

Impact Assessment of ASA Microfinance Program 2013

M. Abdul Aziz*

Abstract

ASA microfinance product basket is an amalgamated mix of credit, savings and insurance meant for its 5 million members delivered through about 3000 branches covering all 64 districts of the country. Its service delivery process with immense outreach is continuously monitored for improving program strategy with feedback from the field. For facilitating accumulation of comprehensive client feedback, ASA has set a trend of periodic impact assessment of its program in every 2 to 4 years since 1999. The main objective of assessment is to ascertain major impact of the microfinance program on the life and mode of livelihood of the borrowers. Following random sampling techniques, the impact assessment of 2013 interviewed 7168 members having ASA attachment for at last 3 years. Their opinions obtained on the basis of a survey conducted through a pre-designed questionnaire were collected and analyzed to determine the actual impact of the Program. Findings revealed that major objectives of ASA program have been fulfilled to a greater extent and majority of borrowers improved their socio-economic condition and standard of living. To address a few identified challenges, the study suggested a set of recommendations emphasizing weekly group meetings, more savings, skill enhancing training and more flexibility in loan ceiling.

Introduction

An impact assessment is a process that identifies the main options for achieving the objective and analyses their impacts in the economic, environmental and social fields. Conducting an impact assessment on microfinance program is a challenging task because of the following two reasons (Bruntrup, 1997):

- There is still a lack of an appropriate standard methodology; and
- A baseline survey indicating the economic status of households before the start of microfinance program is not normally available, as in most other development projects and programs.

In spite of the existing challenges, assessment study is needed to determine the actual impact of program so as to form a rationale for further modifications in the work strategy aiming at ensuring quality service delivery to clients.

ASA since its foundation in 1978 has been pursuing to establish a poverty free society in Bangladesh. The organization has modified approaches in consideration of the grassroots demand that resulted in emergence of three consecutive functional trends characterized as foundation phase (1978-84), reformative phase (1985-91) and program specialization phase (1992-todate) (Rutherford, 2009). The foundation phase emphasized enhancing awareness for social action

*Senior Deputy President, ASA

which was followed by the reformative phase that integrated a number of components such as empowerment, credit for income generation, mini-irrigation, women's development, health program, human development training and post disaster management program. The phase ended in 1991 triggering an enormous credit demand among clients. In consequence, the program specialization phase emerged in 1992 emphasizing microfinance.

Microfinance: the Dominant ASA Focus

The premise of ASA philosophy equating microfinance as a tool to poverty alleviation is based on an economic approach. It upholds that small and medium size loan to the poor and low income people with soft and friendly obligations enables them to use in various income generating activities and raise family income which, in turn, helps reduce their poverty (Kamal, 2002). ASA today is one of the three big players in Bangladesh alongside Grameen Bank (GB) and BRAC delivering credit to its 5 million members, of whom, 70% are women who are mostly poor and disadvantaged. Its delivery network covers a credit domain that accounts for 30% national market share with cumulative disbursement of BDT 625.6 billion up to June 2012. The microfinance package comprising credit, savings and insurance is disbursed through about 3000 branches in an immense outreach covering all 64 districts of the country (ASA Manual). In addition, ASA widens its functional domain beyond microfinance accommodating welfare-oriented social responsibilities in education, health and agri-business sector.

ASA is financially and economically self-reliant and emerged as a donor-free institution in 2001 (Kamal, 2010). It has been recognized globally as one of the largest, most efficient and cost-effective MFIs in the world. In 2007 it was selected as the world's top MFI by Forbes, a USA based Financial Magazine. Microfinance Information Exchange (MIX) adjudged ASA as the best MFI in the world in 2005, while Global Journal published from Switzerland and USA categorized ASA in 2012 among the top 100 best NGOs in the world.

Rationale of the Assessment

The impact assessment evaluates the effectiveness of ongoing initiatives reflecting various challenges. Such an evaluation is capable of providing inputs for modifying and improving the program strategy in response to the field demand. In quest of enhancing program efficiency ASA has set a trend of periodic impact assessment study conducted in every 2 to 4 years. So far 6 impact assessments were made by ASA Research and Development unit since 1999 (ASA Annual Reports). The present study is a part of its assessment process conducted 4 years after the last assessment in 2009.

Objective of the Assessment

The main purpose of the assessment is to ascertain the major impact of ASA microfinance services on the life and mode of livelihood of the borrowers. The specific objectives are:

- To assess the status of economic empowerment of the borrowers in respect of business capital, income and asset;
- To identify changes in respect of health and behavioral parameters as well as educational parameter of borrowers; and
- To recommend measures to reinforce effectiveness of ASA microfinance program in improving the socio-economic condition of group members.

Scope and Limitation of the Study

Scope: In spite of having a large number of MFIs in the country very few of them undertake impact assessment study, for which, information and data on impact assessment of microfinance are inadequately available. ASA, being a cost-effective MFI looking for optimum outcome of its service delivery, considers it a scope in evaluating its performance based on the feedback of members.

ASA has a wide organizational set up throughout the country, which can facilitate data collection using its own field employees.

ASA has been implementing the microfinance program for about 21 years making many experienced groups of members who can facilitate the study with necessary input.

Limitations: Respondents faced difficulty in managing time for interview as they have to remain busy with their own business.

Respondents answered many questions from their memory and this recall phenomenon had to be verified with time-consuming relevant queries to churn out accurate information.

Methodology

Sampling of Respondents: In order to reflect countrywide impact with regional specificity, 28 out of 64 districts of the country were selected following 'Random Sampling Technique' taking 4 districts from each of the 7 Divisions. The same random sampling technique was applied while selecting 4 branches from each district making a survey area comprising 112 branches. The sampling technique was also adhered to while selecting individual respondent borrowers. Generally 4 Loan Officers (LOs) on the average work in each branch, while each LO deals with 18 groups and each group comprises 20-35 borrowers. In the sample 4 LOs of each chosen branch, 4 groups of each LO and 4 borrowers of each group were selected. This makes the sample comprising $28 \times 4 \times 4 \times 4$ or 7168 borrowers. During selection, borrowers having at least consecutive 3 years' ASA attachment were included in the sample.

Method of Data Collection: The impact assessment study was based on a survey conducted through a questionnaire that was developed for data collection and used for interviewing the selected borrowers. The survey was carried out from 1 January to 30 April 2013. Before starting the field work, ASA Research and Development unit arranged a day-long orientation session for District Managers (DM) of all 28 Districts and the District Managers, in turn, conducted similar orientation sessions for concerned Branch Managers (BM) and LOs.

Assessment Parameters: Selected members were interviewed to determine the status achieved using the following 3 categories of parameters:

A. Economic Parameters

- Business Capital
- Monthly Income
- Family Asset
- Employment Opportunity

B. Health and Behavioral Parameters

- Quality of Food Intake
- Pure Drinking Water
- Medical Treatment
- Sanitation Arrangement
- Dwelling Condition
- Cleanliness
- Dress

C. Educational Parameter

- Literacy and Child Education.

Literature Review

Gaile and Foster (1996) pointed out the inadequacy of an appropriate standard methodology to evaluate the impact of credit programs. Problems confronting design of such a study were identified as: fudgibility of the credit, the selection of appropriate reference households with which to compare the outcome on borrowers and the separation of credit and non-credit effects. Fudgibility of credit means that exact place of a credit within complex farm households is not possible. A woman who usually receives credit frequently gives at least a part of it to her husband, son or brother. The consequence of this open flow of money is that instead of only women's economy the whole family economy has to be studied.

Bruntrap, M. et al. (1997) conducted an Impact Assessment of ASA and concluded that such a program was an important achievement and step towards peoples' economic improvement and empowerment, and stressed the need for widening its outreach covering maximum households. Many social scientists emphasized the positive impact of microfinance on the economy. ABN AMRO/ RBS conducted an impact assessment of CASHPOR Micro-credit Organization in India

in December 2008 and found a positive impact on socio-economic status of clients and provided a statistical evidence that at least 5 loans over 4 years was strongly associated with the likelihood of becoming non-poor.

David Hulme, (1998) in a paper titled 'Impact Assessment Methodology for Microfinance' remarked that much further work would be needed to establish the claims of microfinance to be a panacea for poverty-reduction, and counter-claims cautioning against such enthusiasm, and only empirical testing could find out achievement and outcome. Rahman, T and Wright R.E. (2009) conducted a survey based on empirical evidence and found that ASA indeed could reach the poor. Rahman, T and Khan, HTA. (2012) conducted a study on ASA micro-credit effectiveness and concluded that ASA program was effective in improving socio-economic status of its beneficiaries.

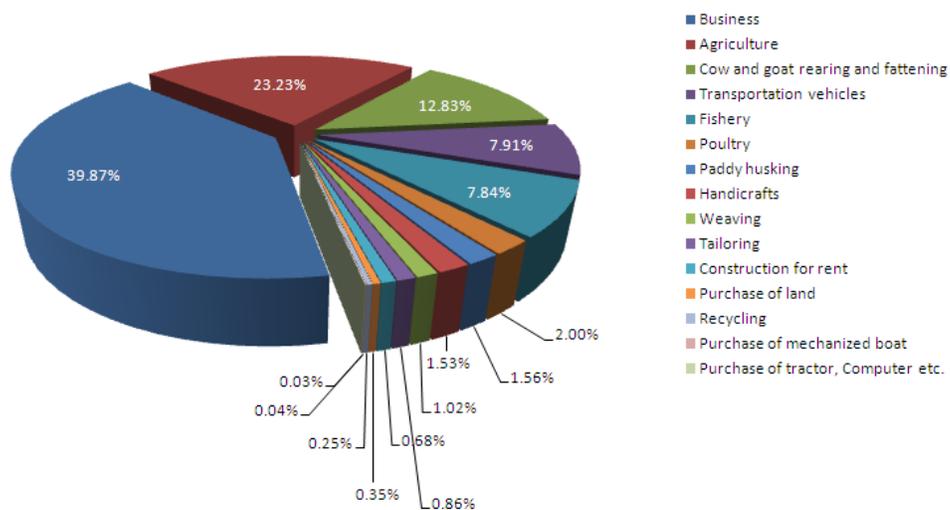
Sinha. S.K. (2012) in an impact study on ASA's Agribusiness Development project found that borrowers could improve their income and living standards with agribusiness loan products. Verlet, S and Kamal, M (2005) remarked after conducting an impact evaluation of ASA Small Entrepreneur Lending (SEL) program that the MFI successfully contributed much to the effort of poverty alleviation through creating jobs for the poor.

Distribution of Respondents

a. Distribution Based on the type of Projects

Respondents of the survey are classified as in figure 1 based on the broad categories of projects they undertake for investing their borrowed money:

Figure 1: Distribution of Respondents on Type of Projects



Respondents were found using ASA loan in various projects for Income Generating Activities (IGAs) in different areas: 40% in business, 23% in agriculture, 13% in livestock, 8% in transportation, 8% in fishery and 2% in poultry.

b. Distribution Based on Sex and Duration of Membership

Distribution of respondents in respect of sex and duration of ASA membership is shown in table 1.

Table 1: Distribution of Respondents on Duration of Membership and Sex

Duration of membership	Female		Male		Total	
	No.	%	No.	%	No.	%
3-4 years	1459	20.35	56	0.78	1515	21.14
4-5 years	1738	24.25	47	0.66	1785	24.90
Over 5 years	3812	53.18	56	0.78	3868	53.96
Total	7009	97.78	159	2.22	7168	100

With regard to above distribution it was found that 7009 (97.78%) out of the total 7168 respondents belonged to female loan clients, while only 159 (2.22%) were male. The respondents having membership duration 3-4 years, 4-5 years and above 5 years were 1515, 1785 and 3868 in number corresponding to 21.14%, 24.90% and 53.96% respectively.

Findings

A. Economic Parameters

Business Capital

Most of the respondents had been considered unbankable by commercial banks because of their inability to fulfill the requirement of collateral which the poor were unable to provide. As a result, they developed linkage with microfinance institutions such as ASA to procure borrowed fund to be used as business capital.

In all 6937 (97%) out of the total 7168 respondents informed that their business capital increased as a result of ASA borrowing. But it did not increase in the case of 231 (3%) respondents. Respondents having increased business capital cited following factors that contributed to the increase:

- Easy and on time availability of loan: 5377 (78%);
- Facilitating role of savings: 3795 (55%);
- Projects being profitable: 4923 (71%);
- Productive use of the borrowed money: 4624 (67%);
- Availability of the credit on annual basis: 3692 (53%);
- Co-operation from members of the family: 2309 (33%);

Composition of Business Capital: The integrated amount of business capital formed through various types of fund invested by respondents on yearly basis from 2008 to 2012 is shown in table 2.

Table 2: Composition of Reported Business Capital

Composition	2008	2009	2010	2011	2012
Withdrawal from Savings	7.75	11.34	14.02	18.77	20.51
Loan from ASA	57.13	80.08	103.64	130.43	157.98
Own fund	148.97	192.78	227.87	281.08	334.38
Total Business Capital	213.85	284.20	345.53	430.28	512.88

Business Capital figures in million BDT

On analysis of the trend and composition of business capital it was found that respondents used the highest amount of business capital in 2012 and the lowest in 2008 with a gradual increase during the period. It was also found that the amount of savings which the respondents used in running their business similarly increased. Respondents utilized the maximum amount of loan from ASA in the year 2012 with gradual increase from 2008 to 2012. Apart from savings and loans, the respondents also used self-procured fund increasingly to complement the overall business capital.

According to the findings, 231 out of 7168 respondents informed that the size of business capital did not increase due to their failure to invest in profitable projects, use of money in social ceremonies, use by husbands in other purposes, illness and natural calamities.

Monthly Income

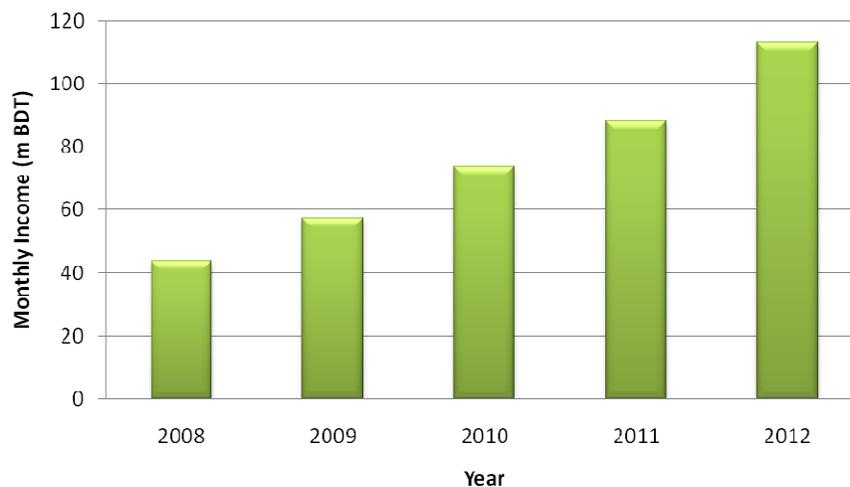
The findings showed that 6936 (97%) out of 7168 clients could increase their monthly income as a result of investing borrowed money from ASA in various income generating activities. The year-wise total monthly income of respondents is shown in the following table 3:

Table 3: Monthly Income of Respondents

Monthly income				
2008	2009	2010	2011	2012
44.011	57.276	73.722	88.224	112.960

- Income in million BDT.

The integrated income as in figure 2 reflected a continuously increasing trend which formed the basis of improvement in quality of food intake, consciousness in nutrition, health, use of pure drinking water, sanitation, cleanliness and literacy status of the respondents' family members.

Figure 2: Year-wise Integrated Monthly Income of Respondents

With regard to monthly income 6936 respondents who gave positive answers mentioned the following reasons in support of their response:

- a. Using borrowed money in IGA: 5590 (81%);
- b. Project being profitable: 5112 (74%);
- c. Generating an additional income source: 3864 (56%);
- d. Developing skills to implement the project: 3294 (47%);
- e. Cooperation of the family members: 2489 (36%);
- f. Others: Income from house rent: 12 (0.02%).

Among the respondents, 232 (3%) denied to have gained in their monthly income due to non-profitable nature of the project, use of money in unproductive ventures, use of loan in family obligations, fall of selling price of product and illness.

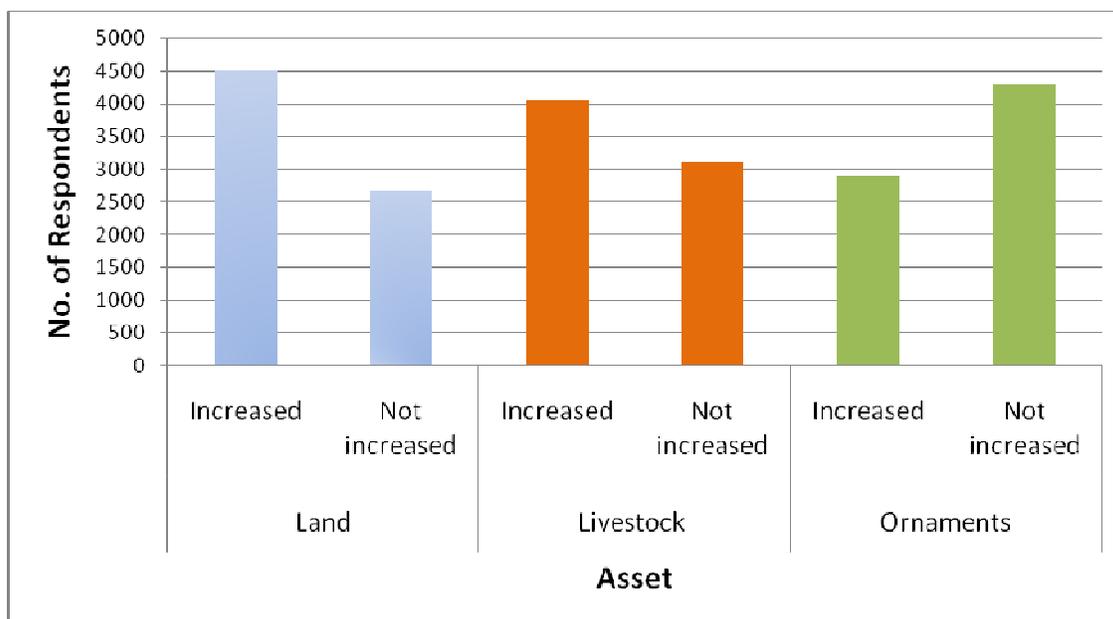
Family Asset

In the assessment 5980 (83%) out of the 7168 respondents reported that their asset increased, while 1188 (17%) respondents informed that they could not increase their asset. The survey revealed that asset ownership increased at different rates depending on the type of asset. The enhancement was 63% and 57% in case of land and livestock respectively, while it was 40% in ornaments. The status of acquiring asset is as in table 4 and diagrammatically presented in figure 3.

Table 4: Status of Acquiring Various Types of Asset

Type of asset	Increased	Not increased
(i) Land	4493 (63%)	2675 (37%)
(ii) Livestock	4063 (57%)	3105 (43%)
(ii) Ornaments	2886 (40%)	4282 (60%)

Figure 3: Status of Acquiring Asset



A comparative time-based asset ownership in respect of land, livestock and ornaments between 2008 and 2012 revealed a marked improvement as shown in table 5.

Table 5: Asset owned by Respondents

Type of asset	2008	2012
Land (in hectare)	39,043.17	57,759.61
Livestock (in number)	6,174	9,442
Ornaments (in kg)	24.58	39.94

Employment opportunity

Employment either on part-time or full-time basis contributes to enhance income and generates an enabling environment for productive forces which in turn promotes for overall development. The survey revealed that 6727 (94%) out of 7168 respondents were able to create employment opportunities for others in their current projects. The progressive status of employment opportunities created by respondents both within the family and outside is shown in table 6.

Table 6: Employment Opportunities.

Employment Area	Within the family		Outside the family	
	2008	2012	2008	2012
No. of workers	7,846	10,187	3,253	5,701

But 441 (6%) respondents said that they could not create any employment opportunities due to non-flourishing of the project which failed to make any profit, inadequate size of loan for project expansion, non-functioning and theft of the means of earning.

B. Health and Behavioral Parameters

Quality of Food Intake

Out of 7168 respondents, 6962 (97%) claimed that the quality of their food intake improved significantly in the families. Major reasons for improvement in quality of food as stated by the respondents are:

- a. Increased family income: 6375 (92%);
- b. Cultivation of vegetables in the homestead increased: 2828 (41%);
- c. Profit from product selling: 3047 (44%);
- d. Income from poultry and vegetable cultivation: 3446 (49%);
- e. Others: Enhanced income through goat fattening: 14 (0.2%).

206 (3%) respondents informed that they could not improve the quality of their food intake in their families as because the project was not profitable, large family size, enhanced food and commodity price, and paucity of homestead land for horticulture.

Fresh Drinking Water

The survey result showed that the percentage of drinking arsenic free water by the members increased. It was found that 7111 (99%) respondents were using arsenic free water. Respondents were found using pure drinking water from the following sources:

- a. Well: 49 (1%);
- b. Pond/River: 153 (2%);
- c. Tube-well (owned): 5446 (76%);
- d. Neighbor's tube-well: 1520 (21%).

Respondents stated the following two reasons for using pure drinking water:

- a. Increased awareness on ill effects of pollution: 6410 (89%); and
- b. Enhanced affordability after getting loans: 2868 (40%).

Only 57 (1%) respondents said that they did not use arsenic free pure drinking water. Reasons for not using arsenic free water, as stated, are lack of facility for safe drinking water, lack of consciousness and financial stringency.

Medical Treatment

The assessment study showed that the percentage in respect of calling the doctor increased significantly. Treatment cases in 2008 and 2012 as reported by the respondents showed a positive trend and the position is presented in the following table 7:

Table 7: Treatment Position

Treatment by		Doctor	Kabiraj	Fakir	No illness
Year-wise Treatment	cases of 2008	5688	1116	306	10
	2012	6915	197	53	6

The figures indicate clearly that the incidence of treatment by the respondents and their family members from the local Kabiraj (traditional medical practitioner) and Fakir (religious healer) declined sharply during the period between 2008 and 2012. Respondents mentioned following grounds for consulting doctors:

- a. Acquired the ability to pay doctors' fee: 4442 (64%);
- b. Awareness enhanced: 4766 (69%);
- c. For having better treatment: 5495 (79%);
- d. Availing of treatment facility in hospital: 3416 (49%);
- e. Enhanced availability of the physician: 2758 (40%);

Sanitation

According to the survey report, users of water sealed latrine (Sanitary and pit pucca) among the clients increased at a significant rate. Out of 7168 respondents 6772 (94%) informed that they were using hygienic latrine. Grounds for adopting hygienic sanitation as stated by the respondents are:

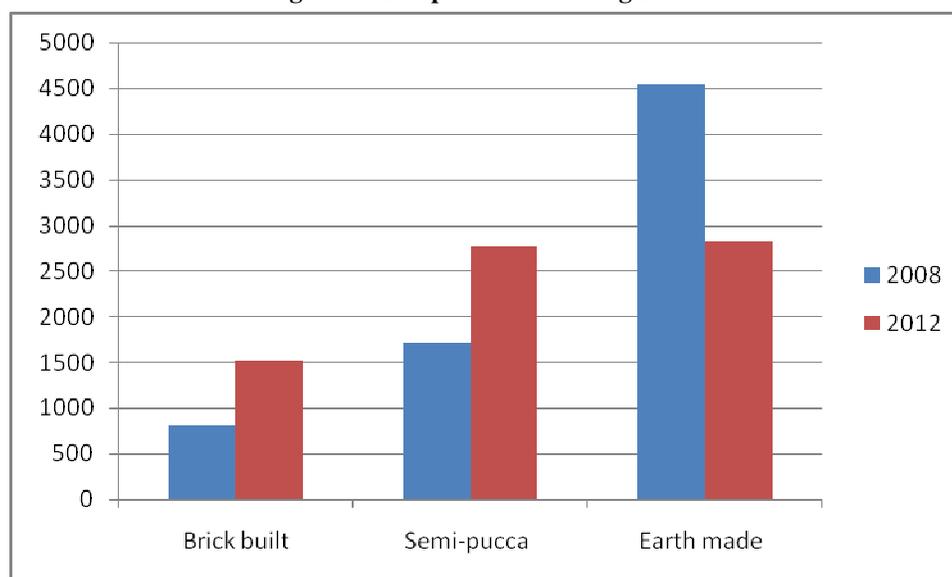
- a. Income increased: 4128 (57%);
- b. Awareness of sanitation benefits developed: 5200 (73%);
- c. To keep homestead neat and clean: 4559 (64%);
- d. To protect from various ailments: 4499 (63%).

Condition of Dwelling house

It was found that 5978 (83%) respondents were able to repair or build their houses while the rest 1190 (17%) could not make any progress. Respondents stated two factors for this improvement. They used borrowed money directly for building and construction of their houses. Some of them relied on the enhanced family income that accrued following successful investment of the borrowing. Comparative dwelling status in the year 2008 and 2012 is shown table 8 and presented diagrammatically in figure 4.

Table 8: Comparative Dwelling Status

Dwelling conditions	2008	2012
Brick built	805 (11%)	1513 (20%)
Semi-pucca	1720 (24%)	2769 (39%)
Earth made	4546 (64%)	2834 (40%)
Other (thatched)	97 (1%)	52 (1%)

Figure 4: Comparative Dwelling Status

Cleanliness

According to the findings of the study, consciousness in respect of cleanliness increased during the reported period. A total of 6972 (97%) out of 7168 respondents claimed that the sense of cleanliness among the family members rose. This was due to rise of their family income and enhanced awareness. Significantly high number of respondents adopted various measures of cleanliness as shown in table 9. The rest 196 (3%) of the respondents said that they could not make progress in developing the sense of cleanliness in their families due to their poor affordability and low awareness.

Table 9: Cleanliness Measures Adopted by Respondents

Cleanliness Measures	Yes	No
Use of tooth brush	7012 (98%)	156 (2%)
Hand washing before meal	6995 (98%)	173 (2%)
Use of sandals	6754 (94%)	414 (6%)
Cutting nails	6905 (96%)	263 (4%)
Cleaning homestead	6281 (88%)	887 (12%)

Dresses

As many as 1032 (14%) respondents were using the same number of clothes as they used before while the remaining 6136 (86%) informed that their number of clothes increased. The findings of the survey showed that respondents made progress in respect of their dress. Responsible factors for improvement as stated were increased income and enhanced awareness.

C. Educational Parameter

Literacy and Child Education

It was revealed in the study that literacy played an important role in providing impetus for improving the overall socio-economic status. According to survey statistics, 6717 (94%) clients agreed that the rate of literacy increased among the members of their family. They mentioned the following reasons for improvement in the literacy:

- a. Family solvency acted as a motivating factor: 4750 (71%);
- b. Motivated by consciousness: 4736 (71%);
- c. Schools being located nearby: 3305 (49%);
- d. Opportunities for free schooling: 2912 (43%);
- e. Others: Encouragement of relatives for child schooling: 48 (0.7%).

Only 451 (6%) respondents could not improve as they used their offspring to assist household works to leverage income and children did not get schools nearby apart from other reasons such as low income and poor awareness. A comparative literacy status between 2008 and 2012 is given in table 10 indicating a marked improvement in literacy trend.

Table 10: Comparative Child Education and Literacy Status.

Increase of literacy skill				Children attending School			
2008		2012		2008		2012	
Yes	No	Yes	No	Daughter	: 3647	Daughter	: 5426
5692	1476	6717	451	Son	: 3983	Son	: 5499

Discussions on Findings

The integrated impact of ASA microfinance in respect of 3 categories of parameters is shown in table 11. In the economic category the study revealed high positive impacts ranging from 83% to 97% in all 4 parameters. Business capital increased in 97% respondents because of easy and timely availability of loans. This availability was coupled with productive use of the loan in some projects that made profit. The failed cases that happened in 3% of respondents were for reasons such as illness, natural calamities and non-use of borrowed money in profit-making ventures. While the first two grounds were beyond control, the third could be addressed in future through motivation and intensive monitoring by ASA field officers and through mutual supervision of group members. The group dynamics, if properly maintained through holding regular weekly meetings, may be helpful in decreasing the trend of misusing loan.

Three other parameters were impacted upon by profit earned in income generating activities (IGA) out of borrowed money. In 97% instances average monthly income increased, while family asset and employment opportunity increased in 83% and 94% of respondents respectively. These respondents invested the loan as capital in projects that served as sources of additional income providing job opportunities for other people both within the family and outside.

Table 11: Integrated Impact of ASA Microfinance

Parameter	Impact (%)		Reason	
	Positive	Negative	Positive impact	Negative impact
Category A : Economic Parameters				
1. Business Capital	97%	3%	Easy availability of loans; Facilitating role of savings; Project profitability; Productive use of loans; Co-operation of family members.	Project not being profitable; Failure to use the loan in the project; Money taken away by husband; Natural calamities; Money used in social ceremonies; Illness.
2. Monthly Income	97%	3%	Using loan in IGA; Project being profitable; Additional income source; Developing skills; Co-operation by family members; Income from the house rent.	Failure to make the project profitable; Loan not used in the productive sector; Loan was used for maintaining the family; Fall of selling price of product; Lack of experience and skills; Illness.
3. Family Asset	83%	17%	Proper use of the borrowed money; Better income from projects.	Failure of using the loan in IGA; Other non- productive uses.
4. Employment opportunity	94%	6%	Increased monthly income through ASA supported IGAs.	Project didn't flourish; Loan inadequate to expand the project; Mechanized boat was out of order; Transportation van stolen.
Category B : Health and Behavioral Parameters				
5. Quality of food intake	97%	3%	Increased family income; Cultivation of vegetables around the homestead; Profit from the product; Income from poultry and horticulture; Income from goat rearing.	Project not being profitable; No homestead cultivation for land shortage; Food prices increased; Expenditure on other commodities increased.
6. Pure drinking water	99%	1%	Awareness enhanced; Income increased affordability.	Lack of facility to collect safe drinking water; Lack of consciousness; Financial stringency in the family.
7. Medical treatment	94%	6%	Acquired ability to pay fee; Awareness enhanced; For availing better treatment facility in hospital; Enhanced availability of doctor.	Non-availability of doctor in the neighborhood; Non-availability of doctor in the hospital; Lack of awareness; Poor income in the family.

Category B (Contd.)

Parameter	Impact (%)		Reason	
	Positive	Negative	Positive impact	Negative impact
8. Sanitation arrangement	94%	6%	Income increased; Awareness in sanitation developed; To keep homestead clean; To protect from ailments.	Inadequacy of income; Lack of education; Lack of consciousness.
9. Dwelling condition	83%	17%	Used loan for building and repairing house; Enhanced family income; Successful investment of loan.	Financial crises and insufficient income.
10. Cleanliness	97%	3%	Income increased; Awareness on cleanliness increased.	Poor affordability; Low state of awareness.
11. Dress	86%	14%	Income increased; Awareness enhanced.	Limited income.
Category C : Educational Parameter				
12. Literacy and child education	94%	6%	Motivated by family solvency; Increased consciousness; Schools being located nearby; Opportunities for free schooling.	Poor income in the family; School being located far away; Children to assist in household activities; Lack of consciousness; Issueless couples.

This added income enabled them to increase their family asset as well. Respondents who failed mentioned mishaps such as theft of van and mechanized boat as well as their illness for which they could not earn any profit out of their investment. Non-productive uses were identified as the main cause of their failure that may be addressed in future through imparting skill enhancing training. Another group of respondents pointed out that inadequacy of loan was the reason for which they could not sufficiently invest in profit making ventures. This requires further critical examination of loan limits in ASA on case by case basis to determine adequacy of the credit for particular project proposal.

The impact as measured in 7 parameters under health and behavioral category was revealed in high positive figures ranging from 83% to 99%. The reported quality improvement figures in food intake and using pure drinking water were 97% and 99% respectively due to increased affordability and awareness of respondents. Most of the respondents invested their loan money in horticulture, poultry, dairy, small businesses and other income generating activities that resulted in additional income and in turn enhanced affordability. Lack of awareness and inadequate affordability were found to be major causes of poor quality food intake and non-use of arsenic free pure drinking water.

Parameters such as medical treatment and sanitation arrangement each recorded 94% positive development. The improvement was due to acquired ability to pay doctor's fee, availing of health facilities and awareness enhancement. The absence of these favorable factors caused failure in 6% of respondents. ASA has been holding since last year awareness enhancing orientations in weekly meetings of group members on personal hygiene and health issues which may be helpful for the laggards.

The study also marked improvement in dwelling condition, cleanliness and dress as reported by 83%, 97% and 86% respondents respectively. Earned profits out of projects implemented with the help of borrowed money were sources for building and repairing houses, maintaining cleanliness and purchasing necessary dresses. This was backed by increased awareness. But 17% respondents could not improve in dwelling condition, while 3% and 14% respondents could not do well in respect of cleanliness and dress respectively. Major factors responsible were limited income and low state of awareness. The weekly ASA orientation meetings which at present discuss health issues may accommodate themes on cleanliness, dress and dwelling aspects also. Exchange of views in these forums would enable respondents to build confidence and capacity to address behavioral failures in future.

In category C which covers educational parameter, 94% respondents reported positive development. Family solvency which they earned through successful entrepreneurship out of borrowed money was the principal motivating factor along with increased consciousness and availing of institutional facility. They could send their children to schools and afford related expenses. Whereas, 6% respondents failed to attain improvement due to grounds such as using their offspring to assist family works for leveraging family income, poor family income and inadequate awareness. ASA since 2011 through PESP has been supplementing after-school tuition to preparatory, grade 1 and grade 2 students which through its widened outreach is expected to support poor parents for retaining their children in schools.

Conclusion

The study showed positive impact of ASA microfinance program on the borrowers as assessed with the help of 3 categories of parameters: economic; health and behavioral; and educational. The major objectives for introducing this program have been fulfilled to a greater extent during the period under review. The clients in most of the cases used borrowed money in various projects that promoted income generating activities. The program succeeded in creating a considerable number of jobs for the family members and outsiders as well. The employment opportunities thus contributed much to the poverty reduction efforts of the ASA members. It was also found that the clients arranged additional loans from some other formal and informal financial service providers to complement their business capital for expanding current projects. ASA needs to analyze the actual loan requirement of the members so as to supplement the investment without creating any stress on them for seeking fund elsewhere. Majority of the respondents made excellent progress in respect of income, employment, education, living standard, acquiring valuable asset and knowledge in respect of basic health treatment, water and sanitation, cleanliness and use of clothes.

The overall findings of the assessment provides an impetus and amply justified rationale for ASA to continue delivery of its committed services for the underprivileged to establish a poverty free society with slight flexibility in credit ceiling in response to the client demand.

Recommendations

Based on findings, the following recommendations may be considered to reinforce the quality of ASA service making it more beneficial to clients:

- a. The current assessment has been undertaken 4 years after the last study, which is too long a gap to evaluate a client-oriented program. The study, being an efficient tool for internal diagnosis of the effectiveness of ASA services from the perspective of clients, should be conducted in every 2 years.
- b. More emphasis should be given to encourage clients to increase the size of weekly savings and Long Term Savings (LTS). Their savings may be a dependable source of fund which may complement ASA loan for investment in income generating activities. This has the potentiality in mitigating their stress in searching additional fund from other formal and informal sources for expanding their projects.
- c. In consideration of client demand ASA recently has enhanced the limit of its loan products. But the findings of the study points out for bringing in more flexibility in loan amount. It is recommended that the absorption capacity of the clients' projects should be appraised justifiably compatible with their individual skill and attitude before taking decisions on loan size. Collaborative implementation support should be tagged with intensive ASA monitoring and skill enhancing training to clients.
- d. The sharing of microfinance experience both within the country and outside should continue so as to replicate the best examples of change in the system. The consultancy service which ASA lends to other organizations beyond borders is an excellent mechanism to collate input for promoting skill and confidence of ASA employees for delivering quality service. The sharing and exchange process should continue in an expanded scale to provide more opportunity for its professionals to attain global exposure.
- e. As a part of its social obligation, ASA has been providing services for its clients mostly in the form of piloted projects in health, education and agriculture sector. It is recommended that ASA with an enormous organizational outreach may provide these services widely to more needy people in rural areas fixing priority determined on evaluation of the piloted efforts.
- f. Weekly group meetings can be platforms for awareness enhancing in many social issues. ASA has already started utilizing them in raising awareness on health issues. Alongside health and personal hygiene, some essential legal rights and entitlements, and development issues affecting livelihood of common people may be included in the list of items for orientation.
- g. The group cohesion and dynamics may be enhanced by encouraging members to perform some social work in areas other than microfinance. It is recommended to develop through regular attendance in weekly meetings a network among women dominated group members capable of meeting various local challenges.

- h. The study revealed that income of members was a vital factor responsible for improvement of households in all parameters. In continuation of accessing support to financial services ASA program should have priority focus on area specific and individual skill based income generating activities. Field officers may maintain a list of priority support areas based on expert opinion and experience to avoid experimenting on useless project proposals.
- i. Finally, ASA should optimize its outreach to uphold reliance and confidence of its clients taking note of strengths and weaknesses of branches regularly, reinforce its present client-driven strategy through enhancing efficiency of its lean decentralized structure and utilize fully the advantage of its recently adopted branch level net connectivity which has the potentiality to facilitate systematic monitoring and identify risks enabling delivery of quality entrepreneurial support to the deserving clients at an accelerated pace.

References

- ABN AMRO/ RBS(2008). *Microfinance and Poverty Alleviation: An Impact Assessment Survey*, CASHPOR Micro-credit, UP, India.
- ASA, (1999). *ASA Annual Report, 1999*, ASA: Dhaka.
- ASA, (2002). *ASA Annual Report, 2002*, ASA: Dhaka.
- ASA, (2003). *ASA Annual Report, 2003*, ASA: Dhaka.
- ASA, (2005). *ASA Annual Report, 2005*, ASA: Dhaka.
- ASA, (2007). *ASA Annual report, 2007*, ASA: Dhaka.
- ASA, (2009). *ASA Annual report, 2009*, ASA: Dhaka.
- ASA, (2012). *ASA Annual Report, 2011*, ASA: Dhaka.
- ASA, (2013). *ASA Manual*, ASA: Dhaka.
- Bruntrup, M. *et al.*, (1997). *Impact Assessment of the Association for Social Advancement (ASA)*, ASA: Dhaka.
- Gaile, G.L. and Foster, J. (1996). *Review of Methodological Approaches to the Study of the Impact of Micro-enterprise Credit Programs*, submitted to the office of Micro-enterprise Development Economic Growth Centre, Global Bureau, USAID: Washington.
- Hulme, D. (1998). *Impact Assessment Methodologies for Microfinance: Theory, Experience and Better Practice*, Institute for Development Policy and Management, University of Manchester, UK.
- Kamal, M. (2002). *Managing Microfinance in an Innovative Way*, ASA: Dhaka.
- Kamal, M. (2010). *Internal Control System in an MFI, A Case of ASA*, ASA: Dhaka.
- Rahaman, T. and Wright, R.E. (2009). *Is ASA Micro-credit Reaching the Poor in Bangladesh?* ASA University Review, July-December, 2012: Dhaka.
- Rutherford, S. (2009). *The Pledge, ASA, Peasant Politics and Microfinance in the Development of Bangladesh*, Oxford University Press Ltd. : New York.
- Sinha, S.K. (2012). *ASA's Agribusiness Development Project: An Impact Study*, ASA: Dhaka.
- Verlet, S. and Kamal, M. (2005). *Impact Evaluation of ASA SEL Program*, ASA: Dhaka.