

Lund University
Centre for East and South-East Asian Studies
Masters Programme in Asian Studies
South Asia Track
Autumn 2005
Masters Thesis

**ASSESSMENT OF THE ROLE OF MICRO-
CREDIT IN THE DEVELOPMENT OF SOCIAL
CAPITAL.**

A Field Study about Micro-credit Programme Clients in Bangladesh.

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Abstract:

The aim of the study is to investigate how does the micro-credit does, small scale loans to poor people, work in poverty alleviation and building social capital in rural Bangladesh. The major objective of the study is to show how the NGO activities help to increase women's access to micro-finance, generate new income earning opportunities, and to enhance social mobilization and create formal network, norms and trust for collective action and thus develop social capital. The empirical study is conducted in Bangladesh to assess the increase of women's economic opportunity, security and empowerment and their effect on poverty and changes in the traditional rural social structure. Based on both qualitative and quantitative survey research, the study has organized in-depth interviews and focus group discussion with the programme clients of the two NGOs in Bangladesh. The findings suggest that, micro-credit and its supportive programs have lead to a remarkable enhancement in social network formation and development, an improved status in family and community, increased mobility and to some extent also greater self-confidence and feeling of identity for the women. It also has given space to establish and strengthen social ties that reach beyond their familial networks. This process has been nurtured by NGO membership norms at the centre building. Emboldened with the awareness of self-identity beyond kinship ties, women then began to build a collective identity with an extra-familial "face to face" effective group beyond her small locality. These self-identified components of social capital have expanded each woman's life options and introduced new social opportunities for the group. Interaction at the centre has graduated into new and strengthened networks while mobility has given each woman a socially sanctioned license to move about the village and, therefore, the opportunity to call on and continue to build her networks. Perhaps, social implications of micro-credit lending system are more powerful than the economic implications. Sustainable economic and social prosperity seems to be cultivated by regular and frequent interaction and have enabled women to continue to prosper through trust and community cooperation networks long after the initial acquisition of financial capital. The collective nature of group lending NGO style has proved it's far reaching implications on rural women's ability to build social capital.

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Acknowledgements

Many people and organizations have contributed a great deal for this paper to be completed, only a few are mentioned here, but I am very grateful to all people who made this study possible. First I am grateful to my tutor Professor Staffan Lindberg of Sociology Department in Lund University who encouraged my interest and made all necessary suggestions and corrections.

In Bangladesh, I would like to thank the staff at BRAC, especially Mr. Ratan Kumar Das and Shariful Islam the managers of Hajogonj Branch for all the help they provided at the field office and in the remote villages during data collection. Mr. Masud, PO microfinance of Hajigonj branch helped me a lot during data collection, I am indebted to him. At Grameen Bank, I am grateful to Mr. Tafazzal Hossain, branch manager, of Sylhet Takerbazar Branch who with his enthusiasm, friendliness and professionalism made me consider my own position in many issues. Finally, I would like to thank all the participating women members of the organizations who shared their experiences, feelings, pains and pleasures with me and who made this study possible. Professor Nazrul Islam, Department of Sociology at Dhaka University gave me some advice and suggestions for which I am grateful to him.

In Sweden, I would like to thank Alia Ahmad at the Department of Economics, Lund University who aroused my interest for social capital and helped with material and gave suggestions. I am indebted to Kristina Jönsson of East and South East Asian Studies and Catarina Kinnvall of Political Science Department at Lund University for the formulation of methodological part of the study. Lastly I am grateful to my family and friends who has supported me in my mission and gave necessary suggestions.

1. Introduction:

Micro-credit programmes extend small loans to very poor people for self-employment projects that generate income for their survival, allowing them to care for themselves and their families. Developed over the last twenty years, micro-credit is now considered as one of the most effective tools that we have to fight poverty. It is not charity, but an investment, and to understand it we need to look at poverty in the world today.

About 1.3 billion extremely poor people struggle to live on less than \$1 a day. They are trapped in poverty so severe, that they cannot adequately feed, clothe, or shelter themselves or their families. Steady jobs and income elude the very poor. To get by, many people have to create and run their own tiny businesses or small handicraft manufacturing in the unregulated, "informal" sector. They might sell produce at the market, or shine shoes, weave mats, or bake bread. Micro-enterprises may be small, but their cumulative impact is huge: depending on the country, micro-enterprises employ an estimated 30-80 percent of the working population. (Charmes, 1992: pp 23-24). It is often said that entering into micro-credit programmes is helpful and sometimes essential as seed money to begin or to run a micro enterprise to transform the lives of helpless poor from extreme poverty to an extent of dignified self-sufficiency through.

Why is micro-credit given and said to be essential? Micro-finance institutions (MFIs) like NGOs (Non Government Organizations), other specialised financial institutions and some banks provide micro-credit in the belief that to the poorest micro entrepreneurs in the developing world, \$50 is a fortune. The hope is that they can invest that money to make their labour far more productive. For example, they might buy a used sewing machine so that they can make dresses faster than by hand-stitching. They might invest in a used refrigerator to keep the produce they sell from going bad overnight. They might buy thread for weaving in bulk, at wholesale prices, so they make more on every item. (<http://www.villagebanking.org/>)

For the last 20 years, MFIs have mushroomed, with liberal assistance from international donor agencies and have made significant progress in providing credit and savings facilities to the poor in different regions of the world. UNESCO says that,

“these services are filling an important gap in poor communities is demonstrated by very high rates of repayment and rapid growth of demand for micro-finance.” (<http://www.unesco.org/drg/mfu>.) Experience around the world has shown that micro entrepreneurs do not need subsidies and that micro-lenders cannot afford to subsidise borrowers. Low-income entrepreneurs want rapid and continued access to financial services, rather than subsidies. (<http://www.worldbank.org/cgap/note3.htm>.) This dynamism has placed micro-credit programmes a successful way of financial investment and thus both poor and the organizations are benefited.

During the last two decades, micro-credit approach has been increasingly incorporated in the development discourse. Specially the credit is given to the women and the popular belief is that women are benefited and empowered and are being acknowledged for having a productive and active role and thus it is the gateway of gaining freedom for themselves. Since the start in Bangladesh by the NGOs, in the late 1970s, it has spread all over the world and is now believed to be a successful method of poverty alleviation. Such NGO programmes have reversed conventional top down approach by creating livelihood opportunities for the poorest citizen, especially for the women who are about 94 percent of their client. In this regard, the NGOs claim that such development initiatives show people the way for breaking the cycle of poverty.

The exception is that the credit is given to use for commercial purpose, but the loans are largely used to meet daily consumption needs or in non-productive areas like housing, food or repayment of old loans etc. However, today there is an extensive debate on positive respectively negative consequences of micro-credit system and its potential to eliminate poverty; where the gap between poor and rich is increasing, people below the poverty line is accumulating its volume. Some studies find micro-credit a very successful and effective way of reaching development goals, while other acknowledge issues such as women lacking control over capital, creation of dependency for the loans and services, not reaching the poorest of the poor (Thente, 2003). Thus it is a debated issue in the recent years.

Which new for micro-credit is that the formation of a cell consisting five to eight women, and each of whom receive a loan, and member of a cell guarantee that all members of the cell will repay their own loans (McMichael; 2000: p295). This group responsibility acts as the building block of group cohesiveness and form a group in itself. In the 1990s, the World Bank has introduced structural adjustment programme

and this has forced the poor into self-employment. And here the development community is riding the micro-credit bandwagon consistent with the dominant paradigm of self-help, decentralisation, and stimulating social capital at the local level to promote community based entrepreneurship (McMichael; 2000: pp 295-296).

Besides, rural political economy of Bangladesh consists of class relation expressed through patron client hierarchies, with poor landowners sharecroppers and landless labours being class clients tied individually to patrons who might be landowners, moneylenders and employers, usually in combination.(Wood; 1994: p486)). The basic ideology that emerged over time among the initial leadership of the NGOs was that subordination of the class clients has changed and the cell group formation.

1.1 Statement of Purpose:

The study attempted here is to show whether the poor are breaking out of traditional patron-client chains or again they are in the same relationship with the NGOs, or they have developed social capital for the sustainability of their livelihood earnings. And also show whether this approach is that potential for eliminating poverty or it is not a panacea for reaching the development goals. The study is empirical, using qualitative and some quantitative methodology and my aim is to investigate its potential in the development of social capital as a precondition for their own effective action.

1.2 Key Issues: The study proposed here will focus on the effects of Micro-credit and other supportive programme of the NGOs in the development of social network, norms, trusts, and collective action in livelihood changing pattern and consecutive changes in the traditional class structure. The major focus of this study is to explore how does the micro-credit programme lead to the changes in the livelihood pattern, social mobility and form social capital for economic sustainability of the programme clients. The study will take micro-credit programmes of Grameen Bank and BRAC in Bangladesh. Such NGO programmes have reversed conventional top down approach by creating livelihood opportunities for the poorest citizen, especially for the women who are about 95 percent of their client.

1.3 Objectives of the Study:

The main objectives of the study are as follows:

- To investigate whether there has been any significant change in the traditional patron-client relationship due to NGO initiative for creating new income generating activities.
- To examine the probable changes of women empowerment due to women's access to micro-credit.
- To see whether the new and sustainable social is developed.

1.4 Specific Research Questions:

From my view, I would like to investigate focusing on the following key questions:

1. Who are the programme's clients? Who are actually using the loan?
2. What are the socio-economic characteristics of the borrowers?
3. Are clients really benefiting from participation in the programme?
4. Can they successfully use small loans to earn income?
5. Where does impact occur? For the individual? In the enterprise? In the family/household? In the community and in social structure?
6. Are the programme's products and services the right ones for these clients?

1.5 Method and Material:

The study used qualitative method to get the in-depth knowledge about the subject. This study is based on empirical material gathered during a field study in Bangladesh from October to December 2004. Two big microfinance provider NGOs BRAC (Bangladesh Rural Advancement Committee) and Grameen Bank (GB) are investigated. The method for data collection used is primarily empirical qualitative and in depth interview with the members of NGOs is the main instrument. The NGOs I investigated are very different from each other, with the social capital potential as a connecting point it is rather difficult to compare the two approaches as GB approach concentrates mostly on banking where BRAC focuses on social development through micro financing and training on social development. The field study was conducted in two different areas of Bangladesh. With BRAC, I went to Chandpur which is rather close to the capital city (Two hours south of Dhaka, the capital), comparatively a well communicated and economic affluent area. With GB I went to Sylhet, a remote, less educated and religiously conservative area where most of the lands are submerged under water 4-5 months a year.

1.5.1 Interview Technique:

In the empirical research, I have used qualitative methodology and my interviews were conducted mainly with the female members of the two NGOs, but also with the officials of the organizations to get the top-down perspective and to see how well the response correlated. Beside these interviews, I also had some informal interviews or discussions with field officials, training staffs, and village leaders; attended and took notes from the group meetings and training sessions within the organizations. The interviews were semi-structured open-ended questions based on an interview guide used as a checklist on the topics to be discussed. This allowed me some flexibility, but at the same time it made sure that discussions were concerned with the same topics. The pre-formulated interview guide also changed during the time spent in the field when I got some better understanding of what kind of questions and discussions worked.

During the interview, I emphasized that I was not from NGO offices and they could tell me anything freely. Following the rules in Kvale (1996) the Interview investigation was outlined in seven method stages: (1) thematizing with conceptualisation of the research topic, through (2) designing the study so it addresses the research questions, treating both knowledge construction and moral implications; to (3) the interviewing itself, (4) transcribing; (5) analysing, (6) verification, and (7) reporting. Individual household interviewing was taken as a conversation or dialogue form focusing on the key issues of the research. Most of the women discussed all about their story freely and there were no hesitation. This is remarkable that poor women do not wear veil and do not feel shy to tell their story. Only the problem was that if I select one for interview others wondered why I did not choose them as they also wish to describe their story.

1.5.2 Reliability and Validity:

The critique concerning towards qualitative method is basically the question of reliability and validity. Devin (1995) argued that reliability relates to the issue of choosing a sample of the respondents. It is argued that in depth interview technique uses small number of samples where it is impossible and not even desirable to have representative material of the population universe. (Devin; 1995). Moreover, it is also how the questions are asked and handled (Kvale;1996). In my study, I have studied

GB the initiator of micro credit and BRAC the biggest NGO in Bangladesh. Both are the leading NGOs in the international arena also.

In the choice of the respondents, I have followed the attempt of Thente (2003), listed the occupation of the members and made the choice as diverse as possibility within the organizations in relation to age, duration of membership and economic background and distance from nearby town. Most of the women were interested in talking to me to inform about their social and economic position. I have also crosschecked some information from other neighbours, which strengthened the accuracy of the data. Another concern is that the areas I visited reveal different characteristics and problems. However, Bangladesh is an over populated country where a considerable part the population live below the poverty line and face a series of natural calamities like flood, cyclone, soil erosion etc. Poor people's living condition is almost similar all over the countryside.

Another criticism against qualitative method is the question of validity. Kvale (1996) suggest that this is about controlling that the observations are really the mirror of variables of interest. In this respect my advantage was that I had the same language as the respondents and the area was close to some of my students and relatives. That is why I had the opportunity to enter into their houses and also crosscheck the collected information. I also had access to the offices of the NGOs and collected print out of official member loan records and personal profiles and tried to figure out the real picture.

1.5.3 Centre of Analysis:

I have put the family/household at the centre of its analysis for the in-depth interview study, because the micro enterprise is firmly embedded in the family/household, especially among poorer families, searching for impacts requires an examination of the full range of family/household economic activities. 40 of the micro-credit recipient households were interviewed for the in-depth study purpose.

1.5.4 Material:

I have used both primary and secondary materials in the analysis. Even though the paper is based on my own empirical material, are not so extensive and it is hard to reach a conclusion from such a small material due to limited time in the field. So, I have used some financial and literary documents collected by the NGOs.

I have used literature studies mainly for the theoretical part. The literature I have used is mainly social capital and micro credit writings.

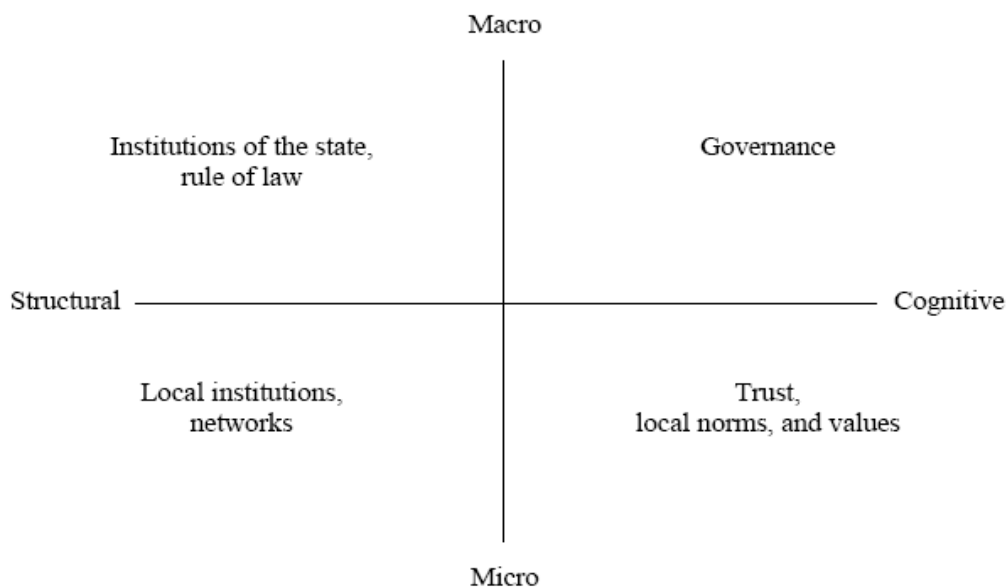
2. Social Capital: Conceptual and Analytical Framework:

My theoretical approach will be based on the role of social capital in economic growth and poverty alleviation through micro finance programme of the NGOs. Research on the role of social capital in economic growth and poverty alleviation has been developed in the recent years. Now it is widely accepted on the theoretical grounds that social capital along with other forms of capital promotes economic growth and reduces poverty through its effects on the rate and quality of growth (Afsar and Ahmad; 2004). Social capital is not a single entity, but the combination of a variety of different entities with two entities in common: they all consist of some aspects of social structure they facilitate certain actions for actors—whether persons or corporate actors—within the structure. (Dasgupta; 2000). Like other forms of capital, social capital is productive, making possible the achievement of certain ends. It is not completely figural like physical capital and human capital, but social capital may be specific to certain activities. (Dasgupta; 2000). Social capital inheres in the structure of relations between actors and among actors. Ahmad (2004) has summarized the three views of social capital, which is as follows: She concluded that Putnam (1993) viewed social capital as horizontal associations that includes “network of civic engagement and social norms having impact on productivity”. Ahmad (2004) says that Coleman emphasized trust and norms in a broader network, and also the hierarchical associations of Putnam’s definition. And lastly Serageldin and Grottaert (1999) added formalized national structure such as government and rule of law. Later Ostrom and Ahn (2001) added another dimension to the social capital concept that is collective action and public policy. Uphoff (1999) explained that collective action can be viewed as benefit from a given stock of social capital. Later Uphoff (1999) also said that social capital exerts its influence on development as a result of the interactions between two distinct types of social capital— structural and cognitive. Structural social capital facilitates information sharing, collective action and decision-making through established roles, social networks and other social structures supplemented by rules, procedures, and precedents. Cognitive social capital refers to shared norms, values, trust, attitudes, and beliefs. Ahmad (2004) argued that trust and norms are important for society to solve its resource allocation problem. All economic transactions are embedded in networks of social relation based on trust and economic transactions can become more efficient because of social capital. Social capital plays

a significant role in shaping the outcomes of economic action at both micro and macro levels (Rodrik; 1998) and it likely have considerable impact on the poor (Ahmad; 2004).

For understanding and measuring social capital Grootaert and Bastelaer (2001) has proposed a framework built around two key dimensions of social capital: its scope (micro, meso, and macro) and its forms (cognitive and structural) (Figure 1).

Figure 1. Dimensions of Social Capital



Source: Grootaert; C. and Bastelaer; T (2001) *Understanding and Measuring Social Capital*, Social Capital Initiative Working Paper No. 24 Washington, DC: World Bank

From experience with the multitude of social capital indicators in various case studies, Grootaert and Bastelaer (2001) suggest that in the empirical level focus should be on three types of proxy indicators: membership in local associations and networks, indicators of trust and adherence to norms, and an indicator of collective action:

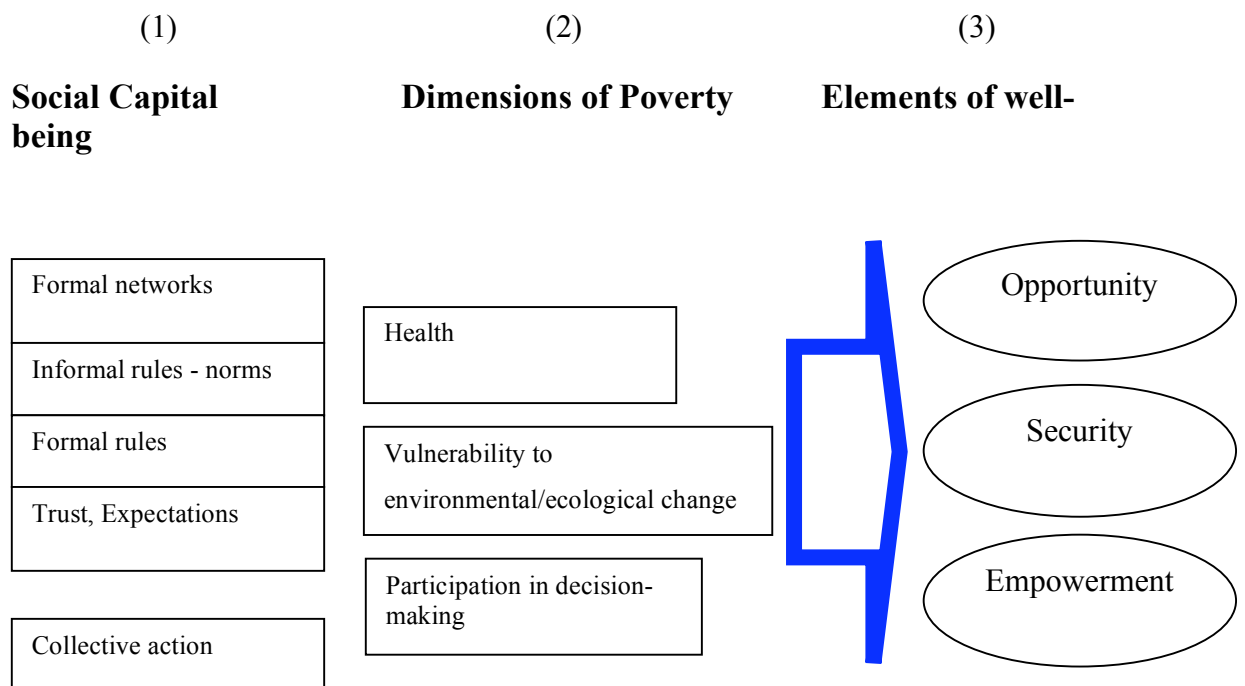
(· Membership in local associations and networks: Using membership in local associations like NGOs as an indicator of structural social capital consists of counting the associations and their members and measuring various aspects of membership and institutional functioning. In the case of networks, the key information is the scope of the network and the internal diversity of membership.” (Grootaert and Bastelaer; 2001)

“ Indicators of trust and adherence to norms: Measuring trust and adherence to norms requires asking respondents about their expectations about and experiences with behaviour requiring trust. Key questions relate to the extent to which households received or would receive assistance from members of their community or network in case of various emergencies (income loss, illness).” (Grootaert and Bastelaer; 2001)

“ An indicator of collective action: The provision of many services requires collective action by a group of individuals. The extent to which this collective action occurs can be measured and is an indicator of underlying social cohesion (at least to the extent that the cooperation is not imposed by an external force, such as the government)”. (Grootaert and Bastelaer; 2001)

These three types of indicators can provide a framework for designing a measurement instrument. However, in the concrete level, to study micro-credit programme, the exact questions and indicators for analysis have to be adjusted to explore possible mechanism to explore the possible mechanisms through which social capital can influence poverty alleviation and social development of the poor.

Ahmad (2004) has proposed a schematic representation of different types of social capital associated with poverty.



Source: Ahmad; Alia (2004) “Civil Society; Social Capital and NGOs in Poverty reduction”, Paper presented in SIDA Workshop, January, 2004

Ahmad (2004) also identified different channels through which social capital affects multiple dimension of poverty:

- a) Network and mutual trust have direct effect on security by reducing crime and violence and indirect effects on economic growth, opportunity and livelihood.
- b) It also promotes economics and trade through dealing with market failures in different markets such as credit, information/communications, marketing, etc. Long-term relationships, trust in formal/informal rules reduce transaction costs, promote market exchanges and reduce poverty.
- c) Community networks and family values have significant effects on educational attainment that has impact on economic growth and income poverty.
- d) Collective action and management undertaken by the poor based on social capital can improve the access of the poor to the common pool resources.
- e) Group pressure and collective action can improve service provision in education and health and can increase accountability – (parents of school children, clients of health care services) on the service providers.
- f) Risk management to through collective action based on social capital can reduce vulnerability of the poor.

From the above discussion it can be said that NGOs can help poor people to create connections and make trust with each (bridging social capital that gives them access to new opportunities and information), while retaining the security of their own in-group ties. That is how NGO activities in Bangladesh have achieved a lot of success stories for women in the struggle for civil rights and gender equality by initiating small group structure and creating – the “bonding” social capital.

2.1 The Role of NGOs in Creating Social Capital and Promoting Collective Action:

In the last three decades, NGOs have been considered to be an important vehicle for economic development and poverty alleviation in poor countries (Ahmad; 2004). NGOs are non-traditional institutions that complete/complement market and state hierarchies and, have fashioned their activities using the following themes: a flexible organizational structure designed to meet immediate need; a strong emphasis on education, training and rural development; and access to institutional credit delivery

(Dharmarajan; 1998). They are mainly involved in micro-credit, informal education, health care, management of common pool resources, and in the democratisation process (Ahmad; 2004). In this paper, I have focused on the NGO programmes that generate different forms of social capital such as trust and norms of reciprocity (cognitive social capital), networks and institutions to promote collective action. As a social organization, NGOs are confronted with four functions: decision making, resource allocation/management, communication and conflict resolution (Uphoff; 1999). These functions are performed with the help of existing social capital or/and creating new social capitals such as networking, rules and regulations.

2.1.1 Trust: By initiating micro-credit and other programmes NGOs create trust through the establishment of formal rules and procedures that enable repetitive interactions. Stable rules provide incentives for the parties of transactions (borrowers and NGO officials) to behave trustworthy (Ostom and Ahn; 2001). NGOs establish long-term relationships with the clients that can be harnessed to deal with different kinds of resource allocation programme. In this way social interaction becomes stable and acquires the status of capital. Also, trust can be an important component of this process.

2.2.2 Norms or Reciprocity: Due to regular interaction, people learn to respect rules and interact with each other within the framework set up by the NGOs. With the influence of NGOs, here another form of social capital is formed.

2.2.3 Networks: Networks can be classified in to two categories: horizontal or vertical and dense or thin. Dense horizontal networks may efficiently transmit information across the network members. It can also create incentives to behave in a trustworthy manner among those who have selfish motivations (Ahmad; 2004). Extending the former local network beyond the family, kinship and close community is considered important for sustaining social stability and collective action By increasing its inclusiveness, NGOs contribute by extending the network horizontally. Networks can be vertical as well (Putnam, 1993), and NGOs may function as an intermediary between the civil society and the local state and/or the market (Ahmad; 2004). They enable civic organizations to monitor the performance of other institutions - market or state at different levels - health centres, schools, infrastructures, etc.

3. Background:

3.1 Social Capital, NGOs and Development in Bangladesh:

Home to 135 million people, Bangladesh is currently the eighth most populous country in the world with the highest population density—about 950 people per square kilometre. Eighty percent of its population lives in rural areas and half of its population stills lives below the poverty line—as measured by income, consumption, and ability to meet basic human needs—making Bangladesh one of the poorest countries in the world (www.worldbank.org). In Ahmad's view, the proximate cause of poverty seems to be the imbalance between population and resources, the major reason lies with inefficient institutions and associated policies. Institutions may encompass some forms of social capital (structural) such as rules and regulations governing the state, market, households and the civil society. As explained above social capital also includes trust, norms and informal networks that not only operate at different levels (macro-meso-micro) but also interact (Ahmad; 2004). However, political clash and unrest, politicisation of government institutions and the high level of corruption that permeates the formal establishment in Bangladesh are indicative of a low level of trust and inefficient institutions. This situation adversely affects economic development in Bangladesh through its impact on the governance of the state apparatus, the efficiency of markets in resource allocation and household incentives for work and investment in human capital. As a result, disadvantaged people in Bangladesh are easily trapped in a cycle of poverty. Those without or little land and with little or no education or income face tougher obstacles in finding adequate employment, bringing up healthy families, and weathering economic downturns. Particularly women, lacking in social position and legal rights and traditionally earn less than half the wage rate of men.

On the other hand, Bangladesh has the strong tradition of NGO activities and Bangladesh's NGOs are among the most active in the world. Successive governments have also developed effective partnerships with the NGOs to improve living condition of the poor. NGO services such as micro-credit for start-up businesses, non-formal education, and social mobilization help to strengthen poor communities and amplify their voice. In this way, Micro-credit has allowed millions of poor people to overcome

poverty and improve their lives. Through such programmes, loans and training are provided to individuals, who have never been involved in the economy, and to small entrepreneurs to help them scale develop their activities and create employment for the poor. In this way, NGOs in Bangladesh, substitute rather than complement the state with respect to poverty alleviation. NGO activities, especially micro-credit is able to cope with immediate poverty problems.

In Bangladesh case, the development of social capital can be analysed using the Grootaert and Bastelaer's (2001) proposed a framework for understanding and measuring the scope (micro, mezo, and macro) and its forms (cognitive and structural) of social capital. Ahmad's (2004) schematic representation of different types of social capital can be used to identify the extent of social capital associated with the multiple dimensions of poverty.

3.2 Presentation of the Investigated Organizations:

3.2.1 Grameen Bank:

Grameen Bank the Bangladesh's largest provider of micro-credit started as an experiment in one village in 1976 and in 1983 it has transformed in to a specialized bank and is today one of the largest NGOs in Bangladesh. Now the total number of borrowers is 4.76 million, 96 per cent of them are women and the organization work in about 80 percent of the villages in the country (<http://www.grameen-info.org/bank/GBGlance.htm>). The assumption is that if individual borrowers are given access to credit, they will be able to identify and engage in viable income-generating activities - simple processing such as paddy husking, lime-making, manufacturing such as pottery, weaving, and garment sewing, storage and marketing and transport services and it is primarily targeted to poor women in the rural areas who lack money to start anything. As a result, women have raised their status, lessened their dependency on their husbands and improved their homes and the nutritional standards of their children. Today over 90 percent of borrowers are women (www.grameen-info.org). Micro-credit (MC) is based on trust, not legal procedures and systems. Individuals' voluntary formation of small groups of five people provide mutual, morally binding group guarantees (social collateral) in lieu of the collateral required by conventional banks. At first only two members of a group are allowed to apply for a loan. Depending on their performance in repayment the next two borrowers can then

apply and, subsequently, the fifth member as well. Loans are paid by weekly equal instalments decided by the bank earlier. GB emphasizes that poverty alleviation is the most important aspect of MC programme, but as a consequences women have raised their status, lessened their dependency on their husbands and improved their homes and the nutritional standards of their children and sent their children to schools. Moreover, Grameen system encourages the borrowers to adopt some goals (16 decisions) in social, educational and health areas. These includes prevention of dowry, education for children, use of sanitary latrine, planting trees, eating vegetables to combat night-blindness among children, arranging clean drinking water, etc. (<http://www.grameen-info.org/bank/GBdifferent.htm>) and thus developed social capital as a whole.

3.2.2 BRAC:

BRAC started as a donor funded small-scale relief and rehabilitation project to help the country overcome the devastation and trauma of the Liberation War of 1971. Today, BRAC has emerged as an independent, virtually self-financed NGO in sustainable human development through poverty alleviation, social development and empowerment of the poor. Through experiential learning, BRAC today claims to provide and protect livelihoods of about 100 million people in Bangladesh (www.brac.net). BRAC also has targeted to the women as their clients and uses the holistic approaches of poverty alleviation which combines micro-finance along with health, education and other social development programmes, linking all the programmes strategically to counter poverty through livelihood generation, protection and social capital development.

BRAC establishes Village Organization (VO) which is the association of the 15 to 20 poor and landless people who seek loans and try to improve their socio-economic position. BRAC's approach to social and economic development of the poor, especially women, involves four inter-related strategies: institution building, service delivery, social mobilization and public sector mobilization. BRAC also has take initiative to empower the VO members. If women are aware of their legal rights to protect themselves from being discriminated and exploited, get credit to initiate income generating activities of their own, that will form new social capital, then the socio-political relationships and power structures within traditional village communities need to be changed. BRAC also initiates new type of entitlement for the

poor women by offering them external assistance, such as the help of a lawyer or the police. BRAC assists poor women to obtain access to these services, either through legal aid clinics or by helping women report cases at the local police station or when seeking medical care like the case of acid victims. This is an important form of social capital where BRAC acts as the potential for information that inheres in social relations. Here, information is important in providing a basis for action for the poor. BRAC's social capital formation programmes were broadened in the late 1990s to incorporate issue-based meeting, *Polli Shomaj* (rural society) and Popular Theatre (*Gono Natok*).

a) Issue Based Meeting: All the VO members meet once a month to discuss issues related to social injustice. Through these monthly meetings, they try to find out solutions of their local and social problems and set goals to solve the problems. For example, one parent may decided to arrange a marriage for their under age daughter, VO members sit in a meeting with the respective programme officer (PO) and set out goals to solve the problem of the community or the village. A three member action committee is formed to find out the causes behind it, educate the parents about the danger of early marriage, and if needed they give some help to the family. They give information to the victim and the family about law, citizen rights and human rights. This forum seems to be the first step towards gaining a voice and participating in larger forum. Here this NGO network acts as the social capital to preserve citizen rights.

b) The *Polli Shomaj* (Rural Society): The *Polli Shomaj* is a ward level organization made up of representatives from several VOs. They organize meeting at least once in every 60 days. These groups have addressed issues such as citizen rights, legal service, women and children rights, illegal divorce, dowry, under-age marriage, polygamy, rape, human trafficking, corruption and injustice within the community. *Polli Shomaj* members are also participating in greater number in resolving social conflicts through local arbitration (Shalish), and playing an active role in lobbying the Union Council for delivering various benefits (for example: old age pension). Every year, 5 day long training programme is launched for the VO chairpersons. After taking the training, leaders can organize their group effectively.

c) *Gono Natok* (Popular Theatre): The *Gono Natok* programme was started in 1998 to bring to light various social issues that affect the poor in rural communities. Through the medium of plays, various social ills and injustices, and possible solutions

to the problems are highlighted and information is disseminated about existing laws to protect the rights of the poor.

d) Human Rights and Legal Education (HRLE) Programme: The purpose of the programme is to increase the VO members' knowledge about the existing laws, legal system and their willingness to take up and act on their legal responsibilities. The modus operandi of the HRLE Programme is through a training course on **7 basic laws:** Citizen's Rights Protection Law, Criminal Law, Muslim and Hindu Marriage and Family Laws, Muslim and Hindu Inheritance Laws, and Land Law.

e) Legal Aid Clinic: In the rural areas, most of the conflicts and problems can be solved through local arbitration (Shalish). However, many of the cases cannot be resolved without resorting to legal procedures. The poor are not usually in a position to pay for such services. In recognition of the above situation, BRAC in cooperation with *Ain O Shalish Kendra*, a legal aid organization has started its legal aid programme in 1998. This programme provides legal training and services to both the members and non-members. The legal aid clinic at the Area Offices provides such services every Sunday.

f) Local Community Leaders' Workshop: BRAC Area Offices convene an one-day workshop of VO leaders and community leaders every three months to discuss local socio-political and legal issues in an open forum. These workshops are designed to make the traditional elite leadership more accountable to their communities. The participants in this workshop include the current Chairman and the members of the local government body (*Union Concil*), the local marriage and divorce registrar, religious teacher (Imam), teachers, journalists, local leaders and influential persons of the locality. The HRLE health worker, the *Polli Shomaj* Chairperson, the POs of Human Rights and Legal Service and Social Development, the Area Coordinator, the Area Manager and local lawyers also participate.

g) Microfinance Programme

BRAC claims that the micro-finance programme of BRAC is a tool for poverty alleviation and empowering the poor, especially women. Making credit available to the rural poor can enables them to become involved in different income generating activities which, in turn, allows them to become economically self-reliant. The programme is divided into two parts along with one subsidiary part.

i) Credit: Credit is provided to its VO members to initiate different income generating activities. While loans for individual and joint activities do not require collateral, members must have some savings with BRAC before they are eligible for loans.

Key Features of Loan

- Loan range: US\$ 50 (Tk.3000) to US\$ 340 (Tk.20000)
- Service Charge: 15 percent flat rate and 30 percent cumulative rate
- Repayment mechanism: Equal weekly instalments for 50 weeks.
- Loan products: General loan, sector programme loan, housing loan.

ii) Savings: A VO member may save in three ways: First, is weekly personal savings. On average, members are required to save a minimum of Tk.5 every week. Second is compulsory Savings. When VO members take loans, it is mandatory that they deposit 5% of the loan amount into their savings account. It is written that a member can withdraw 50% of their net savings at any time of the year, but practically only few savings are paid out to the members.

iii) Death Benefit: A death benefit policy has been introduced recently for its VO members. The key features of BRAC's death benefit is that all VO members irrespective of borrowers are entitled to this benefit, death benefit service provides Tk.5000 to the dependants of the deceased member. No premium is charged to the members. The cash benefits are paid out of the service charge earned through BRAC credit programme. Outstanding loans of the deceased are written off.

BRAC's Economic Development Programme has so far organized 4.86 million poor and landless people, mostly women into 142,117 Village Organizations (VOs). These Village Organizations serve as forums where the poor can collectively address the principal structural impediments to their development, receive credit, and open savings accounts (This section is taken from http://www.brac.net/history_1.htm)

4. Survey Findings:

In this, and following two chapters, I will show the survey findings and examine the social capital potential of the two organizations described in the previous section. The analysis is based upon the analytical framework outlined earlier and the interrelated dimensions: Formal networks, norms, rules, trust and collective action. The results are based on mainly on my own interview, but in some cases complemented with the publications and data provided by the organizations.

I will begin with the survey findings in this chapter to give a general idea about the clients and then in the next chapter, I will analyse the social capital potentials.

4.1 Socio-Economic Condition of the Respondents:

All the respondents are female and the average of their age is 40. The family structure of about 90 percent of the households is nuclear and the rest are joint families where they live with old members of the family like father, mother, father in law or mother in law. Sex ratio of their children is 124 males to 100 females for the first village and 97 males to 100 females for the second village. Currently, each couple has on average 3.25 children and 4.25 children respectively in the two areas, which is more than Bangladesh average of TFR 3.3 (because the couples still have opportunity to give birth more). Childbirth seems very high and only a very few use contraceptives. Two extreme examples are: one 30 years old mother has 6 children and another 38 years old mother has 7. Average age of first motherhood is 17. NGO workers advice every member to use contraceptives, but the rate of success seems to be low in the Grameen Bank area. Schooling is very low. In the first village where BRAC works, 4 children have no schooling but they plan to join BRAC School if it is set up in the locality. But where GB works, the schooling is very low. Among all 69 school going age students, only 3 had some secondary education and 5 are active students. The rest have never been to school or have dropped out after one or two years of schooling. The cause is that the GB has no education programme like BRAC and schools are not so frequent in that area.

4.2 Occupation and Income:

Here the occupation is considered as family occupation from which the families generate income for survival. For both villages one is common that family income

generating activities are financed by the organizations and BRAC gave some training and gave employment opportunity like Nutrition Worker and Village Health Worker who provide some medical treatment, help in pre and post natal care and give suggestions to pregnant women and sell medicine at home. For the first village, the listed occupations are Hair dresser, paddy and vegetables farming, rickshaw pulling, Carpenter, BRAC Health/Nutrition Worker, day labourer, shopping bag making and selling, dress making, boat roaring, grocery shop, clothes washing laundry, cycle shop, metal workshop and chicken farming etc. Almost all the families have taken loan for setting up new business and only two have taken to invest in their old business. Most families have more than one occupation. For the second village, income generating activities are Bamboo handicraft making, fishing in river, wood furniture making, taxi driving, grocery shop, fishing net making, rice selling and mobile phone service shop, grocery and mobile phone service shop, mason, sweetmeat making, dress shop, betel nut and betel leaf shop, vegetable selling, agriculture/gambling, maid servant, paddy husking, rickshaw pulling and BRAC Health Worker. Here the same is that people are engaged in more than one income generating activities to earn more money and to get more profit using the loan.

Average monthly income per household is Bangladeshi Tk.5140 (US\$80) for first village and Tk.4150 (US\$65) for the second village.

Landholding:

Landholding among the respondents is very low for both the villages. For the first village, the average size of homestead and cultivated land are 0.32 acres and 0.217 acres respectively. Only 5 people have leased out 2.17 acres land for cultivation and another 4 people have leased out 4.35 acres pond are for fishery project. 20 % people have bought some land after joining NGO. For the second village in Sylhet, landholding size is rather low. They have on average 0.25 acres homestead land and none have cultivated land except one. 4 people have leased out 5 acres of land for cultivation.

4:3 Loan, Investment and Savings:

4.3.1 Cause of taking loan and real use:

Rural poor people take loans to meet their economic crisis and pay loans by using available income generating activities. Sometimes, they start new income generating

activities for their sons, where in most cases loans are paid by the husband or by some other member of the family. Some of the cases are as below:

Case One: taken 7 times loan for fish business, dowry payment of daughter, leased out land, meet the informal loans for dowry payment and set up flower shop for son. Official cause for taking loan is business and the source of payment is husband's fishing business (catching fish in nearby river and ponds and sell to local market).

Case 2: Taken 8 times loan from BRAC. Official purposes of all the loans are business. First time, has taken loan to buy medicine for husband's medicine shop in the nearby market (two times), and then for leased in pond for fishery project, given to elder son to set up hair cutting saloon (two times), and to send another son abroad (3 times). Almost all the instalments are paid by the husband (medicine shop). Only very few cases the husband was not able to pay, that time son has paid the money.

Case 3: Taken first loan for cultivation and paid from the vegetables business in the nearby market. Second loan was taken to invest in the vegetables business, third loan for buying rickshaw and rent it out to a neighbour. Now, has taken fifth loan for setting up a poultry firm. All the loans are paid initially from vegetables business and then from the rent of rickshaw.

Case 4: First loan taken for husband's unmarried brother as there is no female family member for him to take loan. Husband's brother paid the loan regularly. Other loans are taken to repay loans from local moneylenders, to take lease land for cultivation, to set up grocery shop for son, to set up tube well for safe drinking water and to buy sewing machine for husband. Husband is a dressmaker and work in a local shop. Except for the first loan, all the loans are paid by the husband. Sometimes, she paid from her own income such as selling eggs, fish, vegetables, fruits or food grains.

Other cases: Most people usually take loans once a year. Only few take loans twice a year. Some loans are taken to buy or repair rickshaw, buy sewing machine for husband, to buy cycle for use and rent out, to invest as running capital in small business like vegetable, rice, fish business for male family members etc, to construct or repair house, to lease in land, to repay loans previously taken from local money lenders or relatives and to pay dowry payment for their daughters or sisters. In few cases, loans are taken to send any family member abroad as labour. But in most cases, the official purpose is business or something else. In the paper work, most members have no choice. The field officers write whatever they like and inform the proposed borrower about the official purpose so that she can tell it when the micro-

finance manager arranges an interview before sanctioning a new loan. The common trend is that first few loans are taken to invest in income generating activities. The next loans are not invested for income generation, rather they are used to develop living conditions such as house construction or repair, setting up tube well for drinking water or to buy or lease in land or pond or to pay dowry etc. Perhaps, the poor are capable of setting up small businesses enterprise, handicraft making, buying rickshaw and other vehicles for rent out or selling service etc. NGOs do not have much care whether loans are used in proper place. But all the members pay instalments regularly. In some cases, if any member does not need an immediate loan, other members or neighbour take loan using her membership. Those who are more than 6-8 years old member, sometimes take loans to create new employment for son, or for dowry payment of daughter. But in most cases loans are paid by the husband or the enterprises set up in the early years.

All the loans are not used locally. I have met three members who have given the money to their husbands or sons who work in distant cities and invested there. They always send the weekly instalments.

GB sells mobile phone to its members. The members can take loan to buy mobile phone and sell mobile phone service door to door in the village and sometimes in the local market. Some GB members are engaged in handicraft production. GB members can take money from their savings if they have problem, but BRAC has no such programme. Rather BRAC has different kinds of supporting programme like education, health, sanitation, nutrition, poultry, ultra poor development etc.

4.3.2 Economic Benefits: Some of the respondents invested in old business, others have started new income generating activities and thus family members get new self employment and benefited economically. They have used other loans to develop living conditions, made some savings with NGOs. Most of the families are predominantly agricultural wage labour or effectively unemployed, but now they have shifted to self-employment in petty trading. Such a shift in occupational patterns has some positive effect on the rural economy. Before they had borrowed money from moneylenders and now they have savings deposited in the NGOs.

4.3.3 Social Benefits: Male members of the family are now dependent on women members for money. It makes the women empowered, and has raised their position in family. Now husbands consider their opinion more than before. Most of the women

told that they have notice of significant change in their personal well-being – access of food, clothing and schooling of their children. In contrast to the middle class women in Bangladesh, most women members do not use veil, move in open areas freely, sit in the regular weekly meeting, discuss about themselves and social problems like dowry, early marriage etc.

4.3.4 Political Participation: Only very few are active in the political movements or activities. Most of the respondents told that they are so busy with their occupation that they do not have time to think over it. And they always see politics as a negative phenomenon for society.

4.4 Supportive Programmes of BRAC: Education Programme

There are three school models in the BRAC Education Programme (**BEP**) in Hajigonj area. One is BRAC Primary School, another is Kishor-Kishori School (Basic Education for Older Children) and the other is Pre-primary Class. In 1985, the Non Formal Primary Education model was initiated as a three-year programme for children between the ages of 8 and 10 years. These were children who had never been enrolled in any school or who had dropped out from the formal schools. Now it is expanded to a four-year programme, which covers the primary curriculum for grades 1 to 5.

Structure of BRAC Primary School:

I have visited one such school which is bamboo walled, one-room village structures with a tin roof. The floor space is about 36 square meters. The schoolhouse is close to the homes of the students and is rented by BRAC for Tk.200 per month. There is no furniture except a writing board and a box for books and study materials. The floor is covered by cheap jute made mat. Both students and teacher sit on the floor. Most of the schools start at 9:00 am and last for four hours.

Students:

The class size is 33, composed of 23 girls and 10 boys usually. (Programme's special emphasis on the enrollment of girls, about 70% children of all BRAC schools is girls.) During my visit, I was surprised to see that only one student is absent as he is sick and hospitalised, though the area is heavily affected by flood. The students are mostly the children of the poor and landless and some of their parents are VO member. This limited class size helps to forge a special bond between the teacher and students.

Teacher and teaching method:

Nirmola Rani the only teacher of the school is a resident of the village. She is selected by BRAC and has taken two months initial intensive training before starting her job. BRAC area office arranges one day refresher training every month and regularly visit schools and monitor the performance of the students.

Every year, after final examination of a class, BRAC arrange 15 days training for the teachers to prepare for the next year. For grades IV and V they receive more extensive training, 16 days and 18 days of special refreshers in English and Mathematics. In all schools the same teacher conducts a full cycle. In the school the teacher student relationship seems to be very close. Students answer spontaneously if they are questioned. In the school all children sit on jute mats arranged in a large U shape. That helps to create an informal, interactive, participatory atmosphere, conducive to the involvement of all children

Curriculum:

The BRAC curriculum has been designed to suit the needs of rural children and covers the five-year primary curriculum. As large number of the BRAC graduates continues in the formal system, the curriculum incorporates competencies set out by the government for formal primary schools, but the approach is very different. The curriculum design encourages a learner-centred participatory approach. 33 students are arranged in 4 groups and each group has a leader. The teacher encourages group learning and participation. After the four hours class in the school, student groups sit together in the afternoon and do their homework together. BRAC officials and the teacher also visit them from time-to-time. In school, clap game, learning by singing song, acting game etc. are used to maintain a lively environment, which make the lesson interesting and help the children gain a greater understanding of their subjects. In my presence, the students have displayed a clap game to study the name of different countries and a dance to learn a poem and a song to learn mathematics. The primary school curriculum consists of lessons in Bangla, Mathematics and Social Studies. In grades IV and V the programme follows the Government textbooks in all subjects. English is taught from class II. All the educational materials like books, paper, writing book, pen, pencil, eraser etc. are provided by BRAC and for material support children contribute a sum of Tk.5 a month. The schools do not arrange any final examination. After the study of every 2 chapters, usually an examination is scheduled and after the end of the year, all the grades are added and publish the result.

After the successful completion of BRAC primary school they can get into admission in to the high schools. In the high school level, if former BRAC students keep their results up, BRAC gives them scholarship to meet their study costs. I have asked all students, they have never been to formal schools in the locality. One mother told me that they are very poor and it was not possible for her to educate her daughter if BRAC did not open the school. Now she hopes that the girl will be educated and she can arrange a marriage for her daughter without dowry payment.

Parents Meeting:

Every month BRAC arrange a parents meeting. In the meeting, concerned teacher and PO of BRAC Education Programme discuss the progress of the students, hear the problems of the students and try to solve the problems, if any. To develop social capital, they also discuss some other topics related to income generation and healthy living. The topics includes: cleanliness, use of safe water, vaccination, 6 diseases and their prevention, primary health care, diarrhoea and its prevention,(oral re-hydration therapy), nature conservation, income generation activities, plantation, problems of early marriage, dowry, use of iodised salt, nutrition, vegetable gardening, keeping good health, healthy living, (some tips when visiting to relatives), coming to school timely, use of study materials, study at home, study in small groups, duties of parents, importance of parents' meeting, extra curricular activities and social work. This is how BRAC construct a bridge among student, teacher, parents and BRAC itself to keep the study environment good. I have visited several schools and observe the office record and find no drop out in the schools except for the death of a student. I have talked to some students. Five students come from another village and now it is flood, the only way to reach the school is to ride boat or raft. Every day, these 8-9 years old boys and girls drive a boat by themselves and come to school. They hardly miss the school. They also told that if they do not come to school, teacher and the PO of Education programme go to their home to see them.

Basic Education for Older Students:

The BEOC schools known as Kishor-Kishori schools were opened in 1987. These schools run for three-years catering to the basic educational needs of 11 to 14 year old children. BEOC schools have the same structure and teaching method like BRAC Primary School. In the curriculum, the BEOC model includes Health Education and

Science during the fourth and fifth phases of the school. They also arrange parents meeting every month.

One problem I have found that the local leaders do not allow that underprivileged students to go to the school. Because the students are not from the same age group and they are aged students. So they find the possibility of love making which is restricted in the Bangladesh society, especially in the villages. I have heard one such case. The VO members of a village had tried to set up one school in their village and it was about to be finalised. A teacher was also selected for the school. One day they heard that one local religious leader (Imam) had convinced people that BRAC School is a Christian school and teach only Christianity. Free mixing culture here will make the social environment polluted. Now the local people are against it. BRAC is now planning to organize a motivation programme. During my visit, the girl Afia told me that she was a student of local primary school and studied for two years. She left the school for economic reasons. Ever month, the teachers asked for money for various reasons, assault physically and mentally, so she left. Now in this school, she feels very happy to study in school and study in a group at home. I have talked to some of the villagers and parents. Parents are happy to send their child to BRAC schools, but some local people are not happy to see that aged students are studying. Others have nothing to say. Some of them appreciated the BRAC school programme.

Union Library or *Gonokendra Pathagars*

Union Libraries aim to make reading materials available to people in villages. I have visited one of such library located in a high school campus. The library has a children's corner to play and to read children books. The library is run by the local community management committee with active support from BRAC. The management committee oversees the day-to-day functioning of the library, and also works on special events and fundraising. BRAC provide books and magazines for the library. These libraries organized socio-cultural and learning events. In addition the library members were provided with free skill training in different areas in collaboration with different Govt. departments.

Reading Centre for Girls or *Kishori Pathagars*

Reading Centres are set up two months before a Basic Education for Older Children (BEOC) School completes its cycle. The centres are set up to develop the reading

habits of adolescent girls and women. In addition, they are provided with training to develop entrepreneurial skills. I have visited a centre in Toragar village. The centre is arranged in a BRAC Primary School. It opens twice a week 3 to 6 pm. Former students of BRAC schools and other local girls can join the centre. The centre consists of 30 members. The leader of the centre told me that she has given training how to operate library, how to arrange catalogue, issue and return books, and book keeping. She gets Tk.50 per week to operate the centre. The centres highlighted the fact that women also need a place to socialize. Through Reading Centres young women are encouraged not only to read, but also to participate in indoor games and develop livelihood skills. The centre has started with 30 books and every year BRAC provide 30 books to each centre. BRAC also have given them instruments of several indoor games like *ludu*, chase, and carom.

Adolescent Peer Organized Network (APON) is a new initiative to improve the quality of life of female adolescents who attend the Reading Centres. The main objective of this initiative is to raise the consciousness of adolescents in a community with the assistance of peers and older siblings. Through informal discussions with adolescent girls and their mothers the APON team members realized that there was an apparent need to learn about issues that are close to their life. A series of storybooks have been developed for the girls attending the Reading Centres. The curriculum focuses on reproductive health, social problems and environmental issues (i.e. menstruation, family planning methods, sexual abuse, acid attacks, inheritance laws for women, AIDS). The members of the Reading Centres, particularly adolescent girls, attend a five-month course on this curriculum. Adolescent Leaders and Peer Educators from the members of the Reading Centres have been trained to run these courses. After completion of the course, members attend the libraries for the following thirteen months to maintain contact with reading materials provided by BRAC.

One problem is that male members of the family or neighbours do not like that the girls meet in a club or do something. Sometimes they create problems and prevent them from coming to the centres. But the girls told me that their mother and sisters always encourage them to come to the centre regularly and sometimes take stand in favour of them.

Boys APON:

Boys Apon is a training programme for the teenage boys. After the school, a group of 25 students are given 11 books for 4 months and are given training about adolescence, sex education, dowry, problems of extra marital relation, AIDS and other sexual diseases etc.

Pre-Primary Class:

The Pre-primary Class has been one of the most interesting interventions of BEP. This class has been established for young learners aged 5-6 years. The students are charged Tk.10 monthly as school fees and Tk.40 in the beginning for material costs. The duration of each class is one year. There are 28-30 learners in a class and two Kishori (adolescent) teachers. The average age of these teachers is 15. The Pre-primary teachers receive three days training before the commencement of their school. Each teacher receives a guidebook with detailed instructions on activities. Additionally, every month the teachers attend a half-day refresher course where past and anticipated problems are discussed. Pictorial workbooks on Bengali, Science and Math for children, a teacher's guide and supplementary materials for Pre-primary Schools have been developed and are used as study materials. I have visited one such school in Dherera village. The school structure is same as the BRAC primary school.

4.5 Supportive Programme of Grammen Bank: The Village Phone

GB provides village phones to its members to sell the phone service in the villages. Each Village phone remains under the custody of a village pay phone operator, who is responsible for extending the services to the customers for both incoming and outgoing calls, collection of call charges according to prescribed rates and proper maintenance of telephone set. The operator's income is derived from the difference between the air time charges paid by customer/s and the billed amount required to be paid by the VP operator along with a flat charge for each incoming call. Usually, husband or son of GB member operates VP. Grameen Telecom supplies necessary hardware and provides the training for operating the phone. The cost of phone and the connection fee is paid by GB to Grameen Telecom while the member pays it back in instalments to GB, within the stipulated 3 or 2 years period. Mobile phone holders are provided to the member under the lease finance programme of GB.

Using the phone, GB members sell the use of it on a per call basis. The entire village benefits for their business venture. Cell phone and its network are not so available in the remote villages. GB member use external antenna for network and can use cell phone in the places where network is absent. People from distant paces or from abroad would like to talk to their family in the village homes, and use the cell phone service provider GB member for the communication. One such member told me that once he was rickshaw puller, now he is mobile phone service provider. It increased his status and he can earn more money and has saved a handsome amount in GB account. Another woman told her own story. After taking a phone in the village she earned about \$300 to \$350 per month. Initially the number of customers was very large as she had no competitors in the village. More recently, getting the idea, other members started other mobile phones in the area. So the income went down to \$80 to \$120 per month. From this earning, she could now save up to \$40 per month. By increasing her earnings and investing the monthly savings, she and her husband have now set up a rice shop, a grocery store and one laundry shop for three sons. From these businesses, the family can earn approximately \$ 200 per month. These initiatives have created employment for her three sons and the extra income enables the family to make a decent living and plan ahead for a better and brighter future.

Other few members sell the phone use in the village markets in day time and in the villages at the evening and night. By making a phone call, GB handicraft producers and other small producers can check on the market price of goods, take the order from the buyers and therefore better negotiate a price for their goods with middlemen. These village phone holders can make an average of \$71 per month where the country's average monthly income is about \$25.

5. Analysis:

5.1 Village Level Organizations and Supportive Networks:

An important form of social capital is the potential for information that inheres in social relation formed by the association of the NGOs. Information is essential in providing a basis for any action. Information about new types of income generation, potentiality and profitability of existing business enterprise are acquired by the effective use of social organization and weekly meeting of the VO of BRAC and group unit of GB. As a result, women with an interest of income generation took loans and started business for their family members and paid the loans regularly and the NGOs received about 97 percent loan recovery. Women also did not want to leave the opportunity of information channel and most of them did not leave group and took loans regularly and paid as well.

Acid victims, tortured women can get legal support from BRAC's legal aid clinic, girls reading centre members can protest collectively against early marriage, dowry and can protect themselves. Women know their legal right, can protest collectively against unjust behavior and can protect themselves from being discriminated and exploited because of the force of collective action and the help NGO network channel. BRAC health worker and nutrition workers provide health care support and minor treatment to the members and other villagers and if necessary BRAC officials help to send them to the hospitals. For acid victims, BRAC bears all the costs of treatment and help to rehabilitate the victims. Now the rural people are dependent and relied more upon NGOs and all these have changed the traditional village communities and formed new social capital. The task was not so easy. The NGO official and the members told that in the beginning the traditional local leaders and religious teachers protested against the organizations and declared that NGOs are US and CIA agents and to take money from them is religiously prohibited and no death funeral will be organized for the NGO members. These people also attacked NGO offices several times.

Another example is GB's cell phone. Village Phone operators have gained increased social status in their villages. Better-off villagers now come to a poorer woman's house to use the phone and now the woman's house is a centre of activity, with people waiting to make or receive calls. Now their homes are the centre of a new type of

social network where people can share their ideas, discuss about business deals and can consult on different types of important aspects of the village. One phone operator told that she has bought a shop in the nearby market from one of her clients who came to talk to his (client) brother abroad and ask for money to meet an immediate family needs. But his brother could not send money and then he offered her to buy his rice shop in the market. She has taken a small loan and used the savings of GB account and bought the shop. Moreover, the phone holder women becomes aware of the private and personal matters of many villagers and help them giving information about business deals, arranged marriages etc. These factors, plus the added income, contribute to her increased status in the village. Besides, phone holders can make everyday contact to their buyers and middlemen and can produce and sell goods as well.

BRAC education programme creates a network among guardians, students and teachers and health programme office. Close monitoring of the programme workers and teaching method help to prevent drop out of the students, meeting with guardians helps to increase living standard and group study method ensure better study and cooperation among themselves. BRAC poultry project has constructed a systematic network for producing, rearing and marketing of chicken and poultry feed.

All these are the examples of social relations that constitute a new form of social capital that provides information that facilitate action for getting opportunity, security and empowerment. .

5.2 Norms and Effective Sanctions:

When a norm exists and is effective, it constitutes a powerful form of social capital. Weekly central meeting norms of a micro-credit group include the following: walking across the village to attend the centre meeting; sitting on a mat in a open yard or centre house with a group of women from different lineage, religions, and social status at the centre meeting; handling money; and using first name in an address from the NGO employee during the centre meeting. This is a new custom for the women in Bangladesh. In rural Bangladesh women customarily have no opportunity to gather publicly and are identified using only possessive terms denoting their relationship to the family's male members (e.g., Karim's daughter, Rintu's wife, or Shamim's mother). By contrast, at the centre, NGO workers refer to each woman by her first

name when calling attendance or collecting loan instalments. All the members reported that they liked being called by their first name at the centre meetings. It recognizes their self identity. For example: Nurunnahar explained, “My personal name had disappeared. BRAC people were the first to call me by name since I left my father’s home 40 years ago.” Other told that when the name is spoken to a crowd, it is good that people know their names, male family members and other people see them in a meeting, learning common laws, women’s rights, health and hygiene, aspects of legal aid etc. About ninety percent of the members believed that they had changed as individuals because of their interaction with the NGO worker and other members at the weekly centre meetings. About sixty percent recognized that because of their new relationships they could go outside their houses without a male escort and found confidence to talk to other people, and 60 percent believed that meeting at the centre had made them more intelligent. One member explained that now if she needs any information, she will wait for a weekly meeting and ask the NGO worker in the weekly meeting and manager when he is in visit or sometimes go to NGO office and because of centre meetings she no longer needed to borrow knowledge from others in the locality as local people are not so educated. Another told that “I can do things on my own now, if husband protests, I can explain to him and if he is not satisfied, tell him to wait until weekly meeting and talk to the NGO worker. And most of the cases, the NGO worker supports my opinion and my husband becomes pleased to get new information and ideas.” Another BRAC member told that “before family planning matter is prohibited to discuss, but now we can take to and take suggestions from the BRAC health workers.” BRAC also helps in plantation by providing baby plants and seeds at low cost and necessary training. Now in the villages, every plantation became regular norms among the villagers and the women told that if they cut one tree they try to plant 10 trees according to the instruction of the BRAC workers. GB also have similar programme, but not so wider like BRAC. Rather the GB system encourages16 decisions for the building of norms in social, educational and health areas.

A perspective norm within a collective that constitutes an important form of social capital is the norm that one should forgo self interest and act in the interest of collective. Weekly meeting and instalment payment norm is introduced by the NGOs and are internalised by their members which results in about 100 percent recovery almost every week even in the flood days. NGOs give reward to them by sanctioning

a new loan within a week for the clean members (no red mark or default) and give priority for study loan and scholarships for their children. This internalisation of norms and sanctions as a reward is important in overcoming the public goods problem that exists in a collective.

In this way, NGO and its workers are replaced as the source of information for standard living, decision-making and some sort of environmental care. All these examples suggest, effective norms can constitute a powerful form of social capital. This social capital not only facilitates certain action, it constrains others. NGOs have introduced strong and effective norms that empowered women and gave them personal identity as member of society, and with the information and support provided by educated NGO workers women have gained decision making role in their family. Norms that make possible women's empowerment in the society also constrain the family violence and activities of criminals against women.

5.3 Obligations, Expectations and Trust:

Trust is an abstract concept and is difficult to measure. However, it can be seen in the following ways: If A does something for B and trusts B to reciprocate in the future, this establishes an expectation in A and obligation in the part of B. In the NGO and their client interaction, both the groups are always doing this for each other. Here individuals are not self sufficient and depend on each other within the group to get a fresh loan, bear collective obligation for payment and trust for each other. Twenty percent of the members had taken loans with the help of other member's membership card. Officially the cardholder member is liable to pay the loan, but actually the other member pays. This informal deal is done simply on trust and the evidence shows that in all cases the loan is paid without any problem. Eighty percent of all respondents reported that they had helped other members to make up shortfalls on loan instalments. These initial economic transactions are done on trust and often developed into personal relationships. This form of social capital depends on two elements: trustworthiness and social environment created by the NGOs. Organizations keep their trust by providing increased amount of fresh loan after the repayment of the old one. People trust the organization and make their savings there and pay the instalments regularly.

More than 90 percent told that they do not have any trust in formal political leaders like local Union council chairmen or members or parliament and rather they have trust on the NGO workers and officials. Before starting the weekly formal meeting, members sit together and count whether all have taken instalments or not. About sixty percent of the respondents told that if somebody is in crisis, other members help her and pay the instalments in favour of the defaulter. Thus the groups prevent themselves being red mark borrower. This example shows high associational effectiveness and cooperative spirit.

5.4 Collective Identity and Collective Action:

Before membership women were mostly confined to their house and but now all the women meet weekly, discuss different matters, try to help other if necessary and thus their interaction at centre meetings enable them to expand their existing networks. And the important thing is that women's network grows with a corresponding increase in direct or face-to-face relationships. Centre members' feelings about meeting at the centre building also suggest the women are gradually forming an 'in group' identity. The respondents' anticipation about weekly meeting at the centre demonstrates that members value the weekly opportunity to convene in a common space where they have made friends. They usually share their thoughts and exchange news with friends at the centre. The members' feelings were rooted in a desire to interact with friends made at the centre, rather than fulfil economic obligations of membership. Almost all the respondents reported that they had made one to three close friends from the centre by simply waiting to repay loans each week. These feelings of friendship were not defined by economics. The friendships were defined by a security that a close friend would come to help another friend or be a confidante. One member told me, last month she was seriously sick and all the members visited her and two members helped a lot during her illness. Besides, most of the respondents told that sometimes they had helped other members to make up shortfalls on loan instalments and these economic transactions often developed into personal relationships. From the analysis, it is seen that the friendships made at the centre has transitioned from the initial desire for a loan to a desire for socializing, and have brought each member a broader social network where she can call on for social

support or simply enjoy as part of her broader social life. This led to empowerment and security and thus formed social capital.

About 60 percent of the respondents reported that their NGO membership enabled them to meet social obligations in the village. They protest against early marriage, dowry payment and sometimes mitigate conflicts between villagers. About half of the respondents reported that they were better able to fulfil a broad spectrum of social obligations since they became members in the NGOs. One member told that, “We are no longer invisible.” Another member told, “before NGO membership, people in my family would ask where I was going if I wanted to leave the house. Now they don’t ask. They know I have places to go and are only curious to know where I have been after I return.”

The new social capital can be identified as: their interaction both with women at the centre and outside the centre; their newly gained mobility outside of their homes to visit other members and travel to public spaces in the village; the exchange of scarce resources; the opportunity to rely on networks in village; and, the ability to participate in social obligations. This opportunity to join meeting made friendship ties and more secured life and thus empowered the women as a whole.

6. Conclusion:

Before going to the conclusion, I need to point out the necessity to take account of the contextual variables when measuring social capital. That one woman in a specific context has developed social capital does not necessarily mean that she would have developed it in another context. It is essential to take this into account while measuring the variables. What I have tried to investigate in this paper is the part that social capital is a development target for the sustainability of the livelihood of the poor. As noted above, many of the measurement variables are appearing in more than one of the network, norms, trust and collective action dimensions, which indicate the difficulty in evaluating them separately. For example, different aspects of group feeling and sharing obligations appear almost in all dimensions. There are also strong connections between network and collective action.

However, a rural Bangladeshi woman's movements were traditionally circumscribed by patriarchal practices and *purdah* (confined in family and isolated from society) norms, which limit her involvement in community life. Over the years, NGOs have changed this custom dynamically and male family members cannot restrict it as they need women's money for investment in the family enterprises. My observation is that both the NGOs had a positive development on their members, it has led to a remarkable enhancement in social network formation and development, an improved status in family and community, increased mobility and to some extent also greater self confidence and feeling of identity for the women. NGO involvement has given space to establish and strengthen social ties that reach beyond their familial networks. This process has been nurtured by NGO membership norms at the centre building. For example, when NGO workers address rural women by their first names, the women gain confidence that flows from personal recognition. This new form of address in combination with regular interaction in a common space enables members to expand their self-identity from only daughters, wives, or mothers to individuals with identities apart from traditional strictures. Emboldened with the awareness of self-identity beyond kinship ties, each member then began to build a collective identity with an extra-familial face to face effective group beyond her small locality. While participating in the obligatory meetings, members enlisted their networking skills by building new networks or strengthening existing relationships in a socially sanctioned

meeting place. These self-identified components of social capital have expanded each woman's life options and introduced new social opportunities for the group. Interaction at the centre has graduated into new and strengthened networks while mobility has given each woman a socially sanctioned license to move about the village and, therefore, the opportunity to call on and continue to build her networks.

Perhaps, these findings suggest that the social implications of micro-credit lending system are more powerful than the economic implications.

Indeed, micro-credit alone does not necessarily enable rural women to prosper. Sustainable economic and social prosperity seems to be cultivated by regular and frequent interaction at a sanctioned gathering place. The NGO approach to loan repayment and weekly meeting at the centre have enabled women to continue to prosper through trust and community cooperation networks long after the initial acquisition of financial capital.

Impoverished rural Bangladeshi women were traditionally house manager and strategic planners in household economics and networking, within the confines of kinship groups in a very small locality before NGOs arrived on the scene. NGO membership simply gave each woman an additional opportunity to put her social skills to work in a group of women within her chosen locality. This opportunity has created a community where 20 to 30 women have a more complex web of exchange and visiting networks simply because they were obliged to meet weekly and repay loans. The collective nature of group lending NGO style has proved it's far reaching implications on rural women's ability to build social capital. This has also enabled borrowers to prosper in ways not possible through access to financial capital alone.

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