
AdvocacyNet
News Bulletin 164
August 26, 2008

DISABLED VILLAGERS BECOME SAVVY INVESTORS IN RURAL BANGLADESH



Jagua village, Bangladesh: Three years ago, Mohammad Aslam had a good job as a bus supervisor, family property, and 12 cows. As an educated man, he also enjoyed considerable respect in this small village in southern Bangladesh.

Then, at age 23, a stroke took it all away. Mr Aslam lost his job and his family was forced to sell their land and livestock to pay for medical treatment. He was paralyzed from the waist down.

Mr Aslam refused to resort to begging. Instead, he applied for an 8,000-taka (about \$117) loan from the [Blind Education and Rehabilitation Development Organization \(BERDO\)](#), an Advocacy Project (AP) partner in Bangladesh that is promoting microcredit as a tool for people with disabilities.

With the money, he was able to open a small grocery store that he can manage from his wheelchair. The store brings in 100 taka a day (\$1.25) after he has paid off his loan – not much, but enough to live on.

AP Executive Director Iain Guest recently visited Mr Aslam and other BERDO beneficiaries with Saidul Huq, the founder and director of BERDO, and AP Peace Fellow Danita Topcagic who is volunteering with the group this summer. Mr Guest has posted [blogs](#) on the visit.

While BERDO is one of the smaller disability organizations operating in Bangladesh, it is unique in linking disability and micro-credit. BERDO establishes groups of between 20 and 30 disabled individuals and poor women, who then apply for a loan. Group members decide together who will receive the loan and encourage each other to save money each week for its repayment.

By working together, the microcredit groups overcome the stigma faced by people with disabilities, and help them to, as Mr Huq put it, “come out of the shadows.”

Mr Aslam’s group, in Jagua, has 28 members, seven of whom are disabled. Four are currently receiving loans. Since he joined the group, Mr Aslam said that attitudes in the village toward him have changed: “They used to call me a lame man. Now they call me by my name.”

BERDO gives out loans to 136 different micro-credit groups through offices in Dhaka, Tongi, Barisal and Banari Para. About 2,245 people participate in the program, and 313 of them have disabilities.

BERDO borrows money at 10 percent interest rate from banks and lends it out at 12.5 percent to cover administrative costs. Last year BERDO disbursed 280,000 taka (about \$4,059) in Barisal, and is lending about 300,000 taka (about \$4,375) this year in Banari Para. Repayments usually begin with two weeks, and 99 percent of the loans are repaid on-time.

“Disability does not make people bad investors,” Mr Huq said. “It may make them more careful.”

The one exception is in areas that were hit by the typhoon last December. There, the rate of repayment has fallen to below 90 per cent and BERDO has extended the grace period. Still, disabled investors in these areas have made good use of funds. AP raised \$1,240 last Christmas for 42 BERDO members affected by the typhoon, and the recent AP mission talked with several who have used the grant to complement their BERDO loans.

Shafin Aldan, 39, has a deformed foot but is one of BERDO’s most successful clients. He has received nine loans, the latest for 9,000 taka (\$131), and used the money to open a tailoring shop on the outskirts of Barisal. Mr Aldan now employs two workers, produces five pieces of cloth a day, and also rents out two rickshaws. He estimates that his total daily income is 340 taka (\$4.95), which more than covers his weekly repayments of 250 taka (\$3.65).

Successes like these are attracting the attention of donors. BERDO has received grants from the Rabbo Bank in Holland, the Dutch agency Cordaid, OPEC in Austria, and the Danish embassy in Dhaka. The World Bank recently donated 100,000 taka (about \$1,458) through a foundation. If the Bank comes through with a second grant, it could enable BERDO to lend at a lower interest rate.

Still, BERDO’s model is not without challenges. The AP team met women who were unable to repay their loans because their husbands had taken the money. Mr Guest also concluded that the BERDO microcredit groups could provide basic training in health and hygiene to their members, to help mitigate the health crisis that has struck down Mr Aslam and so many others. Typhoid, influenza, insufficient clothing, a lack of fresh water, poor sanitation and poor nutrition all contribute to a high level of disability in Bangladesh.

- Read the blog of [AP Director Iain Guest](#).

- Read the blog of [Peace Fellow Danita Topcagic](#).
- Learn more about [BERDO](#).