj*, in BRAC's health workers and in elected local government representatives. Once again, however, those who are simultaneously members of another NGO express lower levels of trust than those who are only members of BRAC at least as far as BRAC *palli samaj* members, *gram samaj* and elected representatives are concerned. Ownership of land promotes trust in moneylenders and private doctors, two examples of market providers in the table, and in the *gram shalish*. Finally, BDP group members living in Tangail were more likely to trust other villagers, to trust BRAC *palli samaj* members and their elected female union council member but they were less likely to trust private medical practitioners.

We turn next to the results for MELA clients who were generally more likely to express full trust than BDP members. Interestingly, although participation in MELA was of a shorter duration than BDP, years of participation still makes a significant difference to a number of trust variables: it increases trust in *gram shalish* and in government health workers and reduces trust in village quacks. Age promotes trust in people from other religions and in other villagers. Land ownership (cultivable land in this case) promoted trust in other villagers and in elected local government representatives. Membership of another NGO has no effect on expressed levels of trust. District location once again makes a difference: MELA clients living in Tangail were more likely to fully trust people from other religions but less likely to fully trust the government health worker and local elected representatives.

Table 10. Regression estimates of impacts on full ‘trust’ in the community and polity of BDP group membership

| Fully trust | Years in BDP group | Age | Edu- cation | Dual NGO member | Culti- vable land owned | Home- stead land owned | Tangail | R ² |
|-----------------------------|--------------------------|-------|----------------|-----------------------|----------------------------------|---------------------------------|----------|----------------|
| Other villagers | .026 | -.016 | -.041 | -.667 | .002 | -.021 | .443 | .025 |
| Other religions | .089* | .027* | .008 | -.343 | -.015* | .016 | 1.037*** | .110 |
| <i>Gram shalish</i> | .067 | -.006 | -.029 | -1.295* | .003* | .013 | -.981*** | .090 |
| Moneylender | .000 | -.014 | -.034 | .699*** | -.001 | .006 | .391* | .040 |
| BDP group members | -.048 | -.015 | -.053 | -.190 | -.005 | .003 | 1.190*** | .095 |
| BRAC <i>palli samaj</i> | .011 | .002 | -.006 | .161 | .002 | .009 | -.551*** | .038 |
| Govt. health worker | -.059 | -.009 | -.018 | -18.729 | .002 | .003 | .505 | .088 |
| Village quack | -.030 | -.008 | .001 | -18.614 | .002 | .001 | .879* | .100 |
| Private doctor | -.050 | -.009 | -.069 | -18.793 | .001 | .011 | .457 | .092 |
| BRAC health worker | .026 | -.016 | -.041 | -.667 | .002 | -.021 | .443 | .025 |
| Union council member (m) | .089* | .027* | .008 | -.343 | -.015* | .016 | 1.037*** | .110 |
| Union council member (f) | .067 | -.006 | -.029 | -1.295* | .003* | .013 | -.981*** | .090 |
| Union council chairman | .000 | -.014 | -.034 | .699*** | -.001 | .006 | .391* | .040 |

When attention is turned to ‘full or partial trust’, years of participation in MELA continue to have the same effects but now also have a positive effect on trust in elected local government representatives. Land is far less important once the weaker version of the trust variable is used but district location continues to be important. MELA clients in Tangail were more likely to express trust in other villagers, people from other religions and the *gram shalish* but less likely to trust government health workers.

We can draw a number of tentative conclusions on the basis of our regression results. Clearly length of membership of BDP groups has a number of very important effects as far as various forms of behavior in the political and policy domain are concerned. It increased political knowledge among a poorer section of the community, it increases access to government programmes, it gives individuals the capacity to resist paying bribes and it increases the likelihood that they will vote in both local and general elections. In addition, years of membership leads to higher levels of trust within the community – towards other villagers, to people from other religions, towards other members of BDP and BRAC staff and towards elected officials in local government. There is therefore a distinct ‘group’ effect as measured by years of membership of BDP groups.

Table 11. Regression estimates of impacts on full or partial ‘trust’ in the community and polity of BDP group membership

| Fully/partially trust | Years in BDP group | Age | Edu- cation | Dual NGO member | Culti- vable land owned | Home- stead land owned | Tangail |
|--------------------------|--------------------------|-------|----------------|-----------------------|----------------------------------|---------------------------------|----------|
| Other villagers | .092*** | .002 | .001 | -.305 | .002 | .008 | .852*** |
| Other religions | .088*** | -.002 | -.007 | .129 | -.002 | .012 | .062 |
| <i>Gram shalish</i> | .032 | .001 | .036 | -.757*** | .000 | .019* | .120 |
| Moneylender | .045 | -.016 | -.018 | .073 | -.002 | .035*** | -.057 |
| BDP group members | .128* | .013 | -.013 | -.595 | -.002 | .034 | .750 |
| BRAC <i>palli samaj</i> | .169*** | -.007 | -.041 | -.619* | -.001 | -.022* | 1.012*** |
| Govt. health worker | .013 | -.008 | .037 | .017 | -.002 | .018 | -.096 |
| Private doctor | .022 | .001 | -.012 | .008 | .004 | .027* | -.940*** |
| BRAC health worker | .139*** | .002 | -.054 | -.082 | -.001 | -.014 | -.305 |
| Union council member (m) | .049* | -.012 | -.048 | -.610** | .000 | .008 | .143 |
| Union council member (f) | .088*** | .004 | -.024 | -.496 | .001 | .006 | .401* |
| Union council chairman | .076*** | .000 | -.022 | -.720*** | .001 | .004 | -.129 |

However, among better off MELA members, who borrow on an individual basis, we also find evidence that years of participation in MELA did have some impact, although not of the same kind as BDP members. Longer standing MELA members were more likely to participate in the *gram shalish* (possibly organized by BRAC or another NGO) as were MELA members with larger landholdings. Longer standing members were also likely to be more politically knowledgeable than new ones.

Years of participation in MELA did strengthen trust within the community but not in relation to people from other religions or other villagers. Instead it increased the likelihood of trust in the *gram shalish* and in the government health worker (while reducing it in faith healers). Land ownership was more important in predicting full trust in elected local government officials than years of participation in MELA but participation took on greater importance when the focus was on full or partial trust in these officials.

There is an interesting relationship between land (economic capital) and participation in a BRAC programme (social capital) for both BDP and MELA members. If we focus simply on poorer BDP members, it appears that while landownership was generally associated with higher levels of trust in relation to significant actors and institutions within the market and the community (the moneylender, the *gram shalish* and private doctors), group membership also built trust within the community (other villagers, other religions, other group members) and in elected government officials. In the case of MELA members, on the other hand,

land ownership is associated with strong trust in locally elected officials and in other villagers but the effect disappeared when the focus was on weaker levels of trust. Participation in MELA increased the stronger version of trust in government health workers and the *gram shalish*, and a weaker version of trust in local government officials. For both groups of members, therefore, lack of material assets was partly offset by participation in BRAC's microfinance activities, whether on an individual

Table 12. Regression estimates of impacts on full 'trust' in the community and polity of participation in MELA

| Fully trust | Years in MELA programme | Age | Years Edu- cation | Dual NGO member | Cult. land | Home- stead land | Tangail | R2 |
|-----------------------------|-------------------------------|---------|-------------------------|-----------------------|---------------|------------------------|-----------|------|
| Other villagers | .536 | .107* | .053 | -19.328 | .002* | -.011 | 1.257 | .291 |
| Other religion | .060 | .180*** | .094 | -21.391 | -.004 | -.001 | 3.051*** | .430 |
| <i>Gram shalish</i> | .369** | -.036 | .058 | 1.002 | .002 | -.004 | -.050 | .153 |
| Govt. health worker | .605* | -.057 | .055 | .311 | .001 | .016 | -1.717** | .232 |
| Village quack | -.557* | .030 | -.197** | -19.153 | .002 | -.049 | .862 | .308 |
| Private doctor | .033 | -.144** | -.128 | .108 | .002 | .057 | -.583 | .251 |
| Union council member (m) | -.135 | -.037 | -.071 | 1.386 | .002* | -.005 | -1.494** | .141 |
| Union council member (f) | -.018 | -.006 | -.029 | .932 | .002* | -.004 | -.921 | .092 |
| Union council chairman | -.003 | -.039 | -.036 | 1.291 | .002* | -.002 | -1.648*** | .159 |

Table 13. Regression estimates of impacts on full or partial 'trust' in the community and polity of participation in MELA

| Fully or partially trust | Years in MELA | Age | Years edu- cation | Dual NGO member | Cult. land | Home- stead land | Tangail | R2 |
|--------------------------|---------------------|---------|-------------------------|-----------------------|---------------|------------------------|----------|------|
| Other villagers | .515 | .018 | .287** | 16.684 | -.001 | -.010* | 2.839** | .305 |
| Other Religion | .091 | -.009 | .050 | .198 | -.002 | -.001 | 1.215** | .131 |
| <i>Gram shalish</i> | .328* | .007 | .055 | .114 | .002 | .002 | .803* | .157 |
| Money Lender | -.155 | -.025 | -.046 | -19.312 | .001 | -.007 | -.074 | .080 |
| Govt. health worker | .605* | -.507 | .055 | .311 | .001 | .016 | -1.717** | .232 |
| Village quack | -.557* | .030 | -.197** | -19.153 | .002 | -.049 | .862 | .308 |
| Private doctor | .033 | -.144** | -.128 | .108 | .002 | .057 | -.583 | .251 |
| Union council member (m) | .317* | -.010 | -.035 | .521 | .001 | -.008 | -.753 | .117 |
| Union council member (f) | .085 | .002 | -.024 | .530 | .002 | -.008 | -.255 | .046 |
| Union council chairman | .267* | -.015 | -.041 | .457 | .001 | -.007 | -.591 | .089 |

or a group basis. And since it was BDP members who were likely to own no or very little land, group membership was a particularly important source of trust in their community and in their elected officials for them.

Qualitative evidence of wider impacts

Our qualitative interviews allowed us to explore some of the quantitative responses in a more open-ended fashion, to interpret what they might have meant and to speculate on the causal mechanisms that might explain them.

For instance, they provided some of the reasons why a number of BRAC members opted for dual NGO membership. In most cases, dual membership multiplied the benefits available: it offered the potential for mobilizing larger amounts of money, for using loans from one source to pay off another, for more flexible access to savings. However, in a minority of cases, it was the specific NGO that was valued, primarily because it helped to mobilize the poor against injustice. Other insights from the qualitative interviews helped to throw light on some of the findings discussed in the preceding sections.

Access to government programmes

It was evident from the interviews that for many members, participation in group meetings and activities was a major source of information about a variety of issues beyond those related to loans, savings and enterprise. This appeared to be one explanation for why older BDP members reported greater access to certain government programmes than new ones. Although BRAC staff were described by many group members as playing a very active role in the distribution of VGD cards, there was no evidence that they played a similarly active role in promoting access to other programmes⁷. Instead, it was through their group discussions that many of the individuals interviewed learnt about these other programmes (see, for instance, Box 1). Others reported discussions touching a variety of other aspects of their lives, some practical, relating to health prevention and so on, and others with a more strategic significance, issues of dowry, domestic violence, their legal rights and so on.

⁷ BRAC has been the pioneer of the Income Generation for the Vulnerable Group Development Programme (IGVGD), which combines food aid with savings, training and microfinance. This is a partnership programme between the Government, World Food Programme, and BRAC. For more information on the IGVGD programme, see Hashemi 2001; Matin and Hulme 2003.

Box 1. Access to government benefits

- » We hear from others that the government has different benefits for us poor people. BRAC only talks about the VGD card. They don't discuss about any other government benefit. Those of us in the group, who receive the stipend or other government benefits, do discuss it in our group. We talk about how to get benefits, how much they get etc.
 - » When we sit in the group, we discuss who get cash (for education) and who doesn't. But we never approached the school as a group about the stipend. We've always gone individually. Some members' daughters get educational stipend. Those who get the stipend, their daughters are in high school.
 - » The children who go to high school do get stipends from the government. 2 members' daughters from our VO get the educational stipend. Those who study in the missionary schools don't get any government money. Primary schools under the government, on the other hand, do get financial help. Girls find out about educational funds from their teachers at school.
 - » We've heard of these different benefits from school teachers, the chairman and the member. BRAC also told us those who are the poorest of the poor do get money from the government.
-

Participation in political life

These opportunities for discussion may also explain why there was a fairly high degree of political awareness among older group members. Those who participated in the FGDs were extremely articulate in their views about the political process and many linked their heightened awareness to their group membership. It was evident from their accounts that these group discussions provided members with a forum in which to think through their own interests in selecting a candidate, independent of the preferences expressed by dominant members within their family or community.

It was also evident from the contributions made during the FGDs that group interactions over time had given members the opportunity to discuss politics and the self-confidence to interrogate those who came to solicit their votes. However, it also appeared that some disillusionment was setting in: many declared that they did not plan to vote in the next elections because of the failure of elected representatives to address their interests or to keep their promises.

Box 2. Participation in political life

- » Since doing *shomiti*, we have become clever. We cast our vote to the candidate we like. Before we used to blindly listen to our husbands or our elders. Furthermore, now we speak our mind. For example, when candidates come for out votes, we tell them what we feel. We are not scared of the chairman or the member anymore. We can argue with them, if we need to.
 - » We discuss the candidates for elections in our VO meetings. We try to identify the person most fit for the job
 - » Some of us have been to election campaigns. Those who don't go are usually those whose husbands don't like it. Those of us who go to the meeting learnt a lot of things from them.
 - » In our group meetings we discuss the candidates and then decide collectively who to vote for.
 - » We vote. We want to vote for the candidate who will help bring back peace and help us out. Now no one is happy in our country.
 - » In our *shomiti*, workers tell us to vote for the qualified candidate.
 - » We vote since we are citizens of Bangladesh. All those on the voter list go to vote. We need a government to run the country, so we vote and elect one.
 - » Some of us vote according to our likings. We try to vote for the candidate who will help us out. We support those who work for peace in our country.
 - » In the last election, we elected a member from our group to run for elections. But she didn't get in.
-

Trust and mistrust

The qualitative interviews provided an opportunity to probe members' views about key actors within the power structures of their local community. It also helped to throw some light on what 'trust' might mean in the context of rural Bangladesh. The fact that MELA members, who are relatively new to BRAC but better off than BDP group members, generally expressed higher levels of trust towards powerful actors and institutions within village society itself suggests that the concept of 'trust' partly reflected degree of self-confidence in relation to these actors and institutions. Poorer members of society are likely to have less trust in these actors and institutions because they did not know how they worked, they had no faith that it would work in their interests and they feared what they did not understand. Participation in NGO group activities in general, and BRAC group activities in particular, helped to provide more information on how things were supposed to work and thus to allay their fear and lack of trust.

Box 3. Disillusionment with the political process

- » We vote because we expect to be looked after by the elected candidate. A lot of people say they won't vote anymore because the elected members don't help the poor. A vote is very valuable and there is no sense in wasting it on useless people. Thus we won't vote anymore. We vote a person in and he or she doesn't give us the time of day. So why vote? Now after doing NGOs, we have become smarter and argue with people, especially those who come around during election campaigns.
 - » The member came to see us during elections. He never came to see us again after that. We will not vote for the member we have now again. We will hold the next member responsible for his promises next time.
 - » But now most of us have decided that we will not vote anymore. The elected body does nothing for us. Why should we vote?
 - » We vote according to our own will. We hope the selected candidate will help us in emergencies, and help us in general. However, after the elections, we never see the elected member again.
 - » We don't know who our local UP member (woman) is. She never visits us, thus, we don't know her. We are poor. But our woman member does nothing for us. No one from our *shomiti* has ever gone to her. Why should we? She is of no use.
-

However, expressions of trust did not imply a belief in the impartiality or fairness of powerful actors and institutions. On the contrary, greater familiarity with public officials may have brought about greater contempt. Elected officials were frequently described as either 'eating' up benefits intended for the poor or else distributing it to favour members of their own kin or social networks. Equally, respondents were well aware of what government officials were meant to do and what they actually did.

These views of public officials clearly do not accord with the conventional meaning of trust. Instead, when longer-standing BRAC members expressed higher levels of trust in public officials than new members, it is likely they were expressing an increased knowledge of these officials, of what they were supposed to do and not do and an sense of agency in relation to them (this is discussed in greater detail in the next section). However, it is worth noting that this growth in levels of trust applied to elected officials rather than government service providers, such as health workers and the police. This difference in attitudes may reflect the fact that elected officials can be removed at the next election but without the ability to pay the necessary bribes, there was little that the poor could do to influence the behavior of government officials or remove them.

Box 4. Mistrust of public officials

- » Some of us do receive government benefits while others don't. There is no logical and fair distribution of government benefits. Rich households get more when they need less, and poorer households get nothing.
 - » 'For obvious reasons we don't trust government officials...'.
 - » 'Nobody trusts the police'.
 - » 'I would never trust the police because they harm people and extract money from the poor'
 - » I distrust government officials, hospital workers, the whole lot. The hospital workers charge us Tk. 50 a visit when we have so little money and the government is paying them a salary to give us free treatment.
-

The quantitative findings in relation to moneylenders suggested that while length of group membership did increase 'trust', it was mediated by ability to accumulate assets. However, the findings from the FGDs was a decline in the influence of moneylenders. The decline partly reflected the availability of alternative sources of credit, not only because of the proliferation of NGOs but also because many of those who borrowed from NGOs engaged in lending on to others. In addition, according to a number of women, it also reflected the fact that many more women were now able to engage in paid work, thus reducing the need to borrow. The declining power of moneylenders also reflected the fact that the poor could less easily be cheated; they no longer signed any papers without knowing what it said.

Box 5. The declining influence of the traditional moneylenders

- » People go to the *mahajon* less now. Most women are part of two or three NGOs. So they take loans from there NGOs. A lot of the members themselves become *mahajons* and lend out money for interest to others.
 - » People don't go to the *mahajon* as often as before. Now they go to the *mahajon*, when they eat up the loans they get from NGOs. Those who can utilize the loans from NGOs properly don't need to go to the *mahajon*.
 - » Women work in the fields. They work with CARITAS and World Vision too. Thus they have money of their own, and don't need to borrow that much from *mahajons* anymore.
 - » People don't go to the *mahajon* as often as before. They only go when they have no other way to get money.
-

The FGDs provided qualitative evidence of high levels of trust towards BRAC staff but also towards other group members. In a society where, as one respondent put it, 'people do not help each other out and no trusts

anyone' and another said, 'I don't trust anyone but myself and Allah', , it appeared that a combination of self-interest, an explicit framework of 'rules' and a sense of solidarity had given their groups a considerable degree of cohesiveness.

The better understanding group members are likely to have gained through their interactions within their own groups as well as in village-wide organizations may explain why length of group members also helped to build trust and understanding towards other members of their community, including those of other religions.

Box 6. Trust within groups

- » We members help each other out with money. Within the VO, members trust each other.
 - » We have been able to keep our group running because there is trust among the members. Because we trust each other, we help each other in paying the *kisti*. There is self interest in that as well. If we don't pay the *kisti* properly then we will have trouble taking loans from BRAC. Before doing *shomiti*, we never helped each other out in this way.
 - » There are few conflicts between VO members. Everyone knows everyone and helps each other out. We never used to do that before BRAC but now we have all become friends and maintain good relations with each other.
 - » During our VO meetings, we read out the rules. When one member cannot pay, we help her out. Before we never helped our neighbours, but since doing *shomitis*, we try and help other members. We definitely feel a sense of solidarity with other BRAC members. However, it is important to mention that the biggest change in our lives with these NGOs has been economic.
-

Expressing voice and exercising agency

Discussions in the FGDs attested to a greater willingness to express 'voice' on the part of women. From an earlier situation when they either did not know what their entitlements were or were scared to question the injustices meted out to them, they are now better informed of their entitlements, they do not sign any piece of paper without knowing what it says. As a result, some groups report greater civility on the part of elected officials and greater respect. Others have not only lost their fear of the police but now hold them in contempt: 'now we could not care less about them. They are of no use to us and only harm us'.

Women also spoke of a more general increase in their self-confidence, a greater willingness to challenge patriarchal norms both within the family and in the wider community. They attributed these changes to the greater knowledge that they had acquired through their membership of

NGOs, the courage that came, not simply with being a member of a group but also knowing that there was a larger organization with considerable national clout behind them and their groups.

Box 7. Expressing dissent

- » When we go to the government hospitals they sometimes don't give us medicines. Then we protest against it and demand medicines. Even then sometimes they refuse us treatment. Nevertheless, now we can protest against unjust behaviour such as this. Before we used to be scared to raise our voices even.
 - » The chairman and members are civil to us now and treat us with respect.
 - » We don't trust the police either. However, before doing *shomitis* we were scared of the police. Now we could care less about them. They are of no use to us and only harm us. Now if one of us is being harassed by the police the others protest against it.
 - » If *mahajons* trouble women too much about the loans and interest rates, then women now protest. If they pressurize women for the loans women flatly refuse to pay back until they can. We know we'll have to pay a higher interest rate if we take longer, what's your problem with it? Stop pestering us for money! Furthermore, none of us sign any paper without understanding what it says unlike before when we didn't know any better.
-

Box 8. Exercising agency

- » Before being in NGOs we didn't know any better, we used to let our girls get married at a very young age. But now we resist the social pressures and don't marry off our girls until they are at least 18 years. *The only area we haven't been able to do much is dowry.*
 - » Through legal aid at BRAC we have also learnt about divorce rights, birth control methods, and laws against many marriages and child marriages.
 - » The biggest change in our lives since doing NGOs has been being able to speak up and protest against social injustices, demanding our rights to education, health care and other basic needs, becoming aware of legal issues affecting our lives. Though we haven't been to solve all our problems, we have been able to voice our concerns and grievances.
 - » Because now we bring home the loans, men and other family members respect us more too. And when we can repay our loans on time, people honour us even more. We can talk to people in the community in a smart way that we could never imagine of doing before.
 - » But even if women don't go for election canvassing, they still have become smarter than before. For example, if the husbands don't pay the *kisti* on time, the women can protest against it and fight with their husbands.
 - » Before we never used to go out in front of others. Didn't understand insults. Now we know people in the village and communicate with each other.
-

Re-visioning society

The qualitative interviews also touched on how respondents explained their preferred vision of society. We noted that the duration of association with BDP strengthened preference for an entrepreneurial vision of society rather than an egalitarian one – although the strongest support for such a society came from individual MELA members. Mature members were more likely than new ones to support the idea of everyone earning what they could and less likely to support either an egalitarian income distribution or government support of the poor.

This is not unexpected, given the promotion of individual entrepreneurship that underlies NGO provision of microfinance services. However, our qualitative interviews allowed us to probe what lay behind these expressions of preference and suggested that not everyone gave the same interpretation to their responses. For some, ‘earning as much as you can’ was interpreted as an expression of economic justice – getting your due – rather than an indifference to inequality. This group attached a great deal of value to hard work and saw no reason why they should not enjoy its rewards, but they also saw the need to help out those less fortunate or able them themselves. In some cases, mistrust of government was evident in the preference for community based assistance.

Box 9. Re-visioning society – Economic justice

- » A society where the government helps out the poor people would be ideal. But people have to work hard too.
 - » A society where everyone earned as much as they can would be best. There is no harm in earning more than your neighbour. But one who earns a lot should help the less fortunate ones.
 - » I think the best kind of society is where everyone earns as they can and help the poor when they can.
 - » I would like a society where everyone can earn as much as they can. We will help those in need by ourselves.
 - » I would like a society where everyone earns as much as they can. If everyone is not able we will help each other according to our ability. We don't need the government to help us.
-

However, there were also those whose preferred vision of society incorporated less sympathy for those in greater need. As the last quotation cited below, this partly reflected their view that life was a rat race in which no one could expect help from anyone.

Box 10. Re-visioning society – A rate race?

- » We think people should earn as much as they can. Poor people will have to suffer and work hard to improve their situation like we have been doing. If I earn more than my neighbour then it is my hard earned money and my right to keep it.
 - » Given the choice of society, we would like to earn as much as we can. No one else has a right over my hard earned money.
 - » I think the best society is one where everyone earns as much as they can. People should have the right to implement their likes and dislikes and earn and spend as they want to. Furthermore, why should I opt for earning the same as everyone else or waiting for the government or an NGO to help me because in today's world, no one helps anyone.
-

The persistence of constraints: unevenness of impact

This latter set of testimonies takes us to some of the other less positive information provided by our data. While our quantitative findings showed that duration of group membership led to a number of significant changes of the kind discussed above, these impacts often entailed very small percent-age of the groups in question. Moreover, along with evidence that membership of BRAC had led to many positive changes in the lives of many women, there was also evidence that for others, various kinds of constraints muted the impact they experienced.

For instance, aside from voting, very few members actively participated in any form of politics. In some cases, husbands or families, in some cases by community norms, imposed the constraints. As Box 11 shows, while some women described a process of joint decision making around voting, others continued to vote according to their husbands 'because he provides for us'. Dowry, as one of our respondents pointed out, remained a practice that they had been able to do little about. We have noted also the exclusionary implications of microfinance lending practices. In addition, the references to the specific constraints experienced by women from various minority groups – religious minorities, like Hindus and ethnic minorities, like *Garos* – provide a reminder that while participating in civil society organizations like BRAC may reduce expressions of intolerance towards other social groups, such divisions remain a factor in determining the agency and opportunities enjoyed by members of these social groups.

Box 11. The persistence of constraints

- » We discuss at home who to vote for and then decide whom to give our vote to.
 - » We vote according to our husbands' preferences because he provides for us. Hindu women don't disobey their husbands usually.
 - » We vote according to our husbands' preferences. We vote for the candidate our husband finds fit for the job. But if he asks us to vote for a bad man, we wouldn't do that. But mostly we give their preference the most importance.
 - » No woman in this area goes for election campaigns. Because our husbands don't like it and don't let us go. Men in our community believe if the '*ghorer bou*' (the wife of the house) goes out of the house the family name will be ruined.
 - » Hindu women don't go to meetings and rallies because their husbands don't like it. Muslim women and indigenous women go. Those who do go, take permission from their husbands. Some of us went during the campaign for the woman member from our VO. But the candidate was a *Garo* and Bengalis don't like the indigenous people, thus, she didn't win.
 - » Some of us vote according to our own preferences, while others cast their vote to the candidate their husband prefers. Some of us don't understand who is good and who is bad. So our husbands tell us who would be good for our community.
 - » Now we have smartened up and we have become more conscious in general. But we still don't for election campaigns. Our husbands don't like us to go to these things.
 - » Some of us vote according to our own will, while others have to listen to their husbands and in-laws. We all vote, but according to our husbands will. We vote for the person our husbands see fit for the job. We would like to vote for someone who would help us, be just and be there for us in times of need. We want someone who will work against terrorism, and violence against poor people.
-

Finally, it was evident from the past tense used by some older members, as well as more explicit assertions by others, that there had been a decline in group-based interactions, a key route through which many of the changes we have been discussing appeared to operate. This partly reflected the success of the organization: greater demands of women's time as a result of expanded economic opportunities meant that they had less time to participate in group activities. However, it also reflected the greater demands on BRAC field workers imposed by the decision of the organization to expand its microfinance outreach in the mid 1990s. As older group members testified (and as a number of studies have also noted), the drive to expand microfinance activities led to a greater preoccupation with loan recovery imperatives to the neglect to the more 'social' dimensions of BRAC's work.

Box 12. Dynamics groups overtime

- » When we first joined BRAC, we used to sit in groups. Then we learnt a lot of things. The new members don't even sit in groups anymore.
 - » However, we don't sit in groups that often anymore. We don't sit like this unless someone is visiting the field from the head office. We are usually busy in the mornings with housework.
 - » In the beginning there were groups in a VO with 5 members per group. It was easier to collect money in groups that way. In XX (another MFI-NGO), for example, the workers won't collect money unless all 5 members are present. BRAC does not have any such rules; we go pay our *kisti* whenever we want. The BRAC workers don't emphasize sitting in groups, and we don't show much interest in it either.
 - » When we used to sit in groups in our VOs, we used to discuss different things. We used to read the commandments, and learn about sending our children to school. BRAC workers used to teach us about eating more vegetables, and fruits, warn us against marrying off our girls young, make sure we had a marriage registration when we got married, and teach us about laws against many marriages and dowry etc.
 - » Our BRAC group is good. We don't have problems with our *kistis*. When we sit in groups we discuss different things. In the beginning, we used to have long discussions. We learnt how to use the money for the family, to send our children to school, we learnt about laws etc.
 - » Now the BRAC workers only come to collect money and then leave. Also, less women show up during meetings too. They send their money with someone else as they have a lot of housework in the morning. Also women work outside the house now and even work in NGOs like CARITAS and World Vision. So their mornings are usually quite busy.
-

CONCLUSION

We set out in this paper to explore the extent to which participation in BRAC's microfinance groups had some effects on their members beyond those that occurred in the household domain. We also factored in a comparison with BRAC microfinance clients who participated on an individual basis. Our findings suggest very clearly that for women from poorer households with little or no land and low levels of education, duration of membership of an BDP group had a number of different important effects in terms of their knowledge, behaviour and trust in the public domain, both in relation to each other and other members of the community as well as in relation to government and elected officials. Our findings also found impacts associated with duration of participation in MELA but in general, the impacts were fewer and weaker. We would therefore conclude that along with access to microfinance, it is the nature of BRAC's group formation strategy together with the various kinds of support that it provides its groups that help to explain some of the positive changes its members have experienced in the wider public domain. However, it is also important for BRAC and for other microfinance organizations interested in promoting the broader goals of development rather than their own financial sustainability that the 'past tense' testimonies of the women group members be taken into account. There need not be a trade-off between the two but it is clear that greater thought will have to be given to the promotion of new ways of thinking and acting in the domain of social intermediation as is given to product innovation in the domain of financial intermediation.

Appendix

Dependent variables: indicators of impact

| | |
|---------------------------------|---|
| Food security | : 1 if experienced food deficit in previous year; 0 otherwise |
| Advice | : 1 if Neighbours sought advice; 0 otherwise |
| <i>Shalish</i> | : 1 if participated in <i>shalish</i> ; 0 otherwise |
| Name of woman UP member | : 1 if knows name of woman UP member; 0 otherwise |
| Access to government assistance | : 1 if able to access a government programme; 0 otherwise |
| Bribe in past year | : 1 if paid bribe in previous year; 0 otherwise |
| Voted locally | : 1 if voted in local election; 0 otherwise |
| Voted nationally | : 1 if voted in national election; 0 otherwise |
| Advice | : 1 if others came for advice, 0 otherwise |
| <i>Shalish</i> | : 1 if participated in <i>shalish</i> , 0 otherwise |

Independent variables: influences on impact

| | |
|-----------------------------------|--|
| Years in BDP group or MELA client | |
| Age of respondent | : in years |
| Education of respondent | : class passed |
| Dual or NGO membership | : 1 if dual NGO membership in household, 0 otherwise |
| Cultivable land owned | : in decimals |
| Homestead land owned | : in decimals |
| Tangail dummy | : 1 if Tangail, 0 otherwise |

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