

Role of Foreign NGOs in Economic Development of Bangladesh: A Study on Muslim Aid UK-Bangladesh Field Office

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ABSTRACT

Lot of local and foreign NGOs are working in Bangladesh to serve the poor community people, among them some are following Islamic *Shariah* in their activities where most of the NGOs are conventional. To evaluate the activities of the foreign Islamic NGOs in economic development of Bangladesh this study was conducted. Muslim Aid UK was considered as the sample organization and among the 70,000 beneficiaries of micro-finance program of the said NGO, 50 were interviewed to collect data to study. It is found that most of the respondents have developed their economic conditions with the service of the sample NGO and they are very satisfied with their *Shariah* based economic activities. On the basis of the findings, for the sample NGO, the researcher here recommends to extend their services to all the poor rural community people as per requirement of the community and other conventional NGOs may follow Muslim Aid to serve the community.

Key Words: Foreign NGO, Economic development, Islamic micro finance, Muslim Aid.

1. Statement of the Problem

In Bangladesh, the population is 150 million which is world's 10th and Asia's 6th most populous country. A large number of populations about 77% live in the rural areas. Agriculture being main occupation employs 63% of the labor force and contributes directly about 26% to Gross Domestic Product (GDP). The literacy rate is 64% and life expectancy at birth is 61 years but still 44% of the rural populations live under poverty line and 24% are hard core poor. It is very difficult for Bangladesh Government to support all these poor people to live comfortably and with minimum standard. This situation inevitably invited foreign non-government organizations (NGOs) along with local NGOs, to operate mainly relief and development activities targeted for extremely poor people living under poverty line in Bangladesh. Now a days, NGOs took place in an institutional shape in Bangladesh and they are the part and parcel of the country's development plan.

At the present study the authors have tried to evaluate the activities of those foreign specially Islamic NGOs to develop the economy of Bangladesh. Among those foreign NGOs, Muslim Aid (MA) UK is trying to follow *Islamic Shariah* in their activities. So the present study has been conducted on the activities of Muslim Aid UK in Bangladesh. Several studies have been made regarding the role of NGOs but study on NGOs based on Islamic values has been conducted is few or not. So it will contribute to the policy maker of Islamic intellectuals as well as Muslim Aid trustees to review their role and policy in the field of economic development not also in Bangladesh but also globally.

2. Literature Review

Ali, I. and Zulkarnain, (02 February 2012), wrote an article on "Microfinance and Poverty Alleviation in Bangladesh: Perspective from Social Work". It is the contention of this article that social work by acquiring a community development role can help microfinance policy makers develop new policy or reverse existing policy for poverty.

Aminuzzaman, S. (08 November 2006) in his paper "Institutional Framework of Poverty Alleviation: An Overview of Bangladesh Experiences" attempts to make an overview of different institutional frameworks and assesses their managerial effectiveness to address poverty alleviation in Bangladesh. He suggested that institutional reforms should be made to extend local responsibility for formulating and implementing poverty oriented projects.

Hashemi, S. (12 December 2004) made a study on 'Linking Microfinance and Safety Net Programmes to Include the Poorest: The Case of BRAC's IGVGD', CGAP Focus Note 21, CGAP, The World Bank. One of the findings of this study is the linkage between the government program and BRAC has allowed for the delivery of food grain

assistance and savings and credit services to nearly a million women, over the last ten years. Two-thirds of these women seem to have "graduated" from absolute poverty to becoming confident microfinance clients who have not slipped back to requiring governmental hand outs.

Khanom, N.A. (09 December 2004) in the article "**International Review of Business Research Papers**" covered the effects of Public Private Partnerships on ultra poor households in Bangladesh. This paper reports on the effectiveness of the IGVDG programme and it provided suggestions on how to improve effectiveness of the IGVDG partnership programmes that cover both policy design and implementation aspects.

On the basis of the above reviewed literatures, it can be easily said that no ample studied were done on the activities of Muslim Aid in respect of economic development. Hence the present topic is very rational to be conducted as a study.

3. Objectives of the Study

The main objective of the study is to evaluate the activities of foreign Islamic NGOs working in Bangladesh in respect of economic development. For achieving the main objective some specific objectives have been set. The specific objectives of this study are as follows:

1. To evaluate the financial activities of Muslim Aid in the field of economic development of Bangladesh.
2. To show the present economic condition of the beneficiaries of Muslim Aid UK in Bangladesh in respect of their current wealth, savings, investment and liabilities.
3. To work out some policies for strengthening capacity and redesign the program activities of Muslim Aid for economic development and for alleviating the root causes of poverty of Bangladesh.
4. To find out some alternative development vision in the light of Islam for ultra poor of the society.

4. Scope and Limitations of the study

The study covers the effectiveness of Muslim Aid work specially micro-finance program, in the field of economic development of Bangladesh. The study is not free from limitations. A few of those limitations are pointed below:

1. It would have been better if data could be collected from larger sample. With a view to reducing the volume of work and expenditure, the researchers have selected only 50 stakeholders of Muslim Aid operation.
2. Although data has been collected from random basis but the study commented on the whole operations of Muslim Aid work which is certainly a gap and might invite criticism.
3. There is nothing such a study of Muslim Aid which would be opportunity of this study giving the back up support for comparing its current progress and or effectiveness of the Muslim Aid work in Bangladesh. In spite of these limitations, researchers have tried their level best to minimize the probability of errors.

5. Methodology of the Study

Methodology included mainly the primary survey with a view to explore the perceptions of respected people. This is an empirical study among the poor beneficiaries of Muslim Aid in Bangladesh.

5.1. Population Size

Total targeted beneficiary of Muslim Aid micro-finance program is more than 70,000 which have been considered the population of conducting this study.

5.2. Sample size

Here the sample size is 50 and these respondents are selected randomly from the selected areas of the country all of whose are the beneficiaries of Muslim aid's micro-finance program. The sample respondents are taken according to the criteria mentioned in table 5.1.

5.3. Types of Data Used

Both the primary and secondary data have been collected and analyzed to find out the results of the conducted study.

5.4. Sources of Data Used

The methodology of study covered both the library and field research. Primary and secondary source of data have been used accordingly for analysis.

In primary source, this study has used the methods of analysis of

1. Focused interview
2. Personal interview

To conduct focused and personal interview the researcher has developed structured close ended questionnaire that has been filled up by the respondents accordingly.

In **secondary source**, the study has used the method of analysis of

1. Policy paper/ guideline
2. Annual/ periodical publications
3. Internet

5.5. Instruments for Data Collection, Analysis and Interpretation

In order to gather information for achieving the objectives, a well structured close ended questionnaire was designed. The research question has been discussed thoroughly during the orientation before collecting data. Data analysis and tabulation were done through computer software such as MS word, excel. The data was manually edited for only visible inconsistencies.

6. Analysis

To analyze the economic development of the respondents, the researchers have considered the yearly income, expenditure, wealth, liabilities, savings, the status of feeding, clothing, sheltering, health care and social acceptance of the respondents' families. Because of the space constraint, the researchers do not show all of the data here as tabular form. Those are mentioned in the next area as findings. Most important data for this study are analyzed and interpreted here.

Table 6.1 is the evident of the beneficiary's belongingness to Muslim Aid. The survey shows that only 4% responders involved with Muslim Aid for less than 12 months, 80% respondents are involved for 1 to 5 years, 16% respondents are belonging with Muslim Aid for 6 to 10 years.

Yearly income of the beneficiaries has increased after taking the investment from Muslim Aid (Table 6.2). It is evident that after taking the investment from Muslim Aid, almost every one (96%) is earning more than TK. 108,000.00 per year and nobody is earning less than TK. 36,000.00 in a year.

With the increasing of the income, the expenditure capacity of the respondents has also been increased. Now 60% people are expending more than TK. 108,000.00 per year and none of the respondents is expending less than TK. 36,000.00 per year (see table 6.3). It indicates that after taking the investment the expenditure capacity of the poor people has been increased at a remarkable rate.

From table 6.4 it is evident that before taking investment 52% respondents (26) had liabilities up to TK. 20,000.00 but after taking investment this rate is reduced to 44%; and 24% had liabilities worth more than TK. 40,000.00 but after taking investment this rate is reduced to 20%. Here it is mentionable that now the respondents are liable to only Muslim Aid but before they were liable to many people and organizations.

Table 6.5 shows that every respondent said that total assets has been increased after taking and utilizing the investment. It is found that 48% respondents had total assets up to TK. 100,000.00 but after taking investment this rate is reduced to 4% and 36% had assets worth more than TK. 200,000.00 but after taking investment this rate is increased by 76%, the rate is more than double.

Before taking investment 32% respondents had savings up to TK. 1,000.00 but after taking investment this rate is reduced to 0% and after taking investment 96% respondents are saving more than TK. 10,000 pere year (table 6.6). Here it is mentionable that now the respondents are able to save more money for their future. 80% people are utilizing their savings money in the productive sectors and the rest of the respondents are utilizing their savings in non-productive sector (see table 6.7), but no one is misusing the savings money.

88% respondents told that their feeding status was less than sufficient before taking investment but after taking and utilizing the investment from Muslim Aid, 100% respondents told that their feeding status is now sufficient (table 6.8). Again 88% respondents told that their clothing status was not good at all, but after taking investment 88% told that the status is good. and 8% told that their clothing status is now very good (see table 6.9).

From table 6.10, it is evident that 68% respondents told that their accommodation status was not good at all before taking investment, but after taking investment 80% tell that the status is good and 20% are telling that their accommodation status is now very good. It is evident (table 6.11) that 20% respondents told that their health care status was not satisfactory at all, 76% told that the status was less satisfactory, but now 100% respondents are feeling that their health status is at satisfactory level. That means after taking the investment, the health care condition is improved in 100% families of the respondents.

24% respondents told that from their families no person went to school, but now from all the respondents' families children are going to schools (see Table 6.12).

76% respondents told that they didn't feel socially secured at all before taking investment but after taking investment 96% respondents are feeling that they are good secured (see table 6.13). 80% respondents told that their social status was not good at all before taking investment but now 100% respondents felt that their social status is good (see table 6.14).

Table 6.15 shows that 72% respondents are satisfied with the service of Muslim Aid and 28% are highly satisfied. 80% respondents told that they are satisfied for all the three reasons- Shariah based service, low service charge, and regular social awareness meeting (special services from Muslim aid) (see table 6.16).

It is evident from table 6.17 that the respondents are also suffering from some problems. Among the respondents, 24% told that the loan ceiling is very low, 20% claimed that loan repayment time is very short, 8% told that there is no provision of big loan, 4% claimed that they are not getting fund according their demand, again 4% complaint that they are not including unmarried person to provide investment and 40% respondents were silent. On the basis of these problems they also provided some suggestions as their expectations from Muslim Aid. Among them 64% recommended to increase the loan ceiling, 20% recommended for providing more SME loan, 28% recommended for starting DPS, 20% suggest that Muslim Aid should provide education loan, housing and seasonal loan, 16% recommended for extending the repayment time, 12% recommended for increasing Islamic motivational tasks, and 16% remain absent from giving any recommendation (see table 6.18).

7. Major Findings

After analysing the collected data, the researchers have found some major findings which are stated below:

1. At the time of selecting beneficiaries for micro-finance program, Muslim Aid is emphasising on the young and energetic people who have enough capability to utilize the money and to maximize them. Also Muslim Aid is serving both the Muslim community and other community people.

4. For micro financing, Muslim Aid is choosing only the female because to improve the social status of the female and their acceptance and to empower them in terms of financial position which may help them to take part in decision making in their families.

5. The yearly income of the beneficiaries' has increased at a significant level after taking the investment from Muslim Aid. With the increasing of income, their expenditure capacity has also been increased which helps them to meet their basic needs and lead comparatively a happy life.

6. Some families are now saving some money and investing them for further production which helps them to increase their total assets and to ensure a secured future.

7. Since their income is increased, they are now sending their children to schools for education.

8. 100% beneficiaries feel that their clothing, feeding, sheltering and health care status have been improved after utilization of the investment money from Muslim Aid and they are now liable only to Muslim Aid; whether they were liable to many people and organizations before. And that's why they strongly believe that their social status has been improved.

9. All most every respondent is satisfied with the service of Muslim Aid because of *Shariah* based financial activities, low rate of return (only 7% flat rate of return as service charge where Micro Finance Regulatory Authority in Bangladesh allows up to 30%) and so on.

10. In spite of the above good points, beneficiaries also claimed that they would be more benefited if the ceiling of investment is increased, the repayment period is extended, if the installment is monthly, if they provide SME loan to all, if they provide loan as much as needed by the clients, and so on.

8. Recommendations

On the basis of the findings and expectations of the clients, the researchers would like to suggest Muslim Aid UK and other NGOs to work in Bangladesh by extending their services through providing some recommendations. Such as:

1. The current program activities of Muslim Aid should be further expanded and diversified to maximize the benefits to those community people who are still unable to access the opportunities.

2. The current funding needs to be increased to facilitate an increasing number of beneficiaries and allow easier repayment of loans, and if possible they can allow monthly installment system.

3. Before allocation the investment amount Muslim Aid should consider the need of the clients so that the clients can utilize their fund according to their plan.

4. Though Muslim Aid is providing the guidance to the clients but they should increase their monitoring as well as mentoring and skill building programs, so that they can achieve their objectives through the poor community clients.

5. Though their rate of return is very low, they can think again if they can provide the fund without any rate of return as *Kartz-e-Hasana* (the best loan).

6. All other local and foreign NGOs also should follow the practices of Muslim Aid UK to serve the poor community.

9. Conclusion

The research has been conducted to assess the impact of Muslim Aid development and charity work highlighted a number of good points which helped the communities in improving their earnings and leading a better life. The services are provided on basic Islamic principles and following *shariah* which alleviates all fears in the mind of rural Bangladeshis who are interested to lead their lives in a religious manner and who are afraid of un-Islamic way of carrying out business through interest-based (*haram*) banking loans. Muslim Aid current programs are playing an important role in economic development of rural communities and in improving their living conditions.

Furthermore, this study is a standing point and it might be helpful for the researchers who want to study more on the same issue and also, the findings might be changed if the sample sizes and respondents are different. In spite of all, the researchers wish that this document will be eye-opening for Muslim Aid management for reviewing their actions in order to ensure their commitment 'SERVING HUMANITY'.

Last of all, on the basis of the findings of this study, the researchers can conclude that the foreign, especially Islamic NGOs are really playing excellent roles to ensure economic development of the poor rural community people in Bangladesh.

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Appendx

Table 5.1: Area wise respondents

Division	District	Thana	Respondents
Barisal	Potuakhali	Kalapara	5
	Pirojpur	Pirojpur Sadar	3
Chittagong	Cox's Bazar	Teknaf	5
	Comilla	Choddagram	3
Dhaka	Dhaka	Mirpur	4
	Gopalganj	Tungipara	4
Khulna	Bagerhat	Sharankhola	5
	Jessore	Jessore Sadar	3
Rajshahi	Pabna	Pabna Sadar	3
	Sirajgonj	Belkuchi	3
Rongpur	Rangpur	Rangpur Sadar	3
	Kurigram	Chilmari	3
Sylhet	Maulovibaza	Kulaura	3
	Sunamgonj	Dharmapasha	3
Total Division=7	Districts=14	Thana=14	50

Table 6.1: Respondent's Belonging to Muslim Aid

Years	n	%
< = 1	2	4
1 to 5	40	80
6 to 10	8	16
10+	0	0
Total	50	100

Table 6.2: Yearly income before and after taking investment from Muslim Aid

Income	Before		After	
	N	%	n	%
< = 36,000	2	4	0	0
36,001 - 72,000	6	12	2	4
72,001 - 108,000	18	36	0	0
108,001+	24	48	48	96
Total	50	100	50	100

Table 6.3 : Yearly expenditure of the respondents before and after taking investment

Expenditure	Before		After	
	n	%	n	%
< = 36,000	2	4	0	0
36,001 - 72,000	4	8	2	4
72,001 - 108,000	28	56	18	36
108,001+	16	32	30	60
Total	50	100	50	100

Table 6.4: Liabilities before and after taking investment

Liabilities	Before		After	
	n	%	n	%
< = 20,000	26	52	22	44
20,001 - 30,000	8	16	10	20
30,001 - 40,000	4	8	8	16
40,001+	12	24	10	20
Total	50	100	50	100

Table 6.5: Personal total assets before and after taking investment

Total Assets	Before		After	
	n	%	n	%
50,000 - 100,000	24	48	2	4
101,000 - 150,000	8	16	2	4
151,000 - 200,000	0	0	8	16
200,000+	18	36	38	76
Total	50	100	50	100

Table 6.6: Personal yearly Savings before and after taking investment

Yearly Savings (TK.)	Before		After	
	n	%	n	%
< = 1,000	16	32	0	0
1,001 - 5,000	6	12	0	0
5,001 - 10,000	6	12	2	4
10,000+	22	44	48	96
Total	50	100	50	100

Table 6.7: Savings money utilization

Savings Money Utilization Sectors	n	%
Non Productive Sectors	4	8
Productive Sectors	40	80
Misusing the money	0	0
Others	6	12
Total	50	100

Table 6.8 : Food habit before and after taking investment

Food	Before		After	
	n	%	n	%
More than sufficient	0	0	0	0
Sufficient	2	4	50	100
Less than sufficient	44	88	0	0
Very poor	4	8	0	0
Total	50	100	50	100

Table 6.9: Clothing status before and after taking investment

Clothing Status	Before		After	
	n	%	n	%
Excellent	0	0	0	0
Very good	0	0	4	8
Good	6	12	44	88
Not good at all	44	88	2	4
Total	50	100	50	100

Table 6.10: Accommodation status before and after taking investment

Accommodation Status	Before		After	
	n	%	n	%
Excellent	0	0	0	0
Very good	0	0	10	20
Good	16	32	40	80
Not good at all	34	68	0	0
Total	50	100	50	100

Table 6.11: Health Care status before and after taking investment

Health Care Status	Before		After	
	n	%	n	%
Highly Satisfactory	0	0	0	0
Satisfactory	2	4	50	100
Less Satisfactory	38	76	0	0
Not Satisfactory at all	10	20	0	0
Total	50	100	50	100

Table 6.12: Education of dependents before and after taking investment

No. of schooling dependents	Before		After	
	n	%	n	%
0	12	24	6	12
1	22	44	14	28
2	16	32	28	56
3	0	0	2	4
Total	50	100	50	100

Table 6.13: Social Security before and after taking investment

Social Security	Before		After	
	n	%	n	%
Excellent	0	0	0	0
Very good	0	0	2	4
Good	12	24	48	96
Not good at all	38	76	0	0
Total	50	100	50	100

Table 6.14: Social Status before and after taking investment

Social Status	Before		After	
	n	%	n	%
Excellent	0	0	0	0
Very good	0	0	0	0
Good	10	20	50	100
Not good at all	40	80	0	0
Total	50	100	50	100

Table 6.15: Respondent's Satisfaction Level with Muslim Aid

Satisfaction Level	n	%
Highly Dissatisfied	0	0
Dissatisfied	0	0
Satisfied	36	72
Highly Satisfied	14	28
Total	50	100

Table 6.16: Why the respondents are satisfied with Muslim Aid

Why Satisfied	n	%
<i>Shariah</i> based service	4	8
Low service charge	4	8
Regular social awareness meeting	2	4
All of the mentioned three	40	80
Total	50	100

Table 6.17: Problems faced by the respondents

Problems	n	%
Low loan ceiling	12	24
No long time repayment system	10	20
No Big loan	4	8
Don't get investment demand wise	2	4
Not admit the Unmarried	2	4
Not response	20	40
Total	50	100

Table 6.18: Respondent's Suggestions to improve Muslim Aid service

Suggestion	n	%
Increase loan ceiling	16	64
Provide SME loan	5	20
Established Islamic Microfinance	2	8
Increase Islamic motivation	3	12
Start DPS	7	28
Provide Education loan, Housing loan, Seasonal loan & others loan	5	20
Monthly Installment	1	4
Individual loan Disbursement	1	4
Start Insurance	1	4
Increase interest free project duration	1	4
Long time repayment system	4	16
Big business loan	2	8
Investment according to Clients demand	2	8
No Suggestion	4	16
Total	54	100

N.B. Multiple responses have been considered in this table.