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**Does Microcredit Meet the Needs of all Poor Women?  
Constraints to Participation Among Destitute Women in Bangladesh**

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## Summary

The Bangladesh Rural Advancement Committee (BRAC), together with the World Food Programme of the United Nations (WFP), administers one of the largest microfinance initiatives in the world. Reaching around 450,000 women in each 18-month cycle, the *Income Generation for Vulnerable Group Development (IGVGD)* programme constitutes a targeted package of food aid, micro-credit, and functional and social awareness training. Each element of the integrated package is considered to be essential and mutually reinforcing, and successful ‘graduation’ has been thought of in terms of progression from one stage of the process to another. However, recent studies have noted that not all women avail themselves of every aspect of the programme, and that only a minority completes the cycle having participated in all components.

The current study was designed to explore the factors that determine the extent of participation among eligible beneficiaries; that is: 1) Who does (or does not) take advantage of each and every component of the development package on offer?; 2) What socio-economic factors and personal perceptions favour ‘full’ participation (assuming that this is a goal to which poor women equally subscribe)?; 3) Which elements of IGVGD are most useful to which households?; and, 4) Can participants’ own perceptions of ‘successful participation’ be incorporated into a redefined programme that more effectively maximises their constrained capacities and opportunities?

Building on two prior studies of the prevalence of incomplete programme participation, the present report documents findings from a household survey of 606 IGVGD women who were engaged in the 1998/99 IGVGD cycle. This geographically stratified random sample was drawn from the earlier statistically representative survey of 7,349 women conducted by Sparrey (2001). While this study does not claim to be nationally representative (nor indeed fully representative of project cycles beyond 1998/99), great care was taken to report findings that do reflect actual conditions in the locations surveyed. What is more, while the severe floods of 1998 cannot be ignored (they did cause damage to homes and livelihoods in a number of the locations surveyed), their impact on the 1998/99 cycle should not be exaggerated. Most women report that their decisions and activities were not directly affected or constrained by the floods.

The study confirmed that while many aspects of the programme are very valuable to ultra-poor women, the full package of developmental inputs on offer through IGVGD is not taken up by a majority of the programme’s participants, and many join without full participation in mind. Curtailed participation stems largely from a disconnect between ultra-poor women’s personal motivations, on the one hand, and constraints to participation and the expectations of program planners, on the other. Many women who participated less than fully in the programme were characterized by, 1) limited goals (mainly focused on short-term food consumption and income flow enhancement), and thus few expectations of proceeding beyond the food aid and savings component; 2) limited belief in the value of attending group meetings, which reduces contact time with NGO officials and opportunities for peer support, 3) little confidence in the technical training offered and time constraints to attendance, 4) a dislike of chickens and the limited range of other choices in IGA activities, and 5) debt aversion in an environment full of economic risks.

By contrast, among ‘successful’ households risk-taking ability (and/or crisis buffering) was an important characteristic. The loan takers (whether or not they used the loan for an IGA) were

able and willing to commit themselves to participation not with food aid as the goal, nor full membership in BRAC, but simply with a view to obtaining micro-credit. For these households (few of whom are in the ultra poor category) the programme is very attractive. The women were already more confident, with above average social and human capital, holding major assets prior to joining the cycle, having a more diversified income, and able to assume positions of management responsibility in village organisations. What is more, they were more likely than any other participation category to be married to a husband who earns an income in his own right. Those men who supported women's involvement assisted by reducing time constraints, acting as intermediaries between the woman participant and male NGO/UP staff, and by providing economic back-up in meeting programme requirements.

These findings suggest that the needs and goals of ultra poor women may not be appropriately served by the same institutional system that is used to address the needs of women who are merely 'poor'. Programme modifications are needed to accommodate the unique constraints of ultra-poor women while enabling them to set their sights higher and achieve more in the process. Possible changes might include:

- 1) linking food to training attendance in order to overcome opportunity costs to meeting participation;
- 2) allowing partial NGO membership at the outset with an emphasis not on credit or IGA but on food substitution and social enhancement;
- 3) explicitly garnering men's support for women's participation by allowing men access to loans or other resources independent of those going to women;
- 4) providing greater flexibility in the savings component, by possibly including an option for repayment in-kind;
- 5) improving the utility of the savings component by adopting a matching grant approach whereby the amount saved by the end of a given cycle could be returned with along with an equivalent food ration;
- 6) dove-tailing other food assistance activities with IGVD, including rural labour intensive employment programmes, for those who are not interested in a loan;
- 7) incorporating risk insurance into the programme;
- 8) expanding the range of IGA training to include agriculture productivity enhancement, or help in starting group IGAs;
- 9) adopting a staged approach to programming that emphasizes food aid, savings, and social mobilization at the outset while gradually leading to IGA skills training and loan provision.

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“Growth alone will not rapidly reduce poverty. Policy makers must reach the poor directly. For the poor to participate in growth...credit markets must ensure that [rural households can] diversify into rural non-farm activities.”

Rosegrant and Hazell (2001)

## 1. Introduction

Since the 1980s, one of Bangladesh’s major weapons in the fight against poverty has been micro-credit programmes targeted to poor and vulnerable households.<sup>1</sup> Earning global recognition for their innovative initiatives the Grameen Bank, the Bangladesh Rural Advancement Committee (BRAC), Proshika, the Association for Social Advancement (ASA), Swanirvar and other local non-governmental organizations (NGOs) together increased disbursements of small-scale loans to the poor from Tk 3.5 billion in 1990/91 to over Tk 20 billion in the late 1990s (World Bank 1997). This rapid expansion was closely monitored, and largely favourable socioeconomic outcomes were reported in terms of enhanced household consumption, asset accumulation and women’s empowerment (Khandker et. al. 1996; Rahman 2000). Indeed, according to the Economist (1998), “micro-credit is one reason for the fall in poverty in Bangladesh, from 59 percent of the population in 1991/92 to 53 percent in 1995/96.”

One such successful initiative is the Income Generation for Vulnerable Group Development (IGVGD) Programme, implemented by BRAC under agreement with the Government of Bangladesh, and supported by WFP and other donors. In discussing further expansions and modifications of IGVGD, however, the BRAC-Donor Liaison Consortium raised questions about the nature of ‘success’ for the activity’s targeted individuals. A mid-term review of the 4<sup>th</sup> Rural Development Programme, which frames the IGVGD activities, suggested that it cannot be assumed that conventional measures of success (such as high levels of credit disbursement, good repayment rates, low loan defaults, income diversification, and full NGO membership), reflect success as understood by the participants (Young *et. al.* 1999). Not everyone participates in the same way, or to the same degree, nor do all individuals view effective participation in terms of “graduation” at the end of a completed sequence of pre-determined steps. It was suggested that those least likely to benefit from all of the programme components available to them are distressed households whose needs, priorities and capacities have only minimally been taken into account in project formulation. As a result, the people of most concern to WFP may not be effectively reached, even if they *have* been effectively targeted.

This report examines those concerns head-on. Designed to gain a better understanding of the constraints facing poorest households as they make decisions about participation, the following questions were addressed:

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<sup>1</sup> The term ‘micro-credit’ is used in this report to mean the disbursement of relatively small loans mainly for productive investment in farm or non-farm enterprises to rural inhabitants who traditionally have limited or no access to formal sources of finance (particularly women, vulnerable households, and others with no collateral).

1. Among women who have been purposively selected into the IGVDG programme, who takes advantage of all components of the development package on offer—who does not, and why not?
2. Of those who do complete all steps of the programme (ending up as a full member of BRAC's RDP), what socioeconomic factors and personal perceptions favour 'full' participation (assuming that this is a goal to which poor women equally subscribe)?
3. Which elements of IGVDG are most useful to which households?
4. Can participants' perceptions of 'graduation' be incorporated into a programme that more effectively maximizes their constrained capacities and opportunities?

As the third in a trio of studies on the determinants of participation in IGVDG, the present analysis builds on both qualitative and quantitative work that helped define key problems, relevant concepts, and operational issues of concern (Sparrey 2001; Uusikyla 2001). The report was also able to draw on a large body of literature that deals with many related issues.<sup>2</sup> Already there have already been a significant number of studies of the impact of micro-credit participation on women's lives in terms of economic, social and personal empowerment.<sup>3</sup> However, while such studies have generated a wealth of useful findings few have focused on the selective nature of participation according to different household characteristics. As Rahman and Khandker (2000) have argued, the existing literature still lacks close attention to, "the underlying process of participation. Which households, among the eligible, decide to [fully] participate?" That is the focus of the present analysis.

The following section offers a brief overview of the IGVDG Programme's design and goals. A third section provides details of approach and sampling methodology, as well as specifying the scope and limitations of the study. The subsequent sections present empirical results from the survey and discuss operational implications of the findings. A final section initiates discussion of potential modifications to the programme needed to better serve the specific needs of women participants who are as yet unable to maximize their participation in IGVDG.

## 2. Programme Overview

The IGVDG Programme is part of the broader Vulnerable Group Development (VGD) activity, which evolved from a relatively small emergency feeding operation in the 1970s to an integrated

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<sup>2</sup> 'Successful' projects usually invite close scrutiny which often raises questions about the universality of past findings. This has been the case for many micro-credit studies in Bangladesh. In addition to Morduch (1998) and Pitt's (1999) involved methodological debates there remains disagreement over the magnitude of socioeconomic benefits of micro-credit initiatives (Evans et. al. 1995; ASA 1997; Rhaman 2000). Also debated are issues of financial viability and sustainability at the programme level (Ahmed and Townsend 1998; Rahman and Khandker 2000), the share of benefits reaching women versus men (Ahmed and Hassan 1990; Goetz and Gupta 1996; Rahman 2000); and the contribution of micro-level successes to macro-level poverty alleviation (Khandker 1998; Sen 2000).

<sup>3</sup> For example, see Schuler and Hashemi 1996; Hossain and Huda 1995; Momen et. al. 1995; Mahbub and Roy 1997; Husain 1998; and Rahman 2000.



package of food distribution, savings, micro-credit provision, social awareness-building, and skills training interventions. Reaching almost 450,000 women by 2001, the VGD is often referred to as the “largest poverty alleviation intervention in Bangladesh that exclusively targets women.” (Uusikyla 2001). Under separate agreement with the Government of Bangladesh, both BRAC and WFP collaborate in implementing the large VGD Programme and the IGVGD.

The mutually-supportive development package is designed to help eligible women mould a lasting livelihood that will ultimately raise their food consumption, fuel their emergence from ultra-poverty, and facilitate their inclusion into mainstream society. In brief, eligible beneficiaries for IGVGD are selected at the union level by a VGD committee, comprised of local government officials and BRAC representatives. They receive a VGD card which entitles them to a monthly ration of 30 kg of WFP provisioned wheat, training by BRAC in income generating activities (such as poultry rearing or sericulture), and access to one or more collateral-free loans (which carry a 15 percent service charge on principle) to be repaid over one year (46 weeks was reported to be the most common length of expected loan repayment).

Participants are responsible for making minimum monthly deposits of 25 taka (about US\$0.50 in 2001) into an interest bearing account maintained by BRAC, the Union Parishad, or other bank or post office. They are also expected to attend BRAC-facilitated village organization (VO) meetings and to participate in intermittent gatherings to discuss social issues affecting women’s plight in Bangladeshi society and to receive additional training on subjects such as Islamic and family law. Appendix 1 summarizes these activities in a logical framework that traces each input through to its intended impact. Though its theoretical framework appears rigid and clear on paper, in reality there are myriad variations in the Programme’s implementation and in the practice of participation by eligible women. This results in programme outcomes that can differ substantially between, and within, locations.<sup>4</sup>

In the latter regard, it is important to note that the period under consideration (namely, the 1998/99 programme cycle) was affected by a number of potentially confounding events that played out differently across the country. First, VGD management responsibilities were transferred during that period from the Ministry of Disaster Management and Relief to the Ministry of Women and Childrens’ Affairs. The latter was still a relatively new institution and its administrative capacity for effective programme oversight was still constrained. The potential for delays and disruptions in programme activities was high, especially since the agreement between BRAC and DWA was only signed some 3 months after the start of the cycle.

Second, management of the savings component was moved from the *Union Parishad* (UP) authorities to BRAC and this may have affected the effectiveness of both the savings and other components of the programme. It is widely acknowledged that UP authorities were reluctant to give up this particular responsibility, making a smooth transition impossible in some localities. UP elections were held at the start of the cycle period which may have entailed further delays in starting up some programme activities. The newly elected UP officials sometimes changed the

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<sup>4</sup> For more details of the activities see Husain (1998), WFP (1999a, 1999b, 1999c, 2001b), Young et. al. (1999) and Sparrey (2001).

beneficiary card holder list, thereby hampering project activities. That said, almost three-quarters of respondents did obtain their VGD card within 2 months of project initiation.

Third, and perhaps most importantly, much of the country was affected by severe floods for roughly 4 months during 1998. This caused severe damage to infrastructure in some areas, shifted attention in many agencies from development to relief, and (in some districts) caused considerable delays in loan disbursements, savings collections, training and group meetings. More than 50 percent of the sampled households reported some damage to their homesteads by the flood waters, and 25 percent *of those who started an IGA* said that their income earning activity was compromised by the floods. That said, almost 90 percent of IVGVD women responded that the flooding did *not* affect their decision on whether to take a loan, 94 percent said that flooding did not affect their participation in IGA training, 88 percent reported that their attendance at VO meetings was not curtailed by the floods, and 78 percent said that the floods did not affect their loan repayments (if they took a loan). In other words, while the floods of 1998 cannot be ignored as a potentially important qualifier, their impact on the 1998/99 cycle should not be exaggerated at least in terms of the locations under consideration.

### **3. Survey Approach and Sample Design**

#### **3.1 Survey Methodology**

Based on records collected from BRAC and Union Parishad offices, Sparrey's (2001) study of the prevalence of non-participation by eligible women in various IGVDG components established the beneficiary database from which the sample frame for the current study was drawn. A representative sub-sample of 606 IGVDG women was drawn from the 7,349 included in the initial statistical survey of 1998/99. To maximise geographical spread, the sample frame was first stratified between North and South/Central regions with 303 IGVDG households selected from each area. To ensure that the survey would adequately capture experiences of different combinations of participation 'types' a two by two matrix was used to define four participation categories (redefined from categories in the initial database):

- 1) Women who took at least one loan through IGVDG, and continued into the BRAC mainstream credit programmes;
- 2) Women who did not take any loan, yet did join BRAC's mainstream activities;
- 3) Women who took a loan but did not continue, with BRAC, and
- 4) Women who did not take a loan during the IGVDG cycle, and did not continue participation with BRAC.

Because categories 2 and 3 were small (comprising less than 10 percent of the 7,349 sampled IGVDG women), a multi-stage cluster sample of up to 20 distinct unions and IGVDG women by category failed to produce sufficient representation in each cell. As a result, a criterion was

imposed that to be included in the sample frame any union must contain a minimum of 15 women of either category 2 or 3.<sup>5</sup>

From the revised sample frame, unions (and the IGVGD members in each) were randomly selected until the process produced 75 women in both the 2<sup>nd</sup> and 3<sup>rd</sup> categories. From these chosen unions, 75 IGVGD women in both categories 1 and 4 were also randomly chosen. Over-sampling of approximately 10 percent in each category and region was performed to allow for the possibility of attrition or difficulties in identifying or locating selected IGVGD women.

### 3.2 Training and Logistics

The survey questionnaire was devised with intensive participation of WFP international and local staff. It was possible to build on Tufts' previous questionnaire experience in Bangladesh in the realm of food security studies (the FANTA activity) and the elaboration of Bangladesh's National Nutrition Programme. The design of the questionnaire also builds on established best practice (see Swindale and Ohri 1999; Deaton and Grosh 1998).

Prior to enumerator training, two experienced male/female pairs were selected to conduct a pre-test of the survey instrument in *Ghior Thana* of *Manikgonj District* (three hours from Dhaka). Test households were purposively selected with the assistance of BRAC officers. After the test each question and response were reviewed in detail with the enumerators, soliciting suggestions and making revisions as necessary which were taken into account during the translation phase.

Questions were translated by senior DATA personnel who had been involved in the questionnaire's development and early testing. Their involvement was critical to ensure that the essential meaning of English terms was conveyed as precisely as possible in Bangla, especially where issues of women's perceptions of empowerment and powerlessness were concerned. All modifications were made in the Bangla version, which was subsequently back-translated to English after the commencement of the field work (included as Attachment 4).

Training was conducted for 8 days in Dhaka as well as at field-test sites. Enumerators were active participants in the training process, asking clarifications, flagging potential problems, and making suggestions for improvement to the survey instruments. These sessions characterized all future interactions with enumerators who continued throughout to apply their considerable experience towards the betterment of both process and product. Most of the enumerators had been involved in several prior research activities; many were educated to the post-graduate level; and all had concentrated their studies on food and nutrition policy, agriculture, economics, or other relevant subjects (such as sociology).

After providing an overview of the study objectives, enumerators were given a 'refresher' course on survey protocols, the sample methodology, and procedures to be adopted in the field. Each question was reviewed individually and discussed. Although female enumerators are responsible

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<sup>5</sup>Fifteen was the average number of group 2 and 3 members across all unions, and thus using this level does not bias the sample towards unions that had either many or very few representatives of each category.

for collecting food consumption information the men were also carefully trained in 24-hour food recall methodology so as to assist in the interview process if necessary. Given the unstable political environment in which the survey was conducted additional messages were conveyed regarding safe and appropriate conduct in the field during “*hartal* days” (national strikes).

A full pilot test was initiated on the seventh training day once the enumerators and supervisors were completely familiar with the questionnaire. The pilot test was undertaken in the same location as the pretest. Twenty-two trained enumerators, equal male and female pairs, interviewed one household each. The pilot test served not only as a final check of the questionnaire, but also as an opportunity to evaluate and provide feedback on the performance of the enumerators. Following the test day, a quality check was performed of each completed survey, and problems were reviewed before the group and with each individual making any errors in data collection.

Male and female pairs interviewed the IGVGD respondent, asking questions about income, assets, and expenditure to adult male household members when available. A supervisor for each team was responsible for all quality control and for making contact with the local BRAC officers to verify the name and location of ex-IGVGD women included in the sample frame (based on the records derived from the larger database). Where women were no longer available for interview, the subsequent woman was selected from the sample list in the appropriate category. In a few areas a majority of ex-IGVGD women were unreachable due to out-migration; as such, the sample frame was expanded mid-survey to accommodate this natural attrition.

### 3.3 Study Limitations

A few points should be made at the outset regarding limitations of the study. First, while respondents were drawn from a statistically representative sample that had wide geographic coverage, this study based on only 12 *Upazilas* does not claim to be nationally representative, nor fully representative of all other project cycles (due to the 1998 floods and institutional constraints mentioned above). That said, great care was taken to ensure that the findings do reflect practices and perceptions in the locations surveyed (building on Uusikyla 2000), and that these locations accurately reflect conditions identified by Sparrey’s (2000) survey of 7,500 households. The findings reported here should therefore be interpreted as suggestive of conditions found elsewhere in Bangladesh, and by no means unique to the years in question.

Secondly, the purpose of the study is to explain the nature and causes of selective participation and experiences within the programme--not to compare whether it affected beneficiaries differently than those who were eligible but never participated. As such no control group was used and comparisons are only made among households that were all in some way participants.

Thirdly, this was a cross-sectional survey, which pays only limited attention to changes in behaviour or welfare over time since the start of the 1998/99 cycle. As such the study was not designed to address issues of longer-term impact, economic viability of IGA activities or the overall sustainability of the programme itself. For a list of persistent gaps in our knowledge of the functioning of micro-credit initiatives in Bangladesh see Rahman and Khandker (2000).

## 4. Empirical Results

### 4.1 The Nature of ‘Graduation’ and ‘Dropping Out’

To recap, if a selected household participates in every aspect of the IGVDG programme it can benefit from the following resources, services and activities:

- receive food aid,
- make regular savings,
- receive skills training in income-generating activities (IGA),
- attend informational/training meetings on broader legal and social issues,
- take at least one loan and repay it, and
- become a full member of BRAC (or another NGO).

Completion of a full cycle and successful participation in each part of the programme is not celebrated as a defined event; there is no ‘graduation’ ceremony. Nevertheless, since attention has long been focused on the informal goal of maintaining a high graduation rate there has been a close monitoring of ‘completion’ benchmarks as an indicator of programme effectiveness. According to BRAC (1997) “the problem of member dropout is not a serious problem for the RDP since the annual rate is less than 4 percent.” This position is echoed in many other documents (Husain 1998; Young *et. al.* 1999). But what does ‘drop-out’ mean?

There have been more studies of households defaulting on a loan, or left out of the programme (eligible households not included), than of those who were successfully targeted but did not take advantage of all the resources on offer to them. Given that it is the latter who interest us here, how does ‘selective participation’ relate to the Programme’s goals? Are dropouts women who “discontinue their membership [of BRAC]” (Husain 1998)? If so, Sparrey’s (2001) analysis found that less than 29 percent of participants could be classified as ‘continuing members’ of BRAC (or any other NGO) at the end of the IGVDG cycle, regardless of whether or not they had participated in every other component of the development package. Thus, two-thirds of participants could be called ‘continued membership drop-outs’. Similarly, WFP (1999a) found that of 345 IGVDG participants in the 1994-96 cycle, only one third of women involved in sericulture IGAs, and 40 percent of those involved with poultry, were NGO members at the time of interview in 1999.

However, an alternative definition of dropping out might be “women who join the IGVDG programme but drop out within the 18 months of the programme cycle” (Sparrey 2001). This could be taken to mean women who stayed with the programme long enough to receive 18 months of food aid (and perhaps to participate in other aspects of IGVDG such as savings and training), but took no loan although it was available to them. Of the nearly 7,500 participants considered by Sparrey (2001), almost 60 percent fell into this category. Due to the purposive sampling used by the current survey the equivalent level in the present study was 41 percent, compared with the 9 percent of the current sample who continued through all aspects of the programme and became full-fledged BRAC members at the end.<sup>6</sup>

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<sup>6</sup> It should, however, be noted that of the 9 percent who ‘graduated’ through the IGVDG in the strictest sense of the term, 38 percent had (by 2001) discontinued their membership.

Another, broader, definition of dropout is “those women who remain in a situation of ultra poverty despite their joining the IGVD. Graduates are those women whose situation has improved from one of ultra poverty to one more akin to poverty.” (Uusilkya 2001). By this definition the programme’s impact would itself measure ‘graduation’. However, that approach raises two difficult issues of poverty measurement. On the one hand, which dimension of poverty to measure? IGVD is not ‘just’ a micro-credit scheme; there are multiple goals involved, including savings mobilization, removing capital constraints, income diversification, poverty alleviation, training and social empowerment. On the other hand, there are subjective aspects of well-being to be taken into account. An understanding of what it is that constrains households from taking full advantage of resources on offer must allow that some women may not actually *want to* use those resources. Thus, if a woman decides that gaining 18 months of food aid and making minimal savings is sufficient *for her* (in terms of her own goals and capacities), that may be a relevant basis for defining self-perceived ‘graduation’.

For ease of comparison the data presented below are disaggregated according to five *mutually exclusive categories* of participation derived from the distribution of the data and hence reflective of the original sample frame. There are other households (141 in all) that do not fit exclusively into one category or another--these are not included in any of the descriptive tables presented by group, but *are* incorporated in other analyses for the sample as a whole:

- **‘Food Aid + Savings’** means households which *only* received food aid rations and made monthly savings—they did not, according to their own responses, engage in any other component of the IGVD. There were 28 percent of the current purposively sampled households in this category.
- **‘Food Aid/Savings +Training’** comprises households that received food aid, made savings and *also* received skills training (and other forms of social and legal empowerment). However, these households (13 percent of the sample) did not take a loan or engage in any other component of the IGVD.
- **‘1<sup>st</sup> Loan’** refers to those households that took at least one loan. All of these households received food aid, but not all made savings nor did they all receive training. No-one in this group became involved in a project-supported IGA, and no-one continued NGO membership. The households in this group (5 percent of the total) are therefore exclusive of the other participation groups.
- **‘IGA’** includes households which started an IGA (whether or not they took a loan for that purpose), regardless of whether they subsequently became a full member of an NGO. This group comprised 22 percent of the sample.
- **‘Full Participation’** refers to those households (9 percent of this sample) who completed all of the above and became a full participant of BRAC’s RDP at the end of the cycle.<sup>7</sup>

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<sup>7</sup> It should be noted, however, that BRAC was not required to enroll VGD beneficiaries as full members during the 1998/99 program cycle; that requirement was introduced in subsequent cycles.

## 4.2 Participant Characteristics and Eligibility

Much has been made in past studies of the high share of *prima facie* ineligible participants in many micro-credit programmes (Morduch 1998; Husain 1998; Pitt 1999; HKI 2000). For example, Husain (1998) documents that around 18 percent of BRAC households belonged to the “non-target group...at the time of enrolment as members.” Similarly, HKI (2000) found that 25 percent of households in their survey “did not meet eligibility criteria” and were excluded from their analysis. In both cases, the concern was with ‘wrongful inclusion’ rather than exclusion. While the present study also cannot examine the issue of wrongful exclusion (due to the absence of a comparable control group), it is important to note that the ‘mental capacity’ criterion sometimes used for excluding potential participants bears more rigorous examination and definition.

Participation in IGVGD is achieved in the following manner. The Government of Bangladesh allocates a finite quantity of VGD cards (which entitle the bearer to a set of clearly defined benefits) to 296 *Upazilas* around the country based on the officially designated ‘food insecurity’ rating which was developed in association with WFP over a number of years during the 1970s and 1980s. Local authorities, in the form of the Union Parishad (UP), distribute VGD cards to women following guidelines derived by the Government and WFP.<sup>8</sup> The UP establishes a preliminary list of potentially eligible candidates from the local area, from which a Union VGD committee screens candidates for inclusion.

As of 1998/99, the criteria for selection into the VGD programme were women:

- Especially if a *de facto* head of household—including widows, abandoned or divorced women--or having an ‘invalid’ husband
- Having access to <0.5 acre of land (which classifies as functionally landless).
- Low income (typically defined as <Tk300 per month)
- Relying on income from daily manual labour (during >100 days per year)
- Lacking productive assets (a criterion that is not well defined)
- Not having membership in any other developmental programme

According to these criteria roughly 80 percent of all VGD card-holders were eligible for IGVGD (Sparrey 2001). Additional screening criteria included:

- Local residence (not being a seasonal migrant to the locality)
- Willingness to participate in group activities
- Physical fitness (ability to work)
- Self-motivation (another poorly defined criterion based on the idea of *entrepreneurship* and intellectual competence).

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<sup>8</sup> It should again be emphasized that the shift during 1998 in government responsibility for programme oversight from the Ministry of Relief and Rehabilitation to the Department of Women and Childrens’ Affairs (DWCA) led to unforeseen complications. While IGVGD was already established in 296 *Upazilas* the DWCA on had office and other institutional presence in 137 *Upazilas* at that time. As a result, programme activities in a large number of *Upazilas* fell short of planned targets at the start of this particular IGVGD cycle.

According to Resal (2001), the physical and mental condition of eligible women is taken into account such that the “untrainable” are excluded from the start. That is, staff responsible for screening candidates can exclude some people who (although in need of assistance) are in their view unlikely to succeed in meeting the goals of IGVD. This procedure can be justified on operational grounds where candidates are clearly too elderly or mentally incoherent to establish an income generating and loan repayment activity. However, the danger of selection bias remains. For example, Costa’s (1997) study of NGO *staff* attitudes and motivations showed that central office (NGO) personnel do not always trust their own field workers to put in the extra time and effort required to make a successful participant out of a truly destitute (ultra-poor) woman. The real or perceived fear among many local staff is that one’s job depends on high loan repayment rates, or on high rates of NGO membership attainment. This may lead them to include those households that are most likely to ‘succeed’ in relation to these particular parameters. Again, this is not inherently unjustifiable, but it can run counter to the unique goals of IGVD and lead to what Rahman (2000) calls the selective “exclusion of the poorest”<sup>9</sup>

It can be argued that, were the application criteria jointly applied in the strictest sense, virtually none of the sampled participants would be eligible. When each criterion is examined individually the picture is less drastic but indicative. For example, 60 percent of the women do have a spouse, and only 6 percent of those husbands are reported (by the wife) to be unable to work. In other words, 54 percent of the female participants are married to a husband who is earning an income in his own right. While some of these husbands were married in the 3 years since 1998 that number is small. This implies either that many husbands recovered sufficiently from their invalidity to become income earners since 1997, or that the selection process allows considerable leeway in defining ‘invalidity’.

This is important since the presence of adult males in a participating household appears to be an important factor in the success of IGA activities.<sup>10</sup> For example, Table 1 highlights the huge and significant differences between in terms of literacy and numeracy (actually tested during the survey, not self-reported) of female participants coming from male versus female-headed households. The differences are also reflected in terms of poverty status. An explanation for this is not that literate women stay married longer, but that women from households headed by active men can participate more fully in the skills training offered by IGVD and thus emerge with more human capital than women who take the resources but few skills.

Turning to the land ownership criterion, 10 percent of the respondents reported that they cultivate more than 0.5 acres in 1997, virtually the same number reporting more than 0.5 acres in 2001. There is always a problem with this variable given widespread confusion over the difference between ‘total land’ owned, ‘arable land cultivated’, and total land minus homestead land, some of which can be planted to vegetables or allocated to IGA activities (see Pitt 1998). What is more, some households near major rivers make use of *char* lands (shifting banks of

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<sup>9</sup> This also makes an analysis of the determinants of ‘success’ difficult due to potential endogeneity. Are women who participate to the full doing so out of greater need, or greater prior confidence in themselves?

<sup>10</sup> The term ‘adult male’ is used here since it is not only husbands who matter. Some 13 percent of the women without husbands report themselves to be either the mother or daughter of a male adult in the household who earns an income in his own right.



temporarily cultivable land that sometimes appear after major floods, but can disappear just as quickly). The land reported as owned in Table 1 includes homestead area and the area of fishponds exclusively owned, but excludes *char* lands. The table indicates that among participating women who do have a husband (usually reported as the household head), the average area of total land owned was 27 decimals (0.27 acres/0.11 ha) compared with only 9 decimals among *de facto* women-headed households—a highly significant difference at the 1 percent level.

Although this small land area qualifies most sample households as ‘functionally landless’ (only a handful of households exceed the notional limit, and some of those purchased or rented land only since the 1998/99 programme cycle), few report manual labour as their main occupation. Only 8 percent of respondents claimed at the time of the survey to be relying on daily labour as their principal source of income. This could be a reflection of programme success (where IGVGD participation has enabled women to escape the trap of low-wage daily labour), but a longitudinal or fully retrospective study is required to verify this.

Regarding poverty level, Table 1 suggests that female headed households (containing no active male adult who takes responsibility for the family) are significantly poorer than male-headed households ( $p < .01$ ) in terms of monthly household expenditure on all items—with roughly a 100 percent difference between the means. When all households are categorized by expenditure regardless of gender of head, the highest expenditure tercile reports spending *three times more* than the lowest tercile (the ultra poor). Similarly, the upper expenditure tercile and male-headed households own significantly more wealth in the form of livestock assets. There are significant differences in ownership of large and small ruminants between male and female headed households, whereas the difference is most significant between the poor and ultra poor in terms of poultry ownership. These are assets owned at the time of survey; net change due to programme participation is explored in a later section.

#### 4.3 Who Participates and Why?

While there remains some debate over the importance of targeting women as a means of reducing poverty at the macro level, there is widespread agreement that IGVGD targeting does generally succeed in reaching women who are usually in need of some form of assistance.<sup>11</sup> This

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<sup>11</sup> The evidence that women *per se* tend to be poorer than men in Bangladesh is mixed. For example, the chance of a female headed household being poor (compared with a male headed household) is about even in rural areas according to van Donge and Dijkstra (1999). Similarly, the World Bank (1998) notes that “headcount ratios for poor households are virtually identical for both female (52 percent) and male headed (53 percent) households.” By contrast, Quisumbing. *et. al.* (2001) argue, from a more limited survey of 8 villages, that female-headed households and female individuals are “consistently worse off.” Whatever the relative poverty status of women Pitt and Khandker (1996) make a strong case in their analysis of 87 villages that since credit has a positive effect on the well-being of poorest households it is “more so when women are the program participants.” This is because credit to women is more likely to influence consumption, contraceptive behaviors and child nutritional outcomes than if targeted to men.

Table 1. Characteristics of IVGVD sample participant households, by gender of household head and expenditure tercile, 2001

	Gender of Household Head		Expenditure Tercile#	
	Male	Female	Lowest	Highest
Household Size	05	03***	04	04
Age of Head	45	48*	48	46
Land Area Owned (decim.)	26	09***	15	23
<i>Livestock owned:</i>				
Bovines (mean no.)	05	03***	0.4	0.6*
Sheep/goats	0.7	0.2***	0.5	0.6
Poultry	0.7	0.5	3.1	5.1**
Total Expenditure	2246	1149***	916	3008
Median Expenditure (Tk/month)	1921	0719***	850	2649
Food Insecure ## (% of households)	87	96***	96	83***
<i>Woman Participant:</i>				
Can Read	12	07*	08	13
Can Sign	70	30***	32	48**
Is Numerate	67	54**	61	72**

Source: Tufts University/DATA/WFP survey, 2001

# Expenditure terciles are based on total monthly household expenditure. In a simplified sense the highest tercile might be thought of as 'poor' households while the lowest tercile represents the 'ultra poor'.

## Food Security Status defined according to a series of self-reported conditions relating to the previous 12 months, including adults having skipped meals, food running out in the store, and not being able to consume 3 meals in a day on a regular basis.

\*\*\* statistically significant difference at the 1 percent level (<.001)

\*\* statistically significant difference at the 5 percent level (<.05)

\* statistically significant difference at the 10 percent level (<.01)

has two major implications. First, much of the success of micro-credit in Bangladesh is linked to the policy of focusing on women. It is widely believed that putting resources into women's hands has a higher multiplier effect (in terms of welfare outcomes) than if men received the same level of inputs (Husain 1998; Rahman 2000). The assumption is that if women see their participation translating quickly into concrete results they will invest more time and energy into programme activities, while also ensuring inter-generational effects by offering a role model to their daughters.

The second implication of targeting women relates to men. It is widely assumed that channelling resources into the hands of women is akin to enhancing their intra-household bargaining power, and that this can bring about fundamental changes in their social status. According to Husain and Mallick (1998), "involvement in BRAC brings about wide scale changes in the lives of...women. Outside the households, they gain exposure to new ideas and knowledge through their attendance of issue-based meetings, participation in awareness building and legal education...These changes will assist them in acquiring clear perceptions of their own well-being." The Economist (1998), similarly argues that "by directing...credit at women, NGOs have created a social revolution in a conservative Muslim society."

Paying specific attention to women's needs has certainly had a demonstrable impact on many women's lives in Bangladesh. According to Schuler *et. al.* (1996), "credit programmes are reinforcing new norms and values and...speeding up their acceptance." But this does not mean that benefits are cost free to these women. On the one hand, increased income derived from programme participation does not axiomatically translate into enhanced status. Bari (2001) has shown that Pakistani women can gain increased income from work outside the household without benefiting from improved standing either in the home or in society more broadly. Similarly, in Bangladesh, Hashemi *et. al.* (1996), found that an increased income flow under women's control was not significantly associated with measures of women's empowerment.

On the other hand, focusing on women *may* cause a deterioration of relations with men. This again has two dimensions. On the one hand, the increasingly visible social and economic presence of women in public life can be perceived as a direct challenge to conservative religious authority. Some fundamentalist groups in Bangladesh have issued *fatwa* charging that women should not participate in credit programmes (AI 1994; Hashemi *et. al.* 1996). This was reported during the present survey in Gopalganj *Upazila* where a powerful cleric opposed to the work of NGOs ordered local men to prevent women from engaging in any IGVGD training or group meetings during the 1998/99 cycle. Where such hindrances exist BRAC and other NGOs typically move cautiously and seek to overcome social/religious barriers by example, but this takes time.

Where husband-wife relations are 'strained' (as measured by physical abuse, lack of mobility and other empowerment criteria), it remains unclear whether women's participation is stimulated *by* the poor relations (Rahman 2000), or whether "it is the participation that induces a bad relationship" (Rahman and Khandker 2000). There is ample evidence that a woman's *de jure* participation is sometimes used as a 'front' for a man's *de facto* attempt to capture programme benefits for himself. According to Goetz and Gupta (1996), "this is common practice and accepted by NGOs."

Yet, Bangladesh is not uniformly conservative, nor are its men folk--indeed a sizeable share appear to be a positive force in women's participation. Table 2 shows that while some men (usually husbands but sometimes a son, brother or father) "never helped" the woman in IGVDG activities, the overwhelming majority were "in favour" of participation and helped in various ways. Help was mainly given in obtaining the VGD card, contributing directly to the weekly savings (required of participation), helping in setting up an IGA, repaying any loans taken through the programme, in dealing with male staff members of the NGO (acting as intermediary), and even in "off-setting time", meaning reducing other demands on a woman's time to make participation possible.

Interestingly, a 'U'-shaped relationship appears in the data across the first four (mutually exclusive) categories--most male opposition and most help are reported at the extremes of the curve (columns 1 and 4). That is, more men were in favour of the food aid/savings and IGA components than of the training and loan dimensions. The same pattern applies to male opposition. This implies either that the training and credit components were less visible, or that they were seen to be less relevant to male concerns (and that access to the loan was relatively less important than access to the non-capital *inputs* related to IGA set-up--an issue taken up in the section on IGAs below).

The data suggest that roughly 85 percent of participating women had active support and assistance from a man, and that where an IGA activity was established as many as half the women obtained some form of male help in setting up or repaying loans. This represents a sizeable input from men in participating households. Certainly in some of these cases the men are acting in their own interests, but not in all.

If 'empowerment' means 'choice' then many women may choose to work jointly with a man in pursuit of development activities of benefit to the household as a whole. Indeed having a man's economic contribution may help overcome time and resource constraints that make full participation difficult. There are non-negligible opportunity costs to participation in meetings, training, and NGO interaction (Weinberger 2001). The 'off-setting' of some of these costs by men appears to be very important for many women whether they are only involved in the food aid and savings component or the IGA.

What is more, no women reported joining the programme because their husband (or other male) told them to do so. Table 3 shows the reasons given for participation in IGVDG by women respondents. A number of important results should be highlighted. First, the desire to obtain food aid was clearly of most importance to those households who in fact only participated in IGVDG by receiving food aid and making savings (column 1). This was of significantly less importance to those who went as far as initiating income generating activities (column 4). The pattern is replicated where 'no other choice' (a sign of desperation) is concerned, but reversed where 'wanting to start an IGA' is the main reason given for participation (row 4).

More than half of the households in each category report 'making progress' as the motivator of participation (meaning achieving socioeconomic and other welfare gains). Yet, few households joined with a view to saving (or taking a loan) for dowry payments, and even fewer cited personal 'empowerment' aspirations (although this was the case mainly for households in the

Table 2. Male relative's involvement in women's IGVDG participation (as reported by women), by category of participation.

	Food Aid +Savings	Food Aid +Savings +Training	1 <sup>st</sup> Loan	IGA +NGO	Full Participant
<i>Percent of households*</i>	(28%)	(13%)	(5%)	(22%)	(9%)
(Percent of Responses)					
<i>Male Attitude:</i>					
In favour	98	96	100	96	100
Opposed	02	00	000	20	000
Obstructive	01	00	000	00	000
<i>Male helped (%yes)</i>	88	85	84	86	80
<i>Male helped in:</i>					
Got the VGD card	39	18	07	28	09
Savings	36	16	06	29	13
IGA set-up	00	00	00	54	31
Loan repayments	00	00	16	42	33
Dealt with NGO	30	18	02	36	14
Offset time	21	16	02	54	07

Source: Tufts University/DATA/WFP survey, 2001

\* Percent of surveyed households falling into each mutually exclusive participation category.

‘full participation’ category—column 5). Not reported in the table because of blank cells (no responses at all) are reasons such as becoming an NGO member, paying off old debts, or achieving higher social status.

That not one respondent saw NGO membership as the ultimate goal of participation speaks volumes to the lack of coherence between programme and personal perceptions of ‘graduation’. Indeed, only one third of all respondents in the ‘full participation’ category—those who technically come closest to the original IGVDG definition of graduates—felt that BRAC’s goals for the programme closely matched their own expectations of participation (Table 3). Among those who only took food aid and made savings, 71 percent did not see a close match in personal and programme goals, and among those who took a loan those reporting a mismatch rose to 85 percent.

This low level of concurrence is a strong factor in explaining less than full participation for many women. Indeed, the words that the women use to explain their initial participation choices are instructive. More than one third of the respondents talked of “*bodro bhabe chola*” (fulfilling our basic needs) as the main motivating force in their participation. Another 24 percent state more bluntly that they need to feed their family better and that the programme offers them a rare chance to do so. Between 17 and 20 percent of the women were more positive in their goals, seeing participation as a means towards “*ettu ayunnoti korchi*” (advancing, or making progress, in life). If one adds to another 5 to 10 percent of women who had specific aims, such as starting a small business (IGA), gaining more understanding of problem solving (empowerment), and planning for a dowry, then roughly one third of the participants embraced the IGVDG as a means to a defined end. The other two-thirds saw it as another set of means—new resources with which to struggle against poverty and food insecurity.

The following sections examine the extent to which different categories of households participated in the individual components of the development package, followed by a more in-depth exploration of the determinants of participation.

#### 4.4 Participation in VO and Gram Shobha Meetings

Group ‘solidarity’ is a key feature of most micro-credit programmes in Bangladesh, and is often portrayed as the key to high repayment rates (Tilakaratna 1996; Mostafa 2000). Women selected into the programme from the totality of VGD card holders are grouped into Village Organizations (VOs) for the purpose of social capital building, providing a locus for training meetings and savings, and to enable peer group support and encouragement. The groups, made up of 10 to 30 women who are ideally a mix of old and new cardholders, are supposed to meet on a monthly basis. The initial awareness and ‘motivational’ training by BRAC takes place at this level, as does training on the use of a savings book and the skills required to ensure monthly deposits. So-called ‘sub-groups’ or savings groups are also encouraged such that 3-6 women who are proximate neighbours or friends can meet as necessary without the whole group to discuss matters relating to the programme.

Table 3. Main Reasons Given for Joining the IGVGD, by category of participation.

	Food Aid +Savings	Food Aid +Savings +Training	1 <sup>st</sup> Loan	IGA +NGO	Full Participant
(Percent of Responses)					
Get food aid	28	20	22	18	23
Make progress	53	54	54	58	52
Save for Dowry	01	03	05	02	02
Start IGA	03	07	08	09	07
Empowerment	00	01	00	00	01
No other choice	12	12	12	08	10
Did the BRAC goals match your own? (% Yes)*	29	44	15	77	35

Source: Tufts University/DATA/WFP survey, 2001

\* Percent reporting that “All” or “Some” of the BRAC goals matched their own.

In addition, monthly issues-based meetings (*Gram Shobha*) are organized to which spouses are invited and encouraged to attend. These provide a fairly regular forum in which VO members can be exposed to and discuss contemporary social, economic problems and potential solutions with NGO facilitation.

While many VOs function well, many do not in the sense that notional members never show up for meetings, or meetings never take place. As a result, there was a large disparity in women's views about the value of such meetings and the nature of peer pressure versus solidarity. As documented by Weinberger (2001) in other countries, there are major costs and constraints to 'participatory' development. For example, more than 80 percent of women in the 'took loan' and 'full participation' categories attended most (more than 75 percent) of VO meetings. However, in the 'food aid/savings' and 'training' the share of those attending versus not attending is reversed. The number of women attending the Gram Shobha meetings was considerably lower overall.

Those who did attend, generally felt comfortable at the outset being in a public setting interacting with non-family members, including male NGO trainers. The main benefit of attendance was reported as 'friendship' or 'moral support' among other VO members, followed by assistance in meeting loan repayments on a more or less regular basis. Thus, the peer support function appears to work well for those like-minded women who are able to obtain a first loan.

Among women who did not attend the VO meetings, the main constraints were sickness, time constraints (including the time needed to get to meetings if not located close to home), the feeling that there was no pressing reason to attend, or the fact that someone else made the monthly savings deposit on their behalf (typically a male adult or a friend in the group). In other words, the VO meetings were mainly seen as the fulfilling the savings function, not as a forum for useful discussion.

Where *Gram Shoba* meetings are concerned, a sizeable number of respondents (between 25 and 50 percent of the total) noted that no such meetings took place. Of those who did attend meetings, 63 percent of women in the 'food aid/savings' category report that such meetings made no difference to them at all. Those who reported a 'positive difference' in their lives as a result come overwhelmingly from those who engaged in IGA activities or were full participants (becoming NGO members).

In this regard, it should be pointed out that membership of VOs does not imply an equal status for all women. A 'group leader' is identified by BRAC staff based on a woman's apparent mental agility and certain social standing. The leader then helps in identifying a treasurer and secretary—again both likely to have above average human and social capital. As Husain (1998) puts it, "usually members of the management committee of VOs are selected from among those who have free time to devote to VO functioning activities, have management skills, and who are respected." This means that 'ordinary' VO members can either be assisted in overcoming their constraints, or they can be led to feel side-lined or pressurized to meet high savings and attendance standards set by those who are more able to save and attend.



Differences can be observed in terms of human capital and participation. Women who were VO presidents or held another elected position in the VO were more likely to have higher literacy, numeracy and signing skills than women who were general VO members. In fact, 100 percent of the group leaders, 61 of the secretaries, and 80 percent of the treasurers were numerate, as opposed to 67 percent of the general members. Forty percent of both group leaders and treasurers were literate – compared to a 20 percent nationwide average (Preliminary Census, 1991). By contrast, only ten percent of the general members demonstrated this aptitude. VO leadership was also far more likely to be active in group meetings (as their position dictates) and were similarly more likely to participate fully in all components of the programme; all group leaders interviewed had started an IGA, and 80 percent had continued with BRAC at the cycle end. Strikingly, only ten percent of the general members had the same success.

This is important since Husain's (1998) study shows also that, "most of the successful members are involved in the management of the VO as president, secretary, cashier or small group leader." In other words, prior confidence and standing represent springboards for success in the programme. When asked what difference the issues-based meetings had made in their life, 73 percent of respondents said it had made a positive contribution versus 27 percent reporting a negative, or no, difference. Of those saying it had made a positive difference, more than 68 percent were women who had become involved in taking a loan, starting an IGA or becoming a full NGO member—fifty-nine percent of the women who had taken food aid and training only felt no help by such 'empowering' events.

#### 4.5 Wheat rations

For the duration of the 18 month participation cycle women are eligible to receive 30 kg of wheat per month, a distribution organized at the UP level. When asked outright whether the offer of 18 months of food aid was their main reason for participating in IGVD, a full 92 percent responded affirmatively, a response that was distributed more or less equally across participation categories. Given the nature the programme and its goals, that number is extremely large. However, it implies that the majority of the women entered the programme with wheat as the primary draw, but after embarking on the programme path found they were more enticed, or more able, to remain engaged. Only 36 percent of women who joined the programme because of the opportunities offered by wheat ceased to participate after fulfilling their original intentions. Either they faced constraints too large to change their intentions even if they wanted to, or they made shrewd use of the resource while it was available, deciding that the costs of participation in other programme activities outweighed the benefits.

For example, one woman who was used to migrating to Dhaka for work as a maid for large parts of each year made a deal with the UP chairman. She left her village (never attended any training), while the chairman held her portion of the food aid rations and made the regular savings deposit on her behalf. When she returned 10 months later the chairman gave her Tk 1600 in cash (an agreed amount less than the value of the food aid), plus the lump sum of the savings made. She did not take a loan or seek to become an NGO member since she had no interest in long-term habitation in the village.

The average amount of wheat received each month was reported as 23.5 Kg. Of this amount, the totality was consumed in around one third of the participating households. A few participants shared the food with others, or gave it to pay off debt, but in most cases at least some of the ration was sold (Table 4). Whether sales were regular (every month) or less frequent differed little by category of programme participation; roughly one third of households in most groups were consuming the wheat, while roughly two thirds were selling at least part of it for a narrow range of purposes.

A few households made wheat sales in order to purchase non-grain foods, medicines, or to pay off other non-IGVGD loans (usually to villages money-lenders). Very few sold the wheat to meet dowry demands, school expenses or to purchase clothing. By contrast, the top two reasons for selling the wheat were a) to purchase rice—the main and preferred staple grain in Bangladesh—and, b) to meet the monthly savings requirement. In other words, food aid was converted into a food of choice or recycled into the project in the form of a savings deposit.

All women who received food aid also made savings. Thus, it appears that food aid was seen partly as an immediate supplement to food consumption (most claimed that the wheat provided a net addition to, rather than a substitute for, other foods), and partly as a means of getting the cash needed to maintain regular participation in the programme.

The large reported shortfall in the wheat ration was either diverted somewhere prior to its arrival at the distribution point, or was ultimately used to assuage other poor women that congregate outside the UP office, hoping for a share of the benefit. Given the political channels through which the wheat is distributed, it is not surprising the pressures on local leaders to satisfy as much of their constituency as possible with this valuable resource. Reports from Gaibandha district suggested that, the more influential the woman (or her family), the more likely she is to receive a full, or even excess ration. For the remainder of women who must absorb the deficit, they are disempowered to change their situation; there is no scale at the distribution points with which to confirm the ration weight upon receipt. Some women reported having their VGD card taken away for another woman only months into the cycle, and still other women were forced to share a VGD card (and the wheat ration it commands) with at least one other person.

What does this shortfall imply in terms of programme participation? The data show that collecting wheat and making savings is the common denominator among women in the programme; the wheat ration represents an immediate and valuable resource that few could afford to pass up, and hardly any would curtail their participation in this component due to less than appropriate supply. Though not yet tested econometrically, there is the possibility however that: a) those receiving less than the prescribed amount of wheat have a smaller resource pool from which to finance their participation in other programme activities and b) the resultant lack of trust between beneficiary and programme managers carries over into other programme components, inculcating them with a certain amount of doubt that they will be treated appropriately when participating in far riskier aspects of the programme.

Table 4. Uses of food rations as reported by sample IGVD households, by participation category

	Food Aid +Savings	Food Aid +Savings +Training	1 <sup>st</sup> Loan	IGA +NGO	Full Participant
(Percent of Households)					
Consumed all	33	24	13	24	41
Gave to others	00	00	07	00	02
Other	00	04	00	00	00
<i>Sold/Exchanged it:</i>	67	72	80	76	57
Every time	31	28	37	26	30
Often/At times	26	34	30	36	18
Rarely	10	10	13	14	09
<i>If sold, used for:</i>					
Rice purchase	65	63	75	70	77
Other food	08	09	00	05	03
Medicines	01	02	04	01	00
IGVD loan	00	00	04	02	03
IGVD Savings	23	17	04	10	10
Other debt	00	02	00	02	00

Source: Tufts University/DATA/WFP survey, 2001

#### 4.6 Savings

The lack of non-programme sources of cash income was indeed a commonly-cited constraint to full participation. The savings mobilization dimension of IGVDG is important in that it seeks to train women to set themselves fiscal goals, encourage regular savings behaviour, provide a lump sum for investment in income generating activities at the end of the 18 month cycle, and ideally promote continued private savings mobilization into the future.

While all women made savings of some kind Tables 7 and 8 indicate that their experiences with this component of the programme differed significantly across participation categories. Few of the food aid/savings group made monthly savings in excess of the Tk 25 minimum (only 13 percent) compared with more than half of the women who took a loan (Table 5). Interestingly, while most women tried to withdraw their savings at the end of the cycle (although not all succeeded for a variety of mainly bureaucratic reasons), this was not the case for participants with continuing membership of the NGO.<sup>12</sup> In other words, those who continue with BRAC are more likely to continue saving, an association that works in both directions (those who cannot continue saving are least likely to ever become an NGO full member).

That many women have difficulty even in making minimal savings was a commonly cited drawback of the programme. Table 5 indicates that for households in the first two participation categories the lump sum of savings is merely used to purchase food (or payback loans taken for consumption smoothing during the 18 month cycle). The use of savings for food purchase was even reported by a quarter of the ‘full participation’ households. The second most common use of savings was to repay the loan taken from IGVDG—another arguably less than productive recycling of resources within the programme. The ‘other’ category is rather large because savings were also used for investment into IGAs (whether or not started with an IGVDG loan). Indeed, a number of women reported that they were pressurized by programme staff to withdraw savings, when they did not intend to, for the purpose of seeds from BRAC (for vegetable gardening IGAs), new chicks (when a batch had died within the poultry IGA), or nutrient supplements for young calves. A number of women claim that they were told that they could not withdraw their savings unless a share of them were used to purchase IGA inputs from BRAC. And still other women, who had made savings with the UP, reported not receiving any money back at the end of the cycle or receiving less than their amount due.

The main reasons for missing a monthly payment (which happened for most households *except* those who took loans) were sickness (preventing work and therefore income), having the VGD card revoked, and a lack of cash flow.

Sickness is a real concern given Resal’s (2001) point that a single bout of serious illness can compromise a woman’s net income by 40 percent in any one month. Of course it is not only the participant’s illness that can have an effect, but illness of family members play a role too. This factor, plus the dangers of flood-related morbidity and mortality, reflects serious risks to any

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<sup>12</sup> According to Resal (2001) savings are sometimes not accessible to the saver until a first loan has been taken and fully repaid; a form of indirect pressure aimed at increasing full programme participation.

Table 5. Women's savings experiences, by participation category

	Food Aid +Savings	Food Aid +Savings +Training	1 <sup>st</sup> Loan	IGA +NGO	Full Participant
(Percent of Households)					
Ever Deposit Tk.>25	13	24	53	25	41
Withdrew savings at end of cycle?	89	95	97	91	44
<i>Use of lump savings:</i>					
Food	66	53	35	29	25
Housing	07	07	07	08	04
Health/sickness	01	05	03	05	04
Repay IGVD loan	n.a.	n.a.	38	12	33
Other debt	04	03	07	05	08
Dowry	00	03	00	02	00
Education	01	05	00	03	00
Clothing	05	07	00	05	04
Other	17	18	10	31	21

Source: Tufts University/DATA/WFP survey, 2001

n.a. = not applicable

loan-related IGA—an issue that requires attention to potential risk-buffering options by the programme, such as more flexible repayment schedules, insurance systems and catastrophic write-offs.

As mentioned in the previous section, a few women reported that they missed most savings deposits because their VGD card was taken away and transferred to another woman instead. At an early stage in the cycle, then, these women's participation was effectively terminated.

It is unfortunate that households facing difficulty meeting their monthly deposit either borrowed cash (sometimes repaid later from the savings deposit), and either sold food (mainly food aid) or purchased less food to make up the difference. The potentially negative net impact on household food security results from the need to obtain rations in the context of savings conditionality. This highlights the drama of women who are forced to juggle potential sources of assistance (including borrowing from friends or money lenders) in their struggle to meet food needs.

#### 4.7 Skills Training and Building Social Awareness

Savings behaviour was only the first of the skills that women participants were expected to learn and take advantage of. Beyond the group meetings which were issues-based and dealt with social, legal and other problems, women were trained in areas of competence required to take a loan, invest it in an income generating activity, and repay the loan out of a profitable enterprise.

While all participants were expected to receive such training, Table 6 suggests that fewer than 47 percent of the women ever attended IGA training. This is partly because some husbands attended the training rather than their wives—in such cases the woman was merely a 'front' for male participation. As one participant put it, "my husband attended the training sessions—so, yes, you could say that I was there." There were other cases where women did attend training sessions offered to them at the outset of their participation, but then they died or left the village for good. The husband may have remarried and while the new wife received a loan from IGVGD she never attended any training, nor, in fact, benefited from wheat rations or savings.

However, it appears that many women were simply not offered training at all. According to Husain (1998), the training programme suffers from a backlog, such that even among BRAC members who have been in the RDP for between 12 and 47 months, more than 76 percent have yet to receive any training. By the end of 4 years of membership that share drops to 57 percent.

Fewer women do not attend what is available to them because they have no interest in it, or confidence in its value. Husain (1998) reported that 18 percent of sample BRAC trainees said that the training was useless to them. In the current sample, the share reporting the training to be "useless" *after* receiving it was only 9 percent, and most of those were not women who finally took loans and invested in an IGA. Reasons given for not thinking the training to be "very useful" were due mainly to women's perception that they could never turn what they learned in training into a profitable endeavour due to cash constraints, old-age and sickness, or lack of social capital and self-confidence.

However, 68 percent who did receive training reported that, afterwards, they felt confident that they could start their own business and be successful, and 70 percent also said that they did plan to start an IGA. Of these women who had plans to start an IGA after training, 65 percent followed through with their intentions. Interestingly, 89 percent of these women reported that their attitude towards starting an IGA, formerly negative, changed after they received training. This figure compares with 19 percent who reported feeling uncertain or unhappy about the skills that they had been taught, with only 10 percent claiming that, after training, they *knew* that they did *not* want to start an IGA.

The fact that so few women are gaining access to the required skills training should be an issue of great concern to the programme. As much of the problem relates to supply constraints (local difficulties in making training available), this calls for much greater attention to the timetable of training in the programme cycle. If women do not get any training (or training early enough) within an 18 month cycle there is little chance of persuading unconvinced women of the value of the loan/IGA component in time for them to succeed with it.

It also suggests a need for scrutiny of the content and delivery of training packages. The training is narrowly focused on technical and logistical skills required in, for example, the raising of poultry (more than two thirds of participants have training in poultry, another 21 percent focus on small ruminant production). If these are *a priori* domains in which very poor women have little interest a vicious cycle is set in place that reinforces the prejudices, and the goal of selective participation, held by those women.

This should not, of course, detract from the benefits offered by the less technical training sessions on social awareness and in terms of human capital development. Literacy and numeracy skills improve with time (especially for those women who continue through the cycle and become full NGO members).<sup>13</sup> A sense of greater fulfilment or ‘consciousness’ was reported by many women as a benefit of participation. Roughly one in five women reported that they sought some form of progress in their lives (*ettu ayunnoti korchi*) and that the program was their best chance of getting it; this response rate applied to households whether in the highest or the lowest expenditure group. Social and political awareness certainly increase and program activities bring women out of the home to interact with other women *and* with men. They are more likely to engage in new non-farm income earning activities, and they gain increased exposure to economic, legal and political concerns. While not assessed here, BRAC reports that involvement appears to act as a change agent in reducing women’s dependence on their husbands and other male kin. As Husain (1998) puts it, substantial changes are achieved in terms of facilitating “material, perceptual and relational/power pathways to empowerment, both at the individual and familial levels.

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<sup>13</sup> The reverse correlation also applies in that women with greater potential to succeed (with a greater *a priori* stock of human capital) are more likely to complete the entire IGVDG cycle and continue on as NGO members. In other words, there is a mutually reinforcing synergy between individual’s who possess skills and the institutions that offer skills training.

Table 6. Training participation among sample IGVGD women, by participation category

	Food Aid +Savings	Food Aid +Savings +Training	1 <sup>st</sup> Loan	IGA +NGO	Full Participant
(Percent of Households)					
<i>Attended:</i>					
BRAC orientation	26	74	60	70	83
IGA training	n.a.	100	40	72	100
<i>Value of Training:</i>					
Very Useful	n.a.	47	08	47	56
Somewhat	n.a.	36	58	49	43
Useless	n.a.	18	33	04	02
<i>Post-Training IGA Knowledge</i>					
Understood Most	n.a.	64	58	78	78
Understood Somewhat	n.a.	23	17	19	19
Understood little	n.a.	12	25	03	04
<i>Post-training IGA Attitude</i>					
Wanted to start IGA	n.a.	53	42	82	87
Uncertain	n.a.	25	42	14	09
Did not want to start IGA	n.a.	22	17	01	04

Source: Tufts University/DATA/WFP survey, 2001

Note: n.a. means 'not applicable'.



#### 4.8 Micro-Credit

Access to micro-credit affects household welfare outcomes through one or more of 3 pathways (Zeller et. al. 1997; Diagne and Zeller 2001):

- Alleviation of capital constraints for productive activities (such as IGAs)
- Increasing household risk-bearing ability (a buffer to chance and crises)
- Consumption smoothing (access to one set of resources can off-set or generate multipliers in other areas, enhancing the net productivity of household labour)

As noted by Pinstrup-Anderson (2001), “the poor in developing countries (and elsewhere) [are] essentially shut out of credit and savings services...In some quarters micro-credit is now seen as the solution to poverty.” It is for these reasons that IGVGD puts great stock into increasing the access of ultra poor women to lines of credit offered without the usual collateral requirements. The target of first loan distribution in the 1998/99 cycle was set at 83 percent of women. As Sparrey (2001) found, “the actual loan disbursement for the cycle was considerably lower” than the target; that is, less than 20 percent of his sampled households had taken at least one loan.

Among women who took at least one loan from IGVGD the default rate was less than 8 percent and the overall picture is one of considerable success. Table 7 shows that where women invested in an IGA, it tended to be in an activity for which they were trained—mainly poultry and livestock production—or else for lending money to others. It appears that the programme has generated a certain degree of ‘forward lending’, which in, a context of credit constraint, may well be a lucrative income generating activity in itself. To whom such loans were made and on under what conditions remains to be explored.

An important number of loans were also used for non-IGA activities such as purchasing food, repairing/upgrading homes destroyed by the 1998 floods, and purchasing assets (such as land or livestock). That loans were spent outside of programme activities is not alarming in itself. As Rahman and Khandker (2000) point out, “micro finance aims at replacing the borrowing of the poor from high-cost informal sources when formal credit is beyond their reach.” Thus, if IGVGD loans serve the purpose of consumption smoothing or risk-bearing then other potential multipliers should be expected. As more women observe the demonstrated effects of loan taking the programme should be able to increase its reach beyond households already able to take risks.

Indeed, repayment rates were relatively high and stable (Table 8). Where difficulties arose in repaying loans this was usually because of a cash constraint (and the little cash available was needed to purchase food), because the IGA failed and that income flow had dried up (or never even started), or due to sickness. When difficulties were encountered it was commonly reported that NGO staff were annoyed and that some sought to apply pressure to sell personal assets (mainly livestock) be sold to make good the loan.

Perhaps more serious than the use of loans for non-IGA purposes is the fact that so few women take a loan for *any* purpose (given that the loan component is a signature element of the programme and the key to jumpstarting women’s ascent from ultra-poverty). According to

Table 7. Purpose of first IGVGD loan, by participation category\*

	1 <sup>st</sup> Loan	IGA +NGO	Full Participant
	(Percent of households)		
Mean Loan (taka)	2283	2452	2544
<i>Use of First Loan</i>			
Poultry activities**	00	21	35
Livestock activities	00	13	09
Vegetable activities	00	00	02
Productive Assets	06	08	04
Food	07	09	02
Home Repair	03	07	06
Trading	20	09	13
Loans to Others	23	07	11

Source: Tufts University/DATA/WFP survey, 2001

\* Only 3 participation categories are reported here since the ‘food aid + savings’ and the ‘food aid/savings +training’ groups did not take any loans.

\*\* The activities reported under the ‘1<sup>st</sup> loan’ column refer to income-generated activities outside of the project context (without IGVGD support); activities reported under the ‘IGA/NGO’ and ‘Full Participant’ columns refer mainly to IGVGD-supported IGAs but may relate to some non project-based activities as well.

Table 8. IGVGD loan repayment experience, by participation category

	1 <sup>st</sup> Loan	IGA +NGO	Full Participant
	(Percent of households)		
Fully repaid? (%yes)	100	98	94*
<i>If not, why not?</i>			
Sickness	00	00	13
No Cash income	00	33	25
Needed Cash for Food	00	33	38
IGA failed	00	00	25

Source: Tufts University/DATA/WFP survey, 2001

\* By the time a woman has become a full member of BRAC she will typically have taken more than one loan (up to 4)—repayment rates appear to slip somewhat in subsequent loan rounds.

Rahmans' (2000) analysis of households withdrawing from micro credit schemes in Bangladesh 25 percent did so because they could not meet the repayment schedule, and roughly the same share left the area (desired seasonal labour mobility being a factor in any household's decision to commit to an 18 month programme cycle). Other factors were resistance from relatives, an inability to participate in training and meetings and a lack of cash.

In the current study, by far the main reason for not wanting a loan was fear, or aversion, to debt. Around 83 percent of women across all relevant categories weighed the perceived costs and benefits of loan taking, and felt that utilizing this programme service was not in their best interest due to the added burdens, and perceived consequences of being in debt (Table 9). When the additional responses, "repayment constraints" and "other debts to pay" are considered as well, up to 98 percent of women who did not want to take a loan made that decision due to concerns about debt management.

Thus, what programme managers consider to be an almost cost-free developmental resource many women regard as a potentially dangerous source of indebtedness. Their concerns focus on the very small and uncertain flow of cash income that they can use to repay a loan even in good years, the risk that any IGA may not be profitable, and the risk of a natural disaster wiping out any such fixed investment—but not wiping out the debt.

In all likelihood, these women are acting rationally, though their fears may be further fanned by the negative experiences of other IGVD women who shouldered the debt only to regret it later on. For instance, several women who spoke about their fear of loans relayed stories of friends or neighbours who had been through the experience and suffered for it, either due to unpleasant treatment by relevant NGO officials, stress and worry of making repayments, or, in a small number of cases, forced seizure and sale of their household assets by the participating NGO. Though not yet tested empirically, this potentially powerful demonstration effect may be one determinant of the upazila-level differences in loan participation discussed previously. And, if demand-suppressing behaviour dissemination is as strong as it appears to be, then the converse may also be true; those women who are exposed to the "positive deviants", or those that successfully participate against the odds, may be more likely to follow suit, adopting the same pathway with full confidence that they will manage a net gain.

On the other hand, about 13 percent of women decided that they wanted a loan, but for a variety of reasons were unable to obtain one. Though the responses range by participation category, a staggering percentage of women claimed they did not know that a loan could be made available to them. Even more concerning is the nearly 57 percent in one category and 50 percent in another (Table 9) that claim they were denied a loan. Neither result is unexpected. Rahman (2000) highlights some of the conflicts that arise from competing agendas of micro-credit institutions and the ultra-poor that may constrain the supply of services. At the institutional level, the pressures on MFIs for financial solvency prioritises increasing coverage and maintaining high repayment rates. The cost of the extra time and effort required to motivate the ultra-poor to participate may in itself dissuade MFIs from trying to reach those people at the margins. Even where institutions such as BRAC have official policies of targeting the ultra-poor,

Table 9. Reasons why some women did not *want* and did not take an IGVGD loan, by participation category

	Food Aid +Savings	Food Aid +Savings +Training	1 <sup>st</sup> Loan	IGA +NGO	Full Participant
(Percent of Households)					
<i>Reasons for not wanting a loan:</i>					
Fear of debt	83	84	n.a.	83	n.a.
Repayment	08	08	n.a.	03	n.a.
Constraints					
No IGA plans	02	00	n.a.	00	n.a.
Other debts to pay	01	05	n.a.	04	n.a.
Didn't understand	05	02	n.a.	00	n.a.
Didn't need it	01	00	n.a.	03	n.a.
<i>Reasons for not taking a Loan:</i>					
Not given one	23	57	n.a.	50	n.a.
Did not know available	69	14	n.a.	25	n.a.
No Confidence	03	07	n.a.	06	n.a.
Other Constraints	00	14	n.a.	06	n.a.

Source: Tufts University/DATA/WFP survey, 2001

field level staff may be biased against them so as not to fall behind in their individual coverage targets.

Thus, demand and supply constraints play off each other in a chicken and egg exchange. Whether it is the NGO disinterest, lack of motivation, and sometimes obstruction to extending loans to ultra-poor women that result in low levels of demand, or the converse, it is difficult to tell. Either way, it is not surprising then that only 7 percent of all sampled women took more than one loan, a step that involved repayment beyond the duration of the 18 month programme. Of these women, most used the additional loan for expanding the IGA activity or for paying down other debt, some of which includes paying off the first loan.

#### 4.9 Income diversification (IGA)

As its name suggests one of the prime objectives of the IGVGD (and BRAC's activities more generally), is to "create employment for its members by involving them in some income generating activities." (Halder 1998a) The many previous studies focused on IGA impacts broadly agree on positive (often significant) links between IGA involvement and increases in household income (although endogeneity concerns remain in many cases), measures of women's empowerment, fertility control and increased food security (Schuler et. al. 1997; Husain 1998; Khandker 1998; HKI 2000).<sup>14</sup>

Only 37 percent of the households in the present sample took a first loan used to initiate an IGA. This finding concurs with Resal (2001) and DWA/WFP (2000), both of which found that fewer than 50 percent of VGD cardholders start an IGA during the VGD cycle.

Of those who did engage in IGA work one third claimed that they were able to choose which activity to receive training on; the rest state that they were told by BRAC what they should do. This of course raises questions about the appropriateness of such a decision by NGO staff and women's resultant commitment levels. The bulk of IGAs (89 percent) related to poultry rearing (in most cases modern hybrid varieties), small livestock rearing (6 percent) and vegetable production and marketing (2 percent).

There are two issues that require close attention. On the one hand, why did more than two thirds of the women choose *not* to start up an IGA? Tables 10 and 11 suggest that the single most important constraint to IGA start up is a woman's lack of confidence/fear of debt. Across male and female headed households, and highest and lowest expenditure categories the responses were alike: too risky, too afraid, not interested.

On the other hand, of those who did start an IGA, why do so few continue earning an IGA income in 2001? According to HKI's (2000) report, "none of the participating VGD women reported earning income from the...activities for which they had received training as part of the programme." In the present survey the share of women still working in their IGA during 2001

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<sup>14</sup> Even Morduch (1999), who has challenged some of the positive findings, agrees that micro credit can help in smoothing consumption for poorest women.

Table 10. IGA experience, by IGA Activity

	Poultry	Livestock	Vegetables	Other
	(Percent of households)			
Operational Difficulties (% Yes)	72	60	00	100
<i>Management Difficulties</i>				
Production failure	42	44	00	00
Market constraint	00	00	00	17
Input access constraints	18	00	00	33
Time constraint	06	11	00	00
Flood	22	22	00	50
Lacking "Know-how"	12	22	00	00
<i>Technical Support</i>				
Always available	06	07	25	00
Sometimes available	11	13	00	17
Never available	47	33	00	33
Never sought	37	47	75	50

Source: Tufts University/DATA/WFP survey, 2001

Table 11. IGA problems, by gender of household head and expenditure tercile

	Gender of Household Head		Expenditure Tercile	
	Male	Female	Lowest	Highest
(Percent of households)				
<i>Did not start IGA:</i>				
Lack training	05	09	08	05
Didn't understand how	08	05	10	04
Afraid to try	09	16	10	13
Husband opposed	03	02	03	01
1998 flood	02	03	02	03
Loan too small	01	08	00	01
Too Risky	17	17	19	15
No interest	29	20	21	32
Other	18	10	13	13
<i>Difficulties with IGA:</i>				
Supplies too costly	13	13	15	15
Lack training	00	00	00	00
Illiteracy/didn't understand	13	06	08	17
No inputs available	09	00	13	02
Input failure	31	49	23	39
No market	00	00	00	00
No time	01	06	06	02
1998 flood	26	19	27	20
Other	07	07	08	04

Source: Tufts University/DATA/WFP survey, 2001



was above zero, but not much: a mere 1.5 percent.

The extremely high withdrawal rate seems to reflect problems both on the participant's side and on the side of technical and economic support. On the side of the women themselves, 11 percent noted their lack of understanding of the technical aspects of starting an IGA. However, many more women blame issues of technical and economic failure. For example, women were constrained in purchasing the necessary supplies to keep the IGA functional, possibly because of the dual demands of repaying the loan and purchasing inputs before they have a chance to establish the fledgling industry and turn a profit. Of those women facing difficulties, the largest percentage of women across all categories claimed that faulty inputs was the main cause. This response refers primarily to problems of illness and premature death among BRAC chicks.

The role of the 1998 floods, which caused widespread damage in the country, was found to have a fairly significant impact in the survey locations. While only 3 percent of the participants who did not start an IGA blamed the flood for their decision, 24 percent of those who cited difficulties with their IGA attributed them directly to flood damage. A further 47 percent claimed that their IGA was "flood affected", the majority of the problems were reported to stem from the flood waters themselves, along with severe after-effects that impacted the health of the IGA poultry and livestock. So while the flood did not play a large role in constraining women from taking up an IGA activity, it certainly affected the long-term viability and productivity of the operation.

It could also be argued that a natural disaster on such a massive scale could have important indirect effects. These might have been felt through input shortages, constrained market demand, price increases, and a diversion of technical assistance away from 'development' activities towards relief, if only for a relatively short time). Beyond the flood, there appear to have been common difficulties in terms of periodic supply problems, and profit flows coming in too slowly to rely on for loan repayments .

For example, if credit is taken in order to purchase a calf the loan has to be repaid within 50 weeks although income from selling dairy products (or the adult animal) do not come on-stream for well over a year. What is more, most IGAs are only set up towards the end of the 18 month programme cycle which limits the opportunities for making loan repayments from IGA income within the 18 months. As a result, if the IGA falters after the period of food aid support repayments have to be covered by income from sources other than the IGA.

When asked (in 2001) about sources of cash income, roughly 50 percent of all sampled participants reported involvement in agriculture (excluding any agriculture-based IGAs set up within IGVGD). Another 27 percent derive income from service work (including house-maids, laundry work, child minders), 10 percent are involved in artisanal activity (such as pottery, tailoring, weaving), and 10 percent rely on manual daily labour.<sup>15</sup> In other words, the 1.5 percent of women who continue to derive any income from IGAs (down from the 10 percent who started one) are a very much in the minority. When asked if they had started any other IGA outside of the programme after the first, only 17 percent responded positively.

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<sup>15</sup> The remainder include small numbers of professionals (teachers, midwives), and people relying on remittances from outside the village.

If income growth from non-farm diversification is to become a major source of poverty alleviation within the IGVDG it becomes clear that attention has to be paid not only to the motivational (confidence building) aspect of training exercises, but also to, a) the appropriateness of the conventional portfolio of IGAs on offer to most women, b) the attractiveness of existing IGA options to ultra poor women in particular, and c) the real-world viability of most micro-activities in locations that face the covariate risks of high vulnerability to crises and low effective demand. It appears that the emphasis has been much greater in programme activities on overcoming social barriers (*critical* in itself) than on assessing and circumventing market, climatic and fiscal risks. Without the latter, the former can only go so far—a view that is apparently held by many of the women themselves.

#### 4.10 Continued NGO Membership

Given the foregoing it is not surprising to find that few women from the 1998/99 cycle still retain membership of BRAC or any other NGO. Table 12 shows that only 32 percent of general VO members continued with full membership; ordinary members were much less likely to see the benefit than were the management cadre. Asked the reason for discontinued involvement, 23 percent of members said it was because the food ration had ended. Another 15 percent said that they did not have enough training or skills to continue, and 19 percent claimed, more generally, that the programme was not beneficial. Given that so few women (in fact none at all) entered into the programme with a view to becoming a full NGO member this outcome is perhaps not so surprising. The more immediate concerns and attractions of IGVDG are clearly related to its resources and services rather than to potential benefits down the road.

#### 4.11 Benefits of Participation in the 1998/99 Cycle

Since so few households a) participated in all aspects of the IGVDG cycle (only 9 percent), or b) continued to be members of BRAC since the cycle ended (34 percent), were there any lasting benefits for any of the other households? The answer is a qualified, yes. While more than two thirds of programme participants did not ‘graduate’ according to many conventional criteria there were both material and less tangible gains to less than full participation, although in the absence of longitudinal data these are not always easy to document.

For example, we cannot here examine changes in expenditure or food consumption over time. It is, however, worth noting that the share of total household expenditure on food does not differ significantly across participation categories. Ranging from 65 to 70 percent, all of the households in the sample remain very poor and food insecure by conventional parameters.

Table 12. Continued membership of NGO activities, by VO membership status

	Member	Leader	Secretary	Treasurer
	(Percent of households)			
<i>Joined RDP (% yes)</i>	32	100	100	60
<i>Reason?</i>				
To continue what had started	16	10	33	33
To earn more	52	70	67	33
To continue with group activities	00	00	00	33
More progress	08	20	00	00
NGO officials convinced	01	00	00	00
Other	23	00	00	00
<i>Why not? (Why not joined)</i>				
Was not beneficial	19	n.a.	n.a.	50
Not enough training/capacity	15	n.a.	n.a.	50
Joined other NGO instead	02	n.a.	n.a.	00
Husband against it	04	n.a.	n.a.	00
Enough benefit already	01	n.a.	n.a.	00
Peers not joining	04	n.a.	n.a.	00
Too busy	03	n.a.	n.a.	00
Food ration discontinued	23	n.a.	n.a.	00
Not eligible/allowed to continue	03	n.a.	n.a.	00
Other	27	n.a.	n.a.	00

Source: Tufts University/DATA/WFP survey, 2001

In terms of material items there was a similar distribution in the change in asset base across all categories of participants between the pre-cycle period and 2001. Major asset holdings (which was calculated to include such items as tin roofs, sewing machines, jewellery, rickshaws, and threshing mills) increased proportionately and significantly among all groups, as did the total number of owned assets. Slight and mostly insignificant decreases in poultry and other small livestock holdings were reported across most groups during the same period. But the analysis was unable to control for household size, and thus observed increases in assets may be influenced by natural household expansion between the pre-cycle period and present. Additionally, the present analysis does not consider the dynamics of asset gain and loss throughout and directly after the programme cycle. For example, whether some categories of participants suffered losses during the 1998 flood – and managed a disproportionately better recovery -- remains to be explored. At present, because all households experienced a similar rise in asset holdings, it is difficult to attribute any of these changes to the effects of differential participation in the project.

Where less tangible changes are concerned, one must look to the domains of personal motivation, satisfaction and confidence among women already mentioned above. However, a domain of non material benefits not yet discussed includes the potential effects of participation on changes in decision-making responsibility within the household. Table 13 shows that when asked about their role in making common household decisions, such as purchasing food and deciding how to manage education expenses for the children, most women reported that very little had changed during the period of the programme. Most decisions appeared to be shared jointly by husband and wife (where applicable), and women took the lead in the realm of voting participation, not in credit and savings decisions as may be expected under the programme. The largest change in decision-making power was, in fact, in the realm of savings and credit, where more male and females teamed up to manage their investments after the programme than before.

Again, a woman's prior confidence and standing before joining the programme seemed to influence her net personal gains (Table 14). Though women across all participation categories said they had more confidence after the programme than before, women who participated more fully not only had higher levels of confidence to begin with but also experienced greater increases. Women who participated more fully in the programme also reported greater positive changes in the availability of supportive social capital.

The data in Table 15 also supports the notion that for those who participate in more components of the programme, their quality of life is better than before they were introduced to IGVD. This pattern is apparent: 24 percent women who collected food aid and made savings said that, "life is better now" compared to fifty-four percent of women who managed to take advantage of all the programme services. When asked to explain their answers, a resounding majority said that after the programme they could provide more food for their families than before. Apparently those who took only food aid shared the same type of self-defined success, though to a lesser degree, than those who "went all the way".

Table 13. Changes in intrahousehold decision making: “Who took most decisions regarding...?”

	<u>Husband alone</u>		<u>Woman alone</u>		<u>Shared Decisions</u>	
	Before	After	Before	After	Before	After
	(Percent of positive responses)					
Food Purchasing	14	12	24	25	62	63
Child’s Education	15	14	27	28	58	59
Health Expenditure	15	13	28	28	57	59
Non-food Spending	15	14	27	27	58	59
Voting	29	26	39	40	32	34
Credit	12	09	29	27	59	63
Savings	10	07	32	29	58	64

Source: Tufts University/DATA/WFP survey, 2001

Table 14. Self-reported changes in women's confidence and motivation (1997-2001), by participation category

	Food Aid +Savings	Food Aid +Savings +Training	1 <sup>st</sup> Loan	IGA +NGO	Full Participant
(Percent of <u>positive</u> responses)					
<i>Before IGVGD</i>					
Confidence in public	56	65	70	72	72
Would be VO leader	06	14	20	24	21
Unsupportive adult male	03	00	00	02	00
Supportive social capital	91	86	83	84	87
<i>After IGVGD</i>					
Confidence in public	62	78	80	81	91
Would be VO leader	06	16	20	24	25
Unsupportive adult male	03	00	00	02	00
Supportive social capital	98	99	97	96	100

Source: Tufts University/DATA/WFP survey, 2001

Table 15. Self-reported changes in women's life due to the IGVGD (1997-2001), by participation category

	Food Aid +Savings	Food Aid +Savings +Training	1 <sup>st</sup> Loan	IGA +NGO	Full Participant
(Percent of positive responses)					
<i>Life is now:</i>					
Better	24	32	37	47	54
Same	57	51	47	30	33
Worse	19	17	17	24	13
<i>If Better, Why?</i>					
Able to feed family	74	70	82	48	90
Meet other basic needs	16	17	00	09	00
Run a business	03	09	00	31	07
More confidence	05	04	09	03	00
More skills	00	00	00	02	00
More income control	00	00	09	05	03
Other	03	00	00	03	00

Source: Tufts University/DATA/WFP survey, 2001

## 5. Conclusions and Programmatic Implications

Significant findings of this survey (from the analysis so far completed) are as follows:

- i. The purposive sampling adopted for this survey focused on the high degree of reported non-compliance with programme participation goals (Sparrey 2001). A majority of women selected into the IGVDG do not use *all* of the resources and services on offer, only selected elements. As a result, only a limited number engage in the micro credit, IGA activities and become full NGO members at the end of the cycle. Why is this? There are factors relating to women's perceptions and constraints and other relating to programme design and implementation.
- ii. Most 'ultra poor' women enter the IGVDG with:
  - a) Limited goals (mainly focused on short-term food consumption and income flow enhancement), and thus few expectations of proceeding beyond the food aid and savings component; (that is, a very large share do not plan to take a loan or start an IGA even from the outset;
  - b) Limited belief in the value of attending group meetings. Among the majority of ultra poor women who do *not* end up taking a loan, 80 percent do not participate in most VO or other training meetings. As a result, the likelihood that NGO staff or other VO members can convince them of the value of taking a loan for IGA work is negligible. While the programme is correctly based on a model of peer support in small groups this does not help the ultra poor if the latter are not present;
  - c) Limited confidence in the technical training offered. Many of the poorest women do not understand the content of meetings, do not find it useful to them, or have difficulties in attending (because of sickness, distance to meeting locations, and being 'too busy' making ends meet).
  - d) Lack of confidence in their own abilities. Some women consider themselves to be too old or insufficiently clever to manage a new activity even if the credit and training to do so are available. However, this group represents only 12 percent or so of participants who did not start such an activity. In other words, too much can sometimes be made of the 'need for motivation' among poorest women. In reality, IGAs hold little attraction to most participants. When women discover that the range of IGA activities on offer is severely limited (mainly to poultry rearing and livestock), many no longer attend meetings. Personal aversion to chickens is surprisingly widespread, while the ability to raise other livestock is often limited by land, previous experience, and the investment effect linked to raising animals (where a positive net income does not flow until after the cycle is already over). Many women also feel that the IGA investments are either too risky or too time-consuming, thereby limiting their interest in finding out more.



- e) Debt aversion. The women who did not take any loans rarely spoke of a lack of confidence or understanding; the overwhelming majority (around 84 percent) referred to the danger of indebtedness in an environment full of economic risks. Rahman (2000) and Resal (2001) argue that many ultra poor households “self-select themselves out of credit programmes”, mainly because they are reluctant to assume debt obligations where their lives are so fragile. The present study confirms this view: what is micro-credit to one person is disguised debt to another. The chronic lack of cash flow in poorest households is highlighted by the number who have to sell food aid to meet the monthly savings requirement. In such a context the absence of prior income-earning activities, the lack of other adult income-earners (who can provide a buffer), and the short repayment horizon all mitigate against the credit option for vulnerable households.
- iii. This being the case, attempts to raise the confidence and motivation of ultra poor women within the same 18 months as the loan/IGA cycle limits the chances of success (in terms of the programmes own goals). The IGVGD certainly makes an important impact on many of the ultra poor women’s lives. Literacy and numeracy skills improve with time (although mostly for those who continue through the cycle and become full NGO members). A sense of greater fulfilment or ‘consciousness’ was reported by many women as a genuine gain from participation. Social and political awareness certainly increase. The activities bring women out of the home to interact both with other women *and* with men. They become involved in more non-farm income earning activities than before, and they gain increased exposure to economic, legal and political concerns. The positive non-material multipliers include consumption smoothing for themselves and their families, higher likelihood of girls being sent to school, and an accumulation of some assets.
- iv. However, practical empowerment (rather than personal motivation) requires more than information and the availability of resources. It requires a clear achievement goal, few time constraints and sufficient support in the form of labour, income protection (ensuring savings and loans deposits can be made when they are due). There are limits to the extent to which the programme can simply take a successful intervention formula (the RDF approach) and link that to an improved targeting of ‘women in need.’ Many of the ultra poor are reluctant to over-extend themselves. They live in conditions where even a marginal loss of income can seriously compromise consumption and well-being. This does not suggest a need for more motivational inputs; instead, the programme needs to consider how to reduce the costs and risks of participation.
- v. Risk-taking ability (and/or crisis buffering) is an important characteristic of ‘successful’ households. Participants who took a loan are distinct from all others, including the ‘full participation’ group. The loan takers (whether or not they used the loan for an IGA) were able and willing to commit themselves to participation not with food aid as the goal, nor full membership in BRAC, but simply with a view to obtaining micro-credit--no desire to go further. For these households (few of whom are in the ultra poor category) the programme is very attractive. The women were already more confident, with above average social and human capital, holding major assets prior to joining the cycle, having

a more diversified income, and able to assume positions of management responsibility in the VOs. What is more, they were more likely than any other participation category to be married to a husband to earns an income in this own right (not an ‘invalid’).

- vi. Which brings us to men. Mustafa *et. al.* (1996) and Rahman (2000) argue that women’s involvement in (and explicit targeting by) NGO micro credit activities succeeds over time in removing men’s objections to their wives’ involvement in income-generating activities. In the current study surprisingly little evidence was found of considerable resistance and even hostility among men. On the contrary, most participating women have a husband who is also earning an income, and this appears to be a positive influence on participation by reducing participation risks and constraints. In fact, women who took a loan or became full BRAC members were significantly more likely to have an active adult male in the home than to be a lone head of household. Those husbands, fathers or adult sons who supported women’s involvement assist by,
- a) reducing time constraints (by offsetting some of the work that women would otherwise have to do),
  - b) acting as intermediaries between the woman participant and male NGO/UP staff (which often helps to resolve problems), and
  - c) economic back-up (help in meeting cash savings requirements, and actively assisting in IGA activities).
- vii. If the presence of an active male adult is a determinant of successful attainment of goals (and perhaps higher ambition due to fewer *a priori* constraints), the programme needs to reconsider its approach to men. They are perhaps not just a social or religious constraint to be circumvented, but a potential asset to be tapped in favour of women’s more effective participation. An equivalent economic and logistical input has to be identified for ultra poor women without male support to enable them to take more advantage of more of the resources on offer.
- viii. However, while the material benefits of participation are tangible (net changes in asset holdings were generally positive during the 1998/99 cycle and beyond), few women are truly ‘raised out of poverty’ by the programme. Measures of poverty (based on expenditure levels) and food insecurity (based on self-reported indicators of stress) suggest that the programme does serve as leverage for a limited number of women to make great strides forward—particularly for those not previously in the ultra poor category. These women are role models that the programme would like to replicate in large numbers. Yet, as Khandker (1998) has already argued, “less than 5 percent of borrowers can lift themselves out of poverty each year by borrowing from a micro-finance programme.” Since fewer than one third of participants even become borrowers (when eligible to do so) significant changes in poverty levels and food insecurity cannot be expected within a single programme cycle. While the programme as a whole demonstrates the value of its approach, an overly hasty desire to expand its coverage and services ignores the fact that problems at the individual level problems are entrenched. An incremental approach to problem solving requires an incremental approach to the

setting of goals and graduation criteria that accord more closely with the realities of participants themselves.

- ix. Thus, a fundamental question arises: Can the needs and goals of ultra poor women be appropriately served by means of the same institutional system that is used to address the needs of women who are merely ‘poor’? If poverty is a continuum along which there are no sharp qualitative divides then the answer may be affirmative. However, if the ultra poor are in fact structurally different from their relatively less poor neighbours, then the answer may be negative. Concurring with Resal (2001), and Haeusler (2001), the IGA component is useful for a small minority of participants, none of whom are ultra poor. While more women seek full NGO membership and credit, the utility of even these appears to be doubtful for most ultra poor women. Micro-credit, and the package of (only nominally related) services wrapped around it, is arguably *not* the silver bullet that can address the specific constraints of the most distressed women in Bangladesh—at least not in a single IGVD cycle. One-size does not, in this case, fit all.

## 6. Recommendations

Beyond effective targeting (inclusion into a pre-existing activity that was not specifically designed to cater to their needs), can ultra poor women be reached in ways that might allow them to, a) set their sights higher, and b) achieve more, in a c) shorter time?

- x. Setting sights higher (motivation). The empowerment work of BRAC is unparalleled in its scope and reach and all categories of women can benefit from the instruction, information, and motivation offered through IGVD. Yet, social empowerment (changing cultural, religious and gender norms), takes more than 18 months to achieve, especially where it relates to each participant individually. Rahman (2000) argues that “the longer time required to motivate the hard core poor to participate in [micro-credit] is a major factor that raises the administrative costs of the programme.” If Costa (1997) is correct, motivating NGO staff to put in the extra effort to motivate ultra poor women will also take more than a one-off cycle. The recent shortening of cycle periods to 18 months, and extended reach of the overall programme, are making it increasingly difficult to ensure that quality ‘empowerment’ services are reaching the ultra poor.
- xi. However, even 2 year cycles may not suffice. Getting ultra poor women to attend meetings is the first step. A food-for-training approach may be required where rations are linked to attendance regardless of any other programme component (as a means of overcoming opportunity costs). With a more regular focus on literacy and numeracy training building over several years, the more motivational and issues based discussions may take on more personal meaning.
- xii. Beyond that, a new status of ‘partial membership’ of the NGO might be considered as means of meeting the need for affiliation and peer support goals outside of a regular savings deposit forum. The social empowerment functions of BRAC could be extended to ultra poor women by de-coupling ‘graduation’ to NGO membership from the ‘full

- participation’ criterion. While this has important functional implications for the NGO (starting with a different form of two-tier membership to be established and new book keeping), there are grounds for arguing that ultra poor women, with all their risk and constraints, are best helped at the outset *not* through credit or IGA but through food substitution and social enhancement. Being singled out for attention, hearing others discuss personal problems, learning that local institutions can help on personally and political levels—all of these matter to overcoming uncertainty at a personal level.
- xiii. The other element of empowerment relates to men and local society at large. Men clearly are interested in the loan and IGA components. A ‘contract of support for women’s participation’ between male adults and BRAC might be established. In return for an agreed set of conditions aimed at ‘support of women’, as well as broader participation in, and co-opting for, training sessions focused on the importance of social change, the contract might allow men access to loans or other resources independent of those going to women.
- xiv. Achieving more. The main constraint to ultra poor women’s full participation is not a lack of latent personal abilities, but a lack of resources. The role that men already play in supporting the more successful women participants needs to be replicated via other means in order to overcome such difficulties. They need the food rations, that much is clear. For a brief 18 months they have a few meals guaranteed; the only constraint here is that food must often be sold to derived cash for the savings requirement, and the savings are not always easy to access at the end of the cycle. This does not mean that they cannot make savings—rather that the assumption should not be made that they can easily find the cash to do so. A certain flexibility in the savings component would help them (possibly including an option for repayment in-kind); not, as suggested by Resal (2001), a requirement that they save *more* each week. That would lead to greater difficulties and certainly to the sale of more food to meet payment instalments. In order to encourage greater savings where possible a matching grant approach might be adopted. The amount saved by the end of a given cycle could be returned with along with a food ration equivalent to the amount saved. This would have the benefit of allowing for the ‘lump sum’ effect to truly take hold; at present a share of the savings go to repay other loans taken during the cycle to meet food needs.
- xv. Since most of the ultra poor do not seek to take a loan or start an IGA, a greater effort might be made to identify those who do, and then focus training attention on them—with a view to overcoming their time, as opposed to resource, constraints. For those who are not interested in a loan, alternative conditions of financing and or other forms of resource transfer should be considered. One option is to seek to dove-tail other food assistance activities with IGVD, including rural labour intensive employment programmes. Food-for-work, along the lines of the Rural Maintenance Programme (a good example being Jagorani Chakra embankment reconstruction and maintenance), can generate the needed employment. While the activities would have to be carefully screened such that ultra poor women can participate and benefit, the possession of a VGD card (based on current selection criteria) would minimize administrative targeting costs. This could be a

transfer at least partially in cash as a way of complementing the food ration that would still be required.

- xvi. Another needed dimension of such a programme is an element of risk insurance. One of the most important factor restricting adoption of loans or IGA is the reality that a hurricane, flood or price hike could compromise such investments, leaving merely additional debt. A loan or IGA insurance undertaking (not only for the ultra poor) might be considered within the context of the programme (but extending beyond a single cycle). Greater flexibility in writing off of loan failures linked to catastrophic events should also be examined.
- xvii. The range of IGAs on offer also bears some scrutiny. One reason for non-adoption is the reluctance among many women to engage in poultry production. While one goal of IGAs is off-farm diversification, further attention is needed to the potential of raising existing agricultural productivity (and diversification within agriculture) through the programme. Since agriculture remains the principal income source for most participants, water control activities (embankment work, irrigation, land levelling), pisciculture in paddies, and the use of loans to rent or mortgage-in farm land might be assisted.
- xviii. Where non-farm IGAs are concerned, an emphasis might be established in seeking to generate supplementary employment for ultra poor women who are also in the programme (not just employment for the participant). In this sense group IGAs are a possibility, especially for groups of truly female-headed households. Of course this begs considerably more attention to the quality and appropriateness of training activities—arguably the weakest link in the current chain of activities.
- xix. For how long? Everything speaks to the insufficient time available for a sustainable change to be effected in the lives of ultra poor women. An integrated package achieves a great deal in 18 months, especially where some of the positive non-material benefits are concerned, but it is only a start. The fact that women are expected to only benefit from VGD card entitlements for a single cycle and then no more is a serious constraint to the effectiveness of the programme. Better would be a graduated approach. An hypothetical framework would be:
  1. Food aid, savings and social mobilization (including reading and writing) for a first 12 month phase, with retrieval of savings if desired.
  2. Food aid, savings, IGA skills training (with food-for-training built in) over 12 months. Ideally FFW and other activities would be dove-tailed in order to generate income flow.
  3. Optional loan and IGA to be repaid over 12 months.
- xx. Geographic targeting of locations with a) endemic ultra poverty, and b) potential market growth. The programme should not seek to be a universal coverage national activity if focused on the ultra poor. Over-extending in a real danger since quality of training and inputs suffer; enhancing the quality of focus on the ultra poor will carry heavy costs that have to be traded off against the goal of maximum RDP coverage. In that sense,

targeting according to the WFP food insecurity map may not be fully appropriate (something to be examined in more detail), because the component indicators included in its calculation may not be fully consistent with the characteristics of ultra poor women.

- xxi. More effective impact monitoring of both process and outcomes is required. Insufficient attention has been paid to the long-run dynamics of the programme, not just in terms of financial sustainability but in terms of longer-run net effects on targeted participants. Net outcomes cross disciplinary boundaries and need to be examined in such terms. For example, where a gain for women in one area (such as access to capital) may be off-set by losses in other areas (such as greater domestic violence or reduced intrahousehold power when an IGA fails), a clearer sense of what has been gained or lost is needed. A longitudinal approach to impact evaluations would help (re-visiting same households after several years). Impact studies also need to pay more attention to endogeneity issues. That is only possible through a more careful documentation of participant characteristics at the start of each cycle.
- xxii. These preliminary recommendations should not be read as an overall criticism of the IGVDG goals or practice. This is a surprisingly effective programme within carefully defined parameters. The focus on ultra poor women strays beyond those boundaries as originally defined. As such modifications to the existing package, or (more likely) a completely new sub-programme aimed at ultra poor women (and their spouses), have to be tackled.

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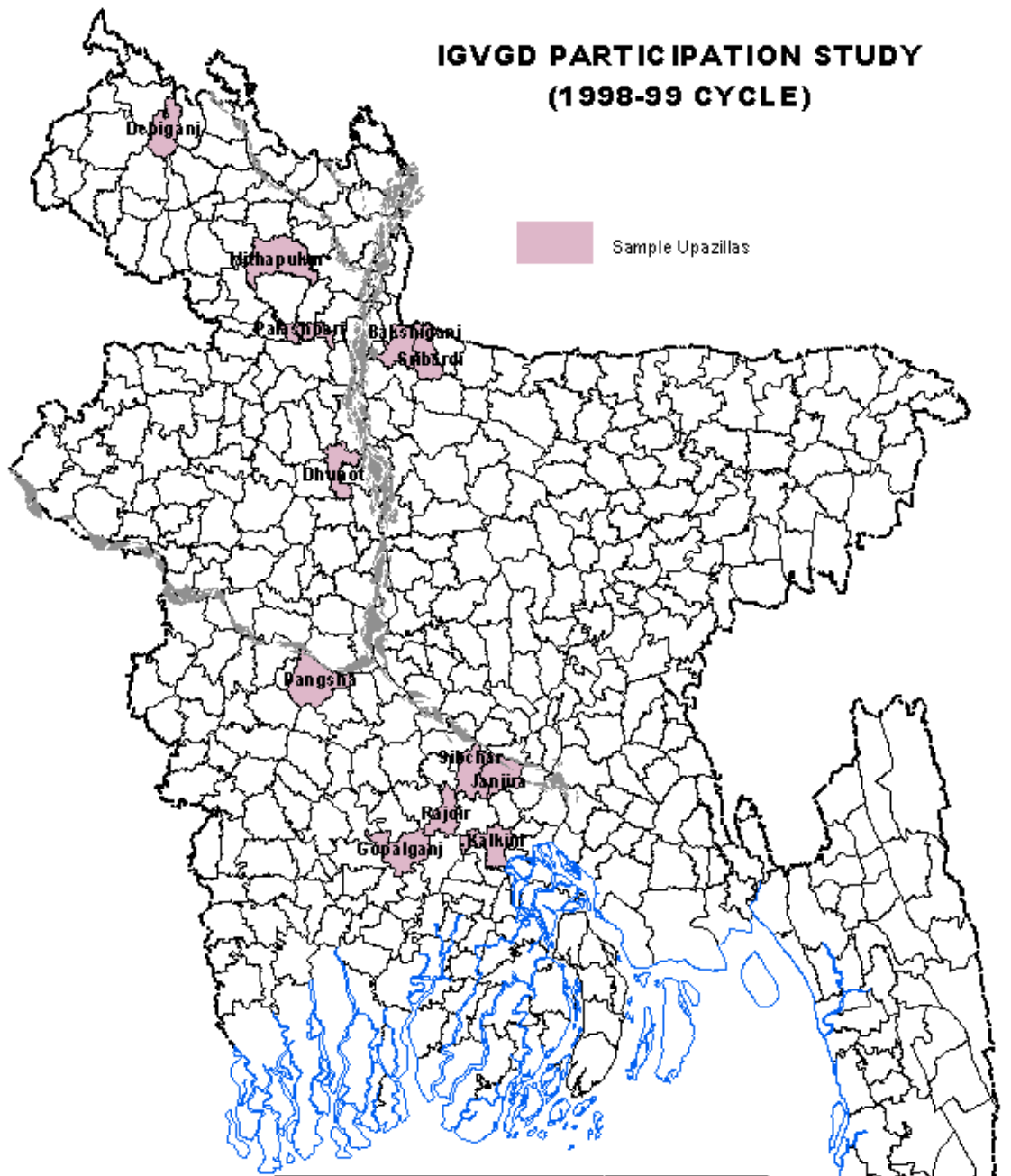


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# IGVGD PARTICIPATION STUDY (1998-99 CYCLE)



District	Upazila	Union
Sherpur	Sribardi	Tatihat
Sherpur	Sribardi	Veluia
Jamalpur	Bakshiganj	Merur Char
Gaibandha	Palashbari	Hosenpur
Gaibandha	Palashbari	Manaharpur
Rangpur	Hathapukur	Boro Hazaratpur
Panchagar	Debiganj	Debiduba
Bogra	Dhunot	Gosai Bari
Madaripur	Rajoir	Amgram
Madaripur	Kalkini	Dashar
Madaripur	Sibchar	Panoh Char
Bhariatpur	Janjira	Silaspur

**Administrative Boundary**

- International
- District
- Upazila
- Coastal
- Major Char Area



\*The boundaries and names shown and the designations used on this map do not imply official endorsement or acceptance by the United Nations.\*

Source: EGIS & UFP  
June 2001