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Executive Summary

Introduction and Methodology

The DFID committed up to £50 million to increase the provision of electricity in rural and peri-rural areas of Bangladesh. This will be achieved within the Government of Bangladesh's Second Rural Electrification Master Plan (2000-2020). The Project is known as Rural Electrification Development Project (REDP). A special microfinance component is part of REDP. But, yet, no extensive study had been done to measure the impact of this kind of program (i.e., microfinance) for electrification at poor rural households in Bangladesh. This baseline study aims at producing benchmarks on various indicators which would be necessary for measuring the impact of the investment in the electricity distribution/connection sector that may impact on future approaches for donors and practitioners in Bangladesh and globally. In this study the samples have been drawn exclusively from the households who are in the microfinance programme under REDP in Brahmanbaria PBS area. A total of 32 unions under five upazilas have been covered under microcredit for electrification, a 45% (14 unions) of these unions have been chosen for survey (25 villages). The number of sample household is 400. In this survey baseline situation of before electrification and microfinance programme of REDP of the above mentioned households have been assessed. At the end line, the same households (interviewed at the baseline phase) will be interviewed to assess the impact of electrification through the microfinance component of REDP.

Household Background Characteristics

Household is the smallest and primary unit, where almost all the socio-economic activities are adept around this unit. The average number of household member is 5.6. Slightly over one-tenth of the households (12.5%) are female-headed. Number of female in the community is smaller than the number of male (100 female per 106 male). Disabilities have been found in 0.6% households. The average year of schooling of the household member is negligible with 2.5 years. More than half of the people are illiterate (58% male, 54% female). Dependency ratio is 85. Nearly 20% of total population is found homemaker. Similar portion of people (18%) are day laborer. Only a 3% people have been involved in farming/cultivation. A 14% household has non-resident income earning members- where most of them are working abroad. Most of the household have their own homestead but more than three-fourth households do not have their own agricultural land. A one-third of the homesteads have been found dilapidated. A large portion of the households (around 40%) can not provide three meals a day round the year to all its members. More than half of the households (55%) have reported that they are financially incapable in sending their children to school. Only one-fifth of the households have the financial capability to meet necessary health expenditure.

Household Asset Ownership

Almost all (99%) of the households possess homestead land. Only one-fifth of the households do possess agricultural land. Around ninety percent (88%) of the households are landless. While data is disaggregated by poverty status, no significant variation is found among the surveyed households regarding land possession. Also almost no variation is found in the status regarding land possession while data is disaggregated by sex of household head. The average space for dwelling for an average household is 278 sq. ft. Current market price of the structure of the homestead is Tk. 22,522. Though no significant variation is found while data is disaggregated by poverty status regarding space of dwelling room, but difference has been found regarding the current market price of homestead with below upper poverty line, Tk. 17,196, and above upper poverty line, Tk. 28,178. This difference is also pronounced while data is disaggregated by sex of

household heads- for male-headed household's current market price of homestead is Tk. 23,147, while it is Tk. 18,154 for female-headed households. In two-thirds (66%) of the dwelling the wall material of the main dwelling is tin, followed by mud (22%). Roofs of almost all of the houses are made with tin (99%). In almost all the cases the floor of the houses is earthen (98%). Households do possess movable assets worth Tk. 26,279.7. Valuation of household assets varies significantly while poverty level is considered- an average household of above upper poverty line valuation of household assets is TK 30,993; it is much less among the poor households with Tk. 21,840 for households in below upper poverty line and Tk. 21,725 for a household of below lower poverty line. This difference is also pronounced while data is disaggregated by sex of household heads- for male-headed household's current market price of household asset is Tk. 27,086, while it is Tk. 20,639 for female-headed households.

Attitude towards Household Electrification

All households surveyed expressed their demand for electricity. Using electric fan and light bulb and facilitating children's study were the top reasons for their demand for electricity. The other reasons include cost effectiveness of electricity to other sources of power, operating electronic devices such as TV/VCD/ DVD player, recharging cell phone battery, increase social dignity, and ensuring security. No significant difference between the male and female-headed households is observed in the reasons for electricity demand except one- security of household. Comparatively more female-headed households without electricity had demand for electricity for security concerns. By poverty status, non-poor households are observed to have more demand for electricity than their poor counterparts although the difference is insignificant. Households are found to have very little knowledge about the expenditure on electricity connection and usage prior to taking the connection. Almost all of the households were in need of financial support for installing electricity connection at their residences.

Household Income and Savings

A total of over 20 income sources have been identified in the survey. On average a household has 3.5 income sources. Among all sources, crop agriculture is apparently predominant and is reported by around 41%. The household annual net income for an average household is Tk. 74,962. Business is the highest earning source (Tk. 8,976) for a household and is followed by remittance and non-agriculture wage labor (Tk. 8,593). Average daily net income per person is about Tk.36.67 which is still below the international poverty line. The annual net income of households among different quintiles varies substantially. For example, the household net average income of highest quintile is over 5 times higher than that of lowest quintile (poorest). Although about 50% of the population is women, however their contribution in household income earning is generally not recognized and there is a lack of empirical evidences proving the incorrectness of the same. The analysis reveals that around 82% households have reported of having women involvement with at least one income generating source. In terms of absolute amount, about 12.5% (Tk. 9,364) of household annual net income is recognized to be contributed by women. All households have reported of having at least some savings. An average household reportedly have Tk. 6,685 as savings. The average reported savings in the form of cash in hand is Tk. 2,240. On average, a household have savings amounting Tk. 1,846 and Tk. 1,147 respectively with NGO and post office/bank. About 38% respondent households live below lower poverty line and their average per person monthly income is Tk. 605. Similarly, about 51% households are living below upper poverty line with average monthly per person income of Tk. 678 only. Households living below lower poverty line on average possess savings amounting Tk. 4,363, while those living below upper poverty line have Tk. 8,139.

Household Credit and Credit for Electrification

The average amount of loan availed by households from both institutional and non-institutional sources during last two years period is Tk.18,217. An average household has received Tk. 10,426 from institutional sources of which most part (Tk. 10,094) came from NGO sources. The friends and relatives have given around Tk. 4,317, which is about 24% of the average loan amount. A 13% of average per household loan amount (Tk. 2,470) still comes from traditional money lenders. Only about 3% households have been reportedly given different types of formal bank-loans. In about 73% instances the loaned amount from the bank has been spent for either income generating activities or in business. The utilization scenario of micro-credit from NGOs is that about 63% of the loan recipients spend for a fore mentioned purpose, while about 24% has to spend the amount to meet-up household expenditure. From among households who have taken loans from friends and relatives, about 28% households spend for meeting medical expenditure and 23% for income generating activities. Moreover, about 19% each spend for meeting household needs and sending household members for overseas employment. All the sample households have received around Tk. 3,000 as micro-credit to meet the one time expenditure for electrification. A 96% of the respondents reported that their purpose of availing such micro-credit is to meet-up the one time expenditure at the time of electrification. In addition, about 16% HHs has stated that it will help them in paying electric bill, and 18% has mentioned that they will spend some amount for setting-up any IGA mainly related with using electricity. No NGOs had provided micro-credit for meeting-up expenses for electrification in the study area before REDP started its interventions. The share of *Padakhep* mediated micro-credit for electrification compared to all credits (institutional and non-institutional credit taken together) constitutes about 16.5% that an average household has availed during previous two years. Micro-credit for electricity comprises 30% of total micro-credit received. The share of the micro-credit for electricity constitutes 24% of the outstanding loan.

Household Food Consumption

The food consumption basket of households mostly consists of ten broad items: (i) rice, (ii) other cereals (mostly wheat), (iii) vegetables and potatoes, (iv) pulses, (v) oils and fats, (vi) sugar, (vii) fruits, (viii) fish, (ix) meat and egg, and (x) milk. However, daily per person total food intake is substantially lower than that is recommended by Bangladesh Nutrition Council (934 gms per person per day vs. 764 gm per person per day). Household food basket (in gms) shows very high predominance of three food items: (i) rice, (ii) other cereal products, and (iii) vegetables (including potatoes). Across the household's daily intake of energy is around 1,732 Kcal per person, which is less than the recommended by the Bangladesh Nutrition Council normative (2,280 kcal) and even less than the poverty line (2,122 kcal).

Household Expenditure

An average household spends annually about Tk. 80,489. The share of food expenditure comprises two-thirds of the total annual expenditure of the household (66%). Gender disparity related to expenditure exists in the households. Expenditure for an average female household member for each of the food items is less compared to the same for an average male member. Among all non-food expenditure heads the spending on fuel (for cooking and lightening) constitute the highest share (19%). Households' current propensity of spending in both food and non-food needs is low, and it is even lower when it comes to non-food needs.

Household Poverty Status

Poverty is not a unidimensional phenomenon, it is rather multidimensional. Therefore, the poverty status of the sample households has been ascertained using the different measures. Using “direct calorie intake” method (head count), it has been found that about 84% of the households fall below the absolute poverty line (national rural 39.5%). About 63% households fall below hardcore poverty (national rural 17.9%). Using “cost of basic needs” methods it has been found that 52% of sample households are situated below the upper poverty line. Estimates for lower poverty line show that about 39% households fall below this line. The household poverty, both in terms of upper and lower poverty lines, are much more pronounced in the sample than that for the national rural averages- even the average of rural Chittgaong Division. According to international poverty line of US PPP \$1.25 a day per person, 78.5% of the households are poor. Obviously the poverty rate increases with US PPP \$ 2 a day per person – with 94.3% of the households. Land-poverty is highly pronounced among the sample households- 88% of the households are landless. Estimates based on respondent’s self-assessed poverty status show that overall 43.6% of the respondents consider themselves to be poor. A 61% household reported that they have no access to safety net programs. During the last two years of survey, 24% households reported facing economic crisis. Of those who faced such crisis, the most frequently cited crisis reported by 82% of the households was “high expenditure due to illness”. Among those who faced crisis, 63% households took ‘loan’ from others to cope with the crisis; 22% households who faced crisis mitigated the same by “utilizing savings”.

Health, Hygiene and Sanitation: Knowledge and Practice

The awareness of the female respondents on crucial public health is simply deplorable. There is no significant difference in knowledge gap among the women living with different poverty status. Reported average number of public health issues known to the women is as low as 5 out of 20 issues. A 26% of household members (51% female and 49% male) have reported to become ill. The most commonly stated illness is fever (48%) followed by diarrhea (20%). Other reported illnesses are pain in the body (18%), gastric acidity (9%), ARI including pneumonia (8%), and typhoid (8%). A 41% of the sick household members received treatment from medically competent persons. It is higher among the male than the female (45% vs. 36%). Only 3% of the last births were delivered by the medically competent persons. On the other hand, an 18% of last deliveries attended by TBA and majority (78%) took places in presence of UTTBA and/or by neighbors/relatives. Proportion of antenatal care and postnatal care (PNC) done with medically competent persons (MCP) are 21% and 19% respectively. Reported coverage of TT vaccine during last pregnancy is 70%. Considering national averages, PNC coverage is little higher than national average while ANC and TT vaccine coverage are less than the corresponding national coverage. The contraceptive prevalence rate in surveyed households is 60%, where national rural average is 54%. The estimated total fertility rates in surveyed households is 3.09 children per woman where the desired TFR is 2.1 to achieve national goal of net reproduction rate=1 by 2015. Mean age at first marriage is 15.6 years as compared to median age of marriage 15.3 years at national level where legal age of marriage in Bangladesh is 18 years for women. The reported source of drinking water is tube well or improved drinking water source. However, 36% tube-wells are not tested for arsenic contamination and 9% households drink water from arsenic-contaminated tube-wells. The most frequently (80%) used latrines are unhygienic latrines. More so, some 4% households practicing open defecation. Only a 23% of households use soap for washing hands after defecation. The neonatal mortality among the survey households is 49 per 1000 live births which in case of infant mortality is 69 per 1000 live births. The national average of rural neonatal and infant mortality rates are 41 per 1000 live births and 69 per 1000 live births. The post neonatal mortality or late infant mortality rate is 20 per 1000 live births. The national average of late infant

mortality in rural areas is 18 per 1000 live births. The under-5 child mortality rate in the surveyed households is 94 per 1000 live births. The national average of under-5 child mortality in rural areas is 77 per 1000 live births.

Education: Literacy, Enrolment, and Quality

The overall literacy rate of the population of all ages is 47%, which is very close to the adult literacy rate (46%). Regarding the population ages 7 years and above, estimated literacy rate is 56%. By gender, the male-female difference of literacy rate among the population of all ages is 48% and 46% while the same for adult population is 50% and 42% and population ages 7 years and above is (58%) and (54%) respectively. Statistical analysis of literacy rate by poverty status reveals that literacy rate of the respondents living above the upper poverty line are significantly higher than that of the respondents living below the lower poverty line. The combined primary and secondary gross school enrolment ratio is 71% with boys-girls distribution of 70% and 72%. Individually, gross enrolment ratio at primary and secondary school level is 74% and 44% respectively where national average corresponding school enrolment ratio is 97% and 45%. The school attendance rate of the children between 6 years and 15 years is 71%. By gender, it is 76% with the girls and 74% with the boys. Nationally, rural school attendance rate is 80% among the children between 6 years and 15 years. The school drop-out rate at primary or secondary schools is almost identical and accounted as 5.1% and 5.2%. The difference in drop out among the boys and girls at primary school is 6% vs. 3%, and in secondary school 2% vs. 8%. The average score attained by the students in last final examination is 65%. However, in all the classes marks obtained by the girls is consistently higher than that by the boys. The most common lighting source uses by the students for study after sun set is kerosene lamp or *kupi bati* (58%) followed by hurricane lantern (42%).

Women Empowerment and Gender Issues

Women's empowerment status is not at all satisfactory. If women empowerment is scored- on a scale of 0-100 (where 100 is maximum and 0 is the minimum) – then the score achieved by the households is only 39.7, which means that the women empowerment gap (60.3) is much larger than the score achieved. The overall status of women's independent decision making practice in the surveyed area is bleak. Against all nine indicators it has been reported that in most cases women can not take decision independently or in other words- are not allowed to. A bit more half of the women (56%) can go to CBOs/samities/cooperatives alone. Almost no women can go to any cultural show (cinema/*jatra*) un-attended. If women mobility status is scored- on a scale of 0-100 (where 100 is maximum and 0 is the minimum) – then the score achieved by the households is 52.2, which means that the women mobility gap (47.8) is significantly high. Almost all of the women (96%) have reported that there are cases of verbal abuse towards women in their neighboring households- which, in-fact refers that in almost all the households in the REDP project area women in Barhmanbaria are victim of verbal abuse. More than three-fourths (78%) of the women reported of battering in their neighboring households, which is indeed very high and matter of serious concern. Despite their low extent, the presence of abduction, sexual abuse, intimidation at workplace, and acid throwing in the community is a matter of serious concern. The overall knowledge status of women in REDP project area in Brahmanbaria PBS is not satisfactory on gender equality issues. Only 3% know the legal age at marriage for boys. However, 62% of the women know the legal age at marriage for girls. It has been reported that almost all women believe that proper place for girl's education is school, rather than home. It has also been found that 81% of the women think that unmarried girls should not be allowed to work outside of her village. It has been reported that almost all of the women (97%) are member in credit group. A little more than half of the women respondents (53%) have reported about taking credit in last

year (last year before electrification). This implies that in half of the households in REDP covered area in Brahmanbaria PBS there are women who have taken credit in last year. If this credit taking status is calculated solely among the women who took credit in last year then on average a woman took credit of Tk. 9,890 (for all households- Tk. 5,217).

Access to Information, Awareness and Knowledge

About 8% respondents listened to radio and 44% watched TV before getting electricity connection. Daily average time spent for listening to radio and TV are estimated at 26 minutes and 15 minutes respectively (for the applicable respondents only). Major sources of news of national importance have been reported as neighbors (40%), TV (20%), and elites (12%). Major sources of news of regional importance have been reported as neighbors (72 %) and elites (12%). Major sources of important educative information have been reported as radio/TV (20%), and neighbors (18%).