

UK ASSISTANCE TO COMPONENTS OF THE BRAC RURAL DEVELOPMENT PROGRAMME, BANGLADESH

(enterprise development; credit provision;
technical support for borrowers)

An effective partnership between a major Non-Governmental Organisation and a Donor Consortium promotes growth in availability of credit to poor people, particularly women.

MAIN FINDINGS

- Donor consortium effective for managing the relationship between a large NGO programme and multiple donors
- Material and social benefits of BRAC membership extended to more poor households
- Potential benefits to women constrained by unhelpful social environment
- Very poor women benefit from separate special project
- Savings regime needs to more flexible to reduce drop-outs
- Financial management priorities constrain social development objectives

Background

Between 1989 and 1994 the (then) ODA provided, through a consortium of donors, some £15.5 million in support of a multi-stage Rural Development Programme (RDP) run by the Bangladesh Rural Advancement Committee (BRAC). The later phases of the RDP saw major BRAC growth and

expansion. The number of poor members of BRAC increased from around 350,000 in 1989 to 1.2 million in 1995, or 1.5 million (90% women) if one adds members of special programmes. An originally separate BRAC Bank Project was eventually subsumed into the RDP, with the amended title of Rural Credit Project (RCP).

The Main Conclusions

The evaluators judged ODA's support to BRAC a success overall. It helped BRAC increase its national coverage and its membership of poor people, especially women who have enjoyed some material and social benefits. It also helped strengthen BRAC as an organisation, including functions such as policy formulation and impact assessment. On the other hand the BRAC Bank failed to materialise, and the donor consortium's emphasis on financial management may have caused BRAC to lose sight of some social development objectives.

The donor consortium arrangement proved effective for managing the relationship between a large NGO programme and multiple donors. It obviated conflicts between different donor objectives while acting as a powerful interlocutor for BRAC. BRAC staff valued donor advice despite occasional overloading with expatriate consultants.

Membership of BRAC and access to credit have generally had a positive material and social impact on poor households. Length of BRAC membership correlates positively with poverty reduction. BRAC households are mostly less poor than comparable non-member households and cope better with seasonal fluctuations and household crises.

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Even so, the programme's developmental impact on women members is less impressive than initially hoped for. Women are often not able to control loans they receive, casting doubt on whether loans to women are invariably empowering in Bangladesh. On the other hand BRAC's Income Generation for Vulnerable Group Development project represented an important effort to support destitute women, who represent a liability for mainstream savings and credit groups.

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The incidence of member drop-out and the lack of cohesion of village organisations suggests that the programme may have expanded too fast. A purge of members with poor repayment records in the mid-1990s was ultimately accepted as necessary although concern was voiced about the possible impact of this action on membership solidarity at village level.

The relationship between RDP and RCP has been unclear. The fact that they are managed together has prompted concerns that the management objectives of the two

programmes may compromise each other.

This lack of clarity clouds judgement of the respective sustainability of the two projects.

BRAC regards itself as lending to support income generating activities as distinct

from enterprise development. This has coloured the relationship between BRAC and its members. BRAC is not a minimalist credit operation and its borrowers most often are integrated into a vertically integrated set of productive activities in which BRAC plays an important co-ordinating role.

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KEY LESSONS LEARNED

- The consortium arrangement between donors and BRAC may provide a useful model elsewhere.
- Complex social organisations such as BRAC need mechanisms for strategic planning which are able to keep multiple objectives, including financial and social objectives, in balance.
- Accessible savings regimes are as important as credit facilities for poor people in unstable environments and help to secure membership of credit schemes.
- Separate project components often need distinct reporting and accounting arrangements.
- Targeting women for credit disbursement does not automatically guarantee enhanced women's empowerment. Wider measures may also be needed to promote women's full participation in the economy.

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For further information see "Evaluation of BRAC Rural Development Programme II and III, Bangladesh: the ODA's contribution through the Donor Consortium to three aspects: *enterprise development; credit provision and technical support for borrowers.*" (Evaluation Report EV606), obtainable from Evaluation Department, Department for International Development, 94 Victoria Street, London SW1E 5JL, telephone 0171-917-0243. This report will also be accessible via the Internet in due course.

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