



A FIVE YEAR STRATEGY

for

BRAC

October 1994

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'What passes for planning is frequently the projection of the familiar into the future.'

1 BACKGROUND

1.1 BRAC's Goals

Historically, BRAC has had two major goals:

- the alleviation of poverty; and
- empowerment of the poor.

With these goals in mind, BRAC's main priorities have been related to people and their participation in the development process. All BRAC programmes have reflected this philosophy. The basic assumption has been that it is the poor themselves who can bring about changes in their condition, through individual and cooperative action. BRAC's role has been to respond in a flexible manner to development needs identified by the people themselves.

This paper chronicles the evolution of BRAC's strategies. It describes long-term and more recent changes in the environment in which BRAC works. And it outlines the strategy that will be used in implementing RDP IV between 1996 and the turn of the century.

1.2 Strategic Evolution

BRAC started its activities in the Sulla area of Sylhet in February 1972 with the primary objectives of relief and rehabilitation. The task was to resettle thousands of people displaced during the war of liberation, and to bring a measure of normalcy into their lives. Within nine months, 14,000 homes were rebuilt from one million bamboo poles purchased in India. Several hundred boats were also built for fishermen. Medical centres were opened and other essential services established. By the end of 1972, with relief operations completed, BRAC realized that for sustainable development, the ability of rural people had to be developed so that they could mobilize, manage and control local and external resources themselves. For this, a long-term, strategy was necessary.

By 1973, BRAC had put into effect a multi-sectoral village development programme in Sulla involving different sections of the rural community. The programme included agriculture, fishery, cooperatives, rural crafts, adult literacy, health and family planning, vocational training for women and construction of community centres. A new approach - community development - was tried, but this failed to achieve the desired goal, as it was mainly landowners and those who possessed productive assets who benefitted. As a result, in 1976, BRAC decided to shift its focus to the landless poor, defined as those owning less than half an acre and surviving mainly on the sale of manual labour. From then on, these were the main target for development.

1.3 Programmatic Evolution

In 1975, BRAC began its first experiment with activities concerning women in Jamalpur - a particularly poor area. This project, covering 30 villages, served as a pioneer developing ground for activities specifically addressed to the needs of women. A year later, BRAC moved into the Manikganj area, where new approaches were introduced. The Manikganj Integrated Programme covered 250 villages, and became BRAC's key laboratory area for testing various development initiatives.

During the 1970s, BRAC focused on human resources development activities by setting up its first institutional structure for training and development - the Training and Resource Centre (TARC) at Savar. Initially intended as a training centre for BRAC's own staff, today there are 14 TARCs catering to the training needs of village organizations, BRAC staff and a range of other development agencies in Bangladesh. A research and evaluation unit was set up in 1975 to help identify the underlying constraints to rural development, and to help define new development strategies. The unit has grown into a fully-fledged division with 35 core researchers and 60 field researchers at the end of 1993.

In 1978, the first marketing outlet - the Aarong shop - was established in Dhaka to market the products of BRAC-assisted artisans, mostly rural women. Today there are five such shops in Bangladesh. Aarong's turnover in 1993 was Tk 210 million.

In 1979, BRAC decided to expand and develop its health programmes. It initiated a nationwide Oral Therapy Extension Programme (OTEP) which was to take the oral rehydration message to every village home in the country. In 1984, some 1,300 workers were involved in this programme, and by 1990 the goal had been largely achieved, with 13 million women having been taught how to mix an OR solution from home ingredients. In 1986, before the end of OTEP, BRAC undertook a more comprehensive Child Survival programme (CSP), working with the government on immunization and other primary health care activities. In 1991, with the successful completion of CSP, BRAC introduced a more concentrated intervention in the health sector, known as the Women's Health and Development Programme (WHDP).

In 1985, an innovative Non-Formal Primary Education programme (NFPE) was initiated with 22 schools. The number of schools had increased to more than 24,000 by mid 1994, with a total enrolment of over 750,000. Women are a special target of the programme, and girls make up over 80 percent of the student body.

During the early 1980s, BRAC worked on two strategies. One, the Outreach Programme, aimed to test the limits of what the landless could accomplish using their own resources and those available from local and government sources. A Rural Credit and Training Programme tested the idea that with adequate organization, credit and self-employment activities could enable the poor to become more independent of local elites for loans, employment and the resolution of conflict. In 1986, BRAC introduced its Rural Development Programme (RDP), a more comprehensive strategy aimed at uplifting the economic level of the rural poor through functional education, training, the provision of credit and new methods of income generation.

In 1990, BRAC introduced a Management Development Programme directed towards the development of its managers. BRAC believes in the necessity of professional management and supervision of programmes. Today, this programme also provides services to government and other NGOs.

Also in 1990, the groundwork was laid for a BRAC Bank, formally known as the Rural Credit Programme (RCP). The concept was that the RCP would take over an RDP branch when it was capable of generating enough interest from lending to meet its operational expenses. The RCP would be the breakthrough in moving from donor dependency to a self-financing operation. By mid-1994, the number of RDP and RCP branches stood at 105 and 90 respectively. An additional 30 areas fall under the Smallholder Livestock Development Programme. Together, these programmes have reached nearly a million landless poor, almost 80% percent of them women. Each of the individuals reached represents, in effect, a family of five.

1.4 Strengths and Weaknesses in BRAC's Strategic Planning

BRAC's approach to strategic planning over the years can perhaps be described as one of iterative flexibility and 'logical incrementalism'.¹ This approach to the development of goals and strategies had strengths that served it well during the years of maturation. This maturation reached a plateau of sorts, with the creation of the Rural Credit Programme in 1990.

The approach was also a key to effective and efficient expansion, a process which continues. Strategies were often highly *emergent* in the sense that they could be developed or changed in accordance with need and experience. Opportunities, sometimes arising from the availability of funding, or from a particular donor interest, could be seized, and work could be adapted to suit them. Parts of the organization became, of necessity, formalized and specialized - such as the NFPE - while other parts remained entrepreneurial. The Rural Enterprise Program is perhaps the best and most deliberate example of this. Other programmes, operating in more fluid and dynamic settings, have had to remain flexible, responding to needs and lessons as they arise, coordinating their work with others by mutual adjustment. Health programmes have generally followed this pattern.

A recent McGill University study of strategy-making in several organizations could well describe the BRAC experience:

'We found strategy making to be a complex, interactive, and evolutionary process, best described as one of adaptive learning. Strategic change was found to be uneven and unpredictable, with major strategies often remaining relatively stable for long periods of time, sometimes decades, and then suddenly undergoing massive change. The process was often significantly emergent, especially when the organization faced unpredicted shifts in the environment...

¹ A term coined by J.B. Quinn in *Strategies for Change: Logical Incrementalism*, Irwin, Homewood, 1980.

Indeed, strategies appeared in all kinds of strange ways in the organizations studied. Many of the most important seemed to grow up from the "grass roots" (much as weeds that might appear in a garden are later found to bear useful fruit), rather than all having to be imposed from the top down in "hothouse" style.²

BRAC strategies, therefore, have usually been articulated as general and rather long-term expressions of intent, rather than as a specific set of hierarchies which could help guide and shape plans. For example until now, BRAC's most succinct statement of strategy positioned the organization as a 'capacity initiator':

- making target group members aware of their own problems;
- giving them the tools to unite in homogenous class and interest groups;
- building group and individual economic capacities;
- increasing people's capacity to secure their legal and civil rights;
- acting as a demand creator, enabling the target group to enjoy its legitimate share of services and supplies provided through the public sector.

While useful in the past, today this is more a *description* of BRAC than a strategy which can guide it through the coming years.

2 A STRATEGIC PLANNING PROCESS

2.1 The Approach

In order to change this, BRAC has initiated a series of events aimed at looking more seriously at future directions and options for the organization. Among these are a number of on-going internal studies conducted by the Research and Evaluation Division, such as the RDP Impact Assessment Study, started in 1993. External studies have contributed to the process (e.g. a 1992 study on gender research and a 1994 study on gender-related management issues). Formal departmental workshops, such as one on the future of research at BRAC, held in December, 1993, have also advanced the process. More recently, in August, 1994, a Strategic Planning Workshop was conducted for the organization as a whole. This entailed a series of preliminary surveys of members' perceptions of BRAC and BRAC services. This was followed by a three-day retreat involving sixteen of BRAC's senior management.

The workshop used a process for organizational self-assessment developed by the Peter Drucker Foundation for Nonprofit Management.³ Essentially, this asks five questions:

² *The Rise and Fall of Strategic Planning*, Henry Mintzberg, The Free Press, NY, 1994, p. 110

³ *The Five Most Important Questions You Will Ever Ask about Your Nonprofit Organization*, Peter F. Drucker, Jossey-Bass, San Francisco, 1993

- What is our business (mission)?
- Who is our customer?
- What does the customer consider value?
- What have been the results?
- What is our plan?

The workshop approached these questions through an examination of three broad areas influencing our programming circumstances. The first, a kind of 'stakeholder analysis', dealt with BRAC's accountability towards its target groups.⁴ The second dealt with the changing external environment, and the third with BRAC's own internal strengths and weaknesses.

2.2 The 'Customer'⁵

BRAC has a number of accountabilities. Its primary accountability is to 'the poor', although this somewhat vague expression has changed in meaning over the years. Initially it was expressed in work with community programmes for the poor, in adult education, and primarily in rural areas. Today the focus is more targeted towards women and children. Education is aimed mainly at children and adolescents. And BRAC's focus is a national one which increasingly incorporates urban concerns.

A field survey found that the 'primary customer' places high value on BRAC's income generation work, its schools and the social advancement that comes with BRAC membership activities. Although BRAC has achieved much with, and on behalf of, its target groups, however, there are deficiencies. Our survey found that the 'customer' does not value BRAC's social awareness programmes (not a felt need), is critical of the procedural complexity of credit programmes, and feels that BRAC could and should do more in the area of curative health services.

From BRAC's own point of view, reaching the very poorest, and the fragility of village institutions remain serious concerns. This we know from our day-to-day experience, from external evaluations, and more especially from the increasingly sophisticated work of our Research and Evaluation Division. This always was, and remains, the greatest challenge in poverty eradication work everywhere.

BRAC's secondary accountabilities are manifold. They include different levels of government, the governing body, donors, staff, teachers, parents, other NGOs,

⁴ The word 'stakeholder' is used to highlight the fact that Drucker's approach differs considerably from the standard and now somewhat discredited 'stakeholder analysis', which assumes that those with a claim on the behaviour of an organization can or will articulate their goals, and that somehow a consensus can be reached.

⁵ 'Customers are people who can choose to accept or reject your services, membership in your organization, and so on. They have to be seen as people who must be satisfied. All non-profit organizations have more than one type of customer: the *primary customers* (those who use the service) and the *supporting customers* (volunteers, donors, members of the community, the board and the staff).' (Drucker, p.7)

buyers of BRAC products, the media, members of parliament and the international community at large. With the exception of the governing body and staff, these constituencies all lie within what can be called BRAC's 'external environment'.

2.3 A Changing External Environment

Over the years, there have been a number of important changes in this external environment. One is that after years of Martial Law, a democratic system of government is emerging. BRAC must learn to work within this new environment, at all levels of government. Support from government for the work of NGOs, however, is weak, and the creation of an 'enabling environment' for voluntary organizations cannot be taken for granted. Many NGOs are seen as a challenge to government in both programming and financial terms. The legitimacy of NGOs is questioned, in part because many have operated in isolation from government, and have failed to demonstrate the sort of transparency that would gain them allies among influential sectors of the public - including the media and political parties.

A second change is the rise of fundamentalism and its apparent antagonism towards programmes which promote the advancement of women. Coupled with this is a continuing resistance to development efforts from those with vested interests in maintaining the *status quo* at village level. These two forces can make effective, but not necessarily automatic or natural anti-development allies. The danger in their antagonism to BRAC's work cannot be ignored.

A third change, one that has evolved over the past two decades, is the emergence of other development organizations. These have two types of impact on BRAC. One is that we - and they - are not alone. It is no longer necessary or even advisable for one organization to think of indefinite and indiscriminate expansion. Grameen Bank, BRAC, Proshika and other NGOs, along with Government programmes such as BRDB and the Vulnerable Group Development Programme, are probably reaching almost half of the ten to eleven million families living below the poverty line. But effective development is not the exclusive domain of large organizations. Ignorance of, and indifference towards smaller NGOs may have made BRAC seem arrogant. While expansion of pro-poor development activities is obviously warranted in general, this has to be done in a more coherent and coordinated fashion, one that strengthens Bangladeshi NGO capacity as a whole, while reducing unproductive competition.

A second feature of the growth in pro-poor development organizations is the emergence of other methodologies and the availability of other lessons. The garment industry for example, may have contributed more to women's empowerment than BRAC. Other NGOs may have done more to facilitate the EPI activities of government, and at lower costs. Some NGOs have lower lending costs and simpler disbursement procedures. There are different approaches to education from which BRAC can learn.

A final change in BRAC's environment has to do with the donor community. Donors have been unusually responsive and especially generous with BRAC and with certain other Bangladeshi organizations. This is no doubt a reflection of the need, and of the confidence which donors place in our effectiveness. Most donor

organizations, however, are experiencing budget reductions and the pressure of demands from other countries. While BRAC's overall donor dependency ratio is moderate in comparison with most Southern NGOs, the total amount involved is extremely high.⁶ BRAC cannot afford to be complacent about this, and must examine, as a matter of priority, new ways in which it can help itself and its target group to become more financially self-reliant.

2.4 Internal Strengths and Weaknesses

During the strategic planning process, a number of internal strengths and weaknesses were brought to light. BRAC strengths are highlighted in most BRAC publications, and need only be itemized here: a consistent and dynamic leadership; a good record of service delivery to the poor; a confident, decentralized management system; a well-motivated, professional staff; a well-developed physical infrastructure; a commitment to learning and innovation; good communications, monitoring, reporting and research capacities.

Perceived internal weaknesses, however - elicited from managers and staff as part of the preliminary strategy planning exercise - are less well publicized. And while they may be typical of many organizations, some came as a revelation to senior management. Many mid-level staff feel that they are over-worked and that communication with senior management is inadequate. Managers are sometimes poor listeners, and individual creativity is not encouraged. There is a high turnover rate among female employees, inter-programme coordination and exchange is poor, and the development of senior managers has not been commensurate with the rate of expansion. Frequent transfers, a weak performance evaluation system and the lack of a career path were cited as serious failings. For some, there is a feeling that BRAC is spread too thinly (We cannot say 'no' - was one observation), yet the organization suffers from an arrogance which works against the creation of external allies ('We are the best').

3 A STRATEGY FOR RDP IV

3.1 A Mission Statement

Drucker believes that clarity in thinking about an organization's mission is essential to the setting of goals, to the establishment of a hierarchy of objectives, and to effective management. BRAC is conscious of the difficulty in reconciling all goals and values in a single statement, but the following is offered as a guide to the strategy that follows. It will be debated and refined through different levels of the organization during the course of RDP IV:

BRAC works with people whose lives are dominated by extreme poverty, illiteracy, disease and malnutrition, especially women and children. Their economic and social empowerment is the primary focus of all BRAC activities. Our success is defined by the positive changes we help people to make in their own lives.

⁶ In 1993, donor support amounted to only 55% of gross income, although in real terms, this represented Tk 922 million, or slightly less than \$23 million.

Although the emphasis of BRAC's work is at the personal and village levels, the sustenance of development depends heavily on a pro-development policy environment. BRAC is committed to playing a role at this level through its research and advocacy work. BRAC works in partnership with like-minded organizations, governmental institutions and donors to achieve its ends.

BRAC believes that development is a complex process, requiring a strong dedication to learning and to the sharing of knowledge. Our work is based, therefore, on the services of highly committed, competent and serious professionals.

3.2 The Approach

As a result of what amounts to a two-year process of reflection, a new and more deliberate strategy for BRAC has been developed. Reflected in the operational plans and budget for RDP IV, it is based on the following strategic decisions and directions:

- limited horizontal growth during the first years of RDP IV, with a halt to expansion by the end of 1997;
- a consolidation and deepening of existing programmes, with greater responsiveness to target group needs and expectations;
- improvements in the internal culture of the organization;
- greater attention to the external environment;
- greater financial self-sufficiency;
- a continuing commitment to learning and innovation.

3.3 Limited Horizontal Growth

The Rural Development Programme will be expanded from approximately 230 to 330 Area Offices within the first two years of the Plan Period.⁷ It will not extend beyond this number, however, and at the end of the period, these Area Offices will be ready for conversion to the self-financing Rural Credit Programme. The Rural Development Programme as it is now known, will therefore come to an end in 2000.

3.4 Greater Responsiveness and a Deepening of Existing Programmes

⁷ Currently, 30 Area Offices which fall under the Smallholder Livestock Development Programmes are outside RDP. In other words there are 200 RDP Area Offices at present, and 30 under SLDP. These will be brought into the RDP programme during Phase IV.

3.4.1 Greater Emphasis on the Poorest

Poverty has many dimensions. Among those living in absolute poverty, there are some whose lives can be permanently improved with small investments in training and productive enterprise. There are others, however, who live in, or on the edge of permanent economic and social desperation. For many organizations, BRAC included, reaching the very poorest, the bottom 10% of the social economy, has been difficult. BRAC will place much greater emphasis during RDP IV in targeting and shaping its programmes so they can have a meaningful impact on the lives of such people.

3.4.2 Re-Thinking Social Awareness Education

Four broad weaknesses can be identified in BRAC's social mobilization efforts. The first is that training has focused on a small number of individuals in each village who were to act as disseminators or trainers themselves. This has not had the desired multiplier effect. Secondly, by training women alone, or by working exclusively with women's groups, BRAC has contributed to its own isolation from fundamentalists, and to women's isolation from male members of the community, sometimes including their own families. Thirdly, BRAC has not been responsive enough to particular training needs, and fourthly, it has lacked innovation in dealing with the challenges of transmitting complex lessons to uneducated people in isolated communities.

To remedy these problems, BRAC will place much greater emphasis on group training than on individual training. This will manifest itself in a variety of ways. For example, women will be expected to bring a male family member to at least one issue-based meeting per month. The para-legal programme, which has been very well received, will be significantly expanded and deepened, in order to reach a broader cross-section of the community and in ways which ensure greater transparency. More innovative training methodologies have recently been developed, such as popular theatre and interactive radio. These will be expanded.

3.4.3 Sector Programmes

Sector Programmes (poultry and livestock, fisheries, horticulture and vegetables, sericulture, social forestry, irrigation and others) will be expanded wherever possible - and appropriate - to reach all 330 Area Offices, in an effort to ensure that BRAC provides as many options and alternatives as possible to its target groups. Fisheries, for example, will expand from 175 Area Offices in 1995 to a total of 260 in 1998, after which there will be no further expansion. Sericulture, which expanded rapidly during RDP III, will reach 280 areas by 1996, and will peak at 330 areas in 1998, after which there will be no further expansion. Most programmes now contain improvements and innovations developed during RDP III; all will benefit from a slowdown or cessation in growth during the Plan Period, and from a concentration during the final three years on the quality of inputs and the achievements of effective results.

3.4.4 Health

Despite impressive achievements, health and family planning programmes have grown in a somewhat *ad hoc* fashion. They have not been well integrated into other activities, and have not always addressed the primary felt needs of BRAC participants. Efforts will be made to adapt and integrate aspects of the WHDP into all 330 Areas by 1997, after which there will be no further expansion. Emphasis will be placed during and following the expansion on the refinement of a sustainable programme.

3.4.5 Education

BRAC has made remarkable headway in achieving its goals in non-formal primary education. From 22 schools in 1985, the programme will have expanded to 34,000 schools by the end of 1995. Over a million children will have received relevant, high-quality primary education that will equip them for a more productive life. At one stage in the development of NFPE, BRAC saw itself operating as many as a hundred thousand such schools. Our ambitions have now changed, however, away from linear expansion to working more closely with the national system. During RDP IV, BRAC will hold its operations at 1995 levels. Much greater emphasis will be placed on policy dialogue with Government in an effort to upgrade the national system as a whole through curriculum development, teacher training and educational management systems.

3.4.6 Gender

BRAC is concerned about gender equity, not simply the provision of services to women. Almost 80% of the people that BRAC reaches are women. This fact alone, however, does not endow the organization with a complete set of answers to the problems of women in development. BRAC's own studies have shown that some programmes aimed at women have added to their burden, or have benefitted their husbands more. External studies have shown us that we have much to learn, and that our internal systems can and should be much more gender-sensitive. The fundamentalist attack on BRAC and other organizations has revealed a vulnerability that cannot be ignored.

As noted elsewhere, greater efforts must be placed on all aspects of BRAC's gender-related programming and management. The key at village level will be the building of alliances for women with other parts of the village, better transparency in programming, and greater emphasis on the development of legal literacy. A gender unit is now functioning in the Training Division and another has been created within the Research and Evaluation Division. A gender resource centre will be established when the new BRAC HQ building is completed in 1995.

3.4.7 Environment

BRAC has never had a formal 'environmental' programme. Many of its interventions, however, have important environmental links. Health programmes, especially those related to family planning, sanitation and the provision of latrines have an obvious environmental impact. Over 11 million mulberry trees had been planted by June 1994, and this will rise to 60 million by the end of RDP IV.

providing work for *half a million people*. In addition, 5000 acres will be brought under the agro-forestry programme as an output of 3300 village nurseries which are expected to produce, *inter alia*, some 15 million grafted seedlings for fruit and longer-term timber products.

BRAC's primary emphasis in these activities has always been *people* rather than the environment *per se*. Health and income have been the primary motivating factors. BRAC could gain from more systematic environmental thinking, however, and from alliances with organizations that are primarily focused on environmental issues. First, BRAC can learn from others. NGOs, for example, played important demonstration and advocacy roles in the creation and implementation with IUCN of a National Conservation Strategy in Pakistan. Secondly, BRAC has much to teach. The causal relationships between poverty and environmental degradation are well known, but linkages between the environmental movement at large, and the Bangladeshi development community are somewhat tenuous.

In order to bring a more systematic environmental approach and thinking into BRAC's work, assistance will be sought from appropriate environmental organizations in the creation of an environmental cell which can address and coordinate some of these issues.

3.5 Improvements in BRAC's Internal Culture

Efforts will be made during RDP IV to improve the management culture within BRAC. Among the changes currently envisaged are:

- a review and revision of personnel policies, including personnel management and training, with a view to creating a more fair and systematic approach to staff development;
- enhanced efforts to ensure that understanding of, and commitment to BRAC values are more widely disseminated through all staff levels;
- a more pro-active gender-equity programme at all staff levels⁵
- an annual convention for BRAC staff;
- informal planning and programming forums for staff;

A number of new formal and informal staff training programmes will be developed, including:

- study tours of other NGOs;
- orientation programmes and refreshers for district level staff;
- English language courses;
- more senior management retreats;
- presentation skills for managers.

⁵ An on-going consultancy, started in 1994, is currently working on specific approaches.

3.6 Greater Attention to the External Environment

3.6.1 Government

Just as NGOs need allies in their rural development work, so does government. Little is to be gained from isolation where complementarity can work, and little is to be gained from the impression of creating 'parallel systems'. BRAC has always acted as a complement or supplement to government wherever possible. BRAC is already working with government in the health field and through IGVD. Its smallholder livestock and fisheries programmes work closely with government departments. Nine hundred NFPE schools are currently being funded by government. These efforts will be improved and intensified. Greater efforts will also be made during RDP IV to engage in advocacy and policy dialogue with government in other areas of specific BRAC competence, such as primary education. BRAC will also work with government lending institutions. For example, BRAC accessed Tk 38 million in loan funds from Government during 1993. This has continued during 1994 and will expand during RDP IV.

3.6.2 Other NGOs

BRAC will make a concerted effort to work more closely with other NGOs. Small experiments already under way will be expanded. Rather than actually implementing its own programmes in all cases, BRAC will subcontract some to smaller organizations. This is already under way in the NFPE Programme, for example. By the end of 1994, 90 small NGOs will have taken responsibility for clusters of five to ten schools each. BRAC provides training, materials and monitoring in a franchise-like operation. In some cases BRAC provides the funding, in some the NGO comes with its own donor support. This approach not only reduces the implementation burden on BRAC, it encourages and strengthens smaller organizations. The same may be possible for some health activities - in BRAC project areas, or in areas bordering BRAC programmes. A new NGO support unit will be established to promote such relationships, and up to 10 percent of each sectoral budget will be reserved for this sort of outreach.

3.6.3 Better Dissemination of BRAC Lessons

Much greater attention will be paid to making BRAC research and programming lessons available to others. This will include a more transparent programming approach at village level (as mentioned above), more work with other NGOs, and the establishment of an external relations unit within the Communications Department to make specialized studies available to specific interest groups. Consideration is being given to the creation of a BRAC Journal which can disseminate findings more broadly than is currently the case. BRAC will also organize annual conferences on topics of selected interest, to help familiarize others with its work, and to bring other experiences to bear on what BRAC is doing.

3.7 Greater Financial Self-Sufficiency

3.7.1 General

Of significant importance during RDP IV will be the attainment of much greater levels of financial self-sufficiency. Three approaches will be accelerated during RDP IV:

- greater enterprise development for BRAC groups and, therefore, less on-going reliance on BRAC for support;
- efforts towards making individual programmes as self-financing as possible. Those capable of generating a surplus (e.g. fisheries) can support those that are not;
- greater efforts to expand and enhance BRAC-wide enterprises such as silk production and Aarong.

The original concept behind the creation of the Rural Credit Programme was that previously subsidized activities would become self-financing, largely through interest earned on credit operations. This concept remains valid up to a point. But a major part of the BRAC effort over the years has gone into the creation of new approaches in poultry and fish production, new varieties and new methodologies in horticulture, entirely new village enterprises such as sericulture and bee-keeping. The extension work, the backward and forward linkages created by BRAC, and the on-going development costs of these efforts cannot be covered by a simple banking operation, now or in the long run.

These efforts, however, are essential to genuine poverty alleviation. Credit provided at market rates can augment the incomes of the poor, especially with the social mobilization and sectoral activities introduced by BRAC. But unless there is value-added in terms of overall village production, work will simply be shifted from one segment of the village population to another. Increases in production are therefore important to BRAC members and the village as a whole. They are equally important to a national development effort aimed at bridging the huge gaps that exist in important areas of food production and nutritional intake.

The development cost of these efforts cannot be covered by the Rural Credit Programme, but in the long run, they should not be borne exclusively by donors. BRAC has therefore experimented with two approaches which will be further developed during RDP IV. The first is a more deliberate effort to link village income-generation efforts to the wider market economy. In some cases, this means the creation of free-standing, independent enterprises. Village restaurants, grocery shops, carpentry and mechanical workshops are examples of current achievements. In other cases it will mean the creation of a contractual, commercial relationship between various enterprises within the BRAC system. For example a silk spinning mill will be established by BRAC during RDP IV. The mill will have a commercial relationship with reelers, just as commercial relationships will exist through the chain from reelers to chawki rearers, and from them to mulberry farmers, and on to sapling producers.

The second approach is a cost recovery programme, introduced on an experimental basis during 1993 in the poultry and livestock programme, social forestry and vegetable cultivation, fisheries, irrigation and sericulture. It is based on a concept of putting the words self-reliance, participation, empowerment, accountability and sustainability into meaningful effect. It means

that through the imposition of a service charge, the *value* of what BRAC provides can be tested and refined. By paying for services, the poor acquire the power to demand quality service: they become partners in the relationship, rather than beneficiaries.

In five experimental programmes in 1993, out of possible recoveries of Tk 10.5 million, approximately 75% was realized. Especially high returns were realized in fisheries, with varying degrees of performance in other areas. These efforts will be significantly expanded during RDP IV and are expected to have a major impact on reducing BRAC's need for donor support beyond the turn of the century.

3.7.2 Education and Health

Despite claims in some development literature on cost recovery, and despite BRAC's own success in some aspects of rural development, the imposition of service charges in BRAC's primary health and education programmes is not a workable proposition. These services are firmly held by rural people as a *right*. Although some cost recoveries will be possible in areas of curative health, this will not be the case in education. Because a basic education is essential to the development and functioning of a viable society, BRAC believes that the expense of further cost-recovery experiments in this areas will far outweigh any long-term benefits, and could very well damage what has already been accomplished.

In education, BRAC will approach the question of greater independence from donor financing in another way. In most countries, primary education is generally agreed to be a government responsibility. There is no reason, however, why the term *responsibility* has to incorporate everything from conceptualization through implementation. In many countries, including industrialized countries, certain aspects of education are relegated to the private and/or nonprofit sectors. Government provides the regulatory and supervisory framework for such activities, and provides subventions for some aspects as well.

An impression has developed that some NGOs, BRAC included, seek to create parallel and independent health and education systems, and that they expect donors to cover the costs. In the case of BRAC, nothing could be further from the truth. BRAC has made many important development points in education. Some of these are internationally recognized. BRAC will therefore limit its educational expansion during RDP IV, concentrating internally on improvements and greater responsiveness to users. A new and more focused approach will be developed, however, towards policy dialogue with government, donors and other NGOs, with a view to harmonizing services and reaching more effective long-term arrangements on the regulatory climate and on cost-sharing agreements with government.

3.7.3 BRAC's Commercial Enterprises

BRAC Printers, cold storage services and an experimental poultry feed project provide services to the organization and its partners, they currently provide more than 20,000 jobs (mainly through Aarong), and they continue to provide a modest return to the organization in the form of profits. During RDP IV, much greater investment will be made in these and other areas which can help provide

long-range financial independence for the organization, and which can help to link the poor with both internal and external markets. Fish feed and cattle feed production will be expanded. The vegetable seed production project will be increased and there will be an expansion of vegetable and milk processing and marketing. BRAC will expand and further professionalize its silk weaving and dyeing efforts. These, along with new Aarong outlets in Britain and Canada, and the export of silk will further contribute to BRAC's income.

3.7.4 Conclusion

BRAC's requirement for external support during RDP IV is large, and although the numbers are smaller in Year 5 (approximately US\$18 million) than in Year 1 (approximately US\$24 million), there does not appear to be a significant decline. The numbers, however, are somewhat deceptive, and require closer analysis. Many of the costs in the initial years of RDP IV are investment costs that will yield income for recurrent expenses beyond RDP IV. Of the US\$18 million required in Year 5, \$2 million will be for health programmes, and \$11 million will be for educational programmes. As noted above, other financing approaches will be sought for these during RDP IV. The need for donor support for recurrent costs associated with sectoral programmes will therefore have declined significantly.

3.3 A Continuing Commitment to Learning and Innovation

In this paper, a broad, deliberate and formalized strategic perspective for RDP IV has been established. BRAC remains a learning organization, however, committed to innovation and a responsive approach to new challenges and opportunities. These will emerge in part through the work of the Rural Enterprise Programme and studies being undertaken by the Research and Evaluation Division.

BRAC has conducted experiments in urban programming over the past three years, particularly in the areas of education and health. These present new learning and programming challenges which will be further developed as a new area of endeavour during RDP IV. Although not part of RDP IV, BRAC may also consider wider options at the national level in the fields of health and family planning.

BRAC must also be prepared to deal with and adapt to new challenges that may develop in the external environment. There will, for example, be a general election during the new Plan Period, and new government policies may impinge on our work or make demands which cannot be predicted. Bangladesh is notoriously prone to natural disasters. These cannot be predicted, but they can have a real and significant impact on plans and programmes. Finally, in a complex, decentralized, 'learning' organization, new strategies, different ideas and unforeseen opportunities will inevitably come from unexpected quarters. If we are successful in the implementation of the strategy articulated here, many of these will come from our field staff and, more particularly, from our target groups in the thousands of villages where BRAC works on a day-to-day basis.