BANGLADESH RURAL ADVANCEMENT COMMITTEE: STRATEGY FOR THE 1990S

Prepared for BRAC

by

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Formed in early 1972 to resettle refugees in the Sulla area of Northeast Bangladesh following the war of partition from Pakistan, the Bangladesh Rural Advancement Committee (BRAC), almost from its formation, has been one of the best known and most widely admired of Third World non-governmental development organizations (NGOs). It also has been a prototype of the learning organization, continuously redefining the state of the art for NGO development programming.

In 1987, BRAC initiated a particularly thorough assessment of its programs and strategy in the search for a new strategic focus that would increase its impact on Bangladesh national development in the 1990s. Several development experts and consulting teams were invited to provide critical feedback and recommendations. These served as inputs to a series of meetings and workshops in which the senior staff of BRAC examined options in light of BRAC's distinctive history and capability.

The new strategy that emerged from this assessment focuses on achieving the social transformation of virtually a fourth of the country's upazilas by the year 2000. The landless households of these upazilas will be organized into self-managing organizations joined together in union and upazila level landless federations. These organizations are related committees and service centers will substantially expand the political and economic participation of the landless rural poor.

Institutionalized credit and support for development of vertically integrated small producer based production system will be provided through a BRAC sponsored bank. Local control over a variety of public services, including elementary education, health and family planning services, veterinary services, and input supply for small-scale fisheries and forestry activities will be strengthened. All activities will be carried out in close collaboration with other NGOs, national and local government, and other organizations concerned with local development.

Part I of this paper examines the historical experience that has prepared BRAC for its new commitments. Part II documents the current thinking of BRAC's senior staff regarding BRAC's strategy for the 1990s.

This paper was written at the invitation of Fazal H. Abed, BRAC's Executive Director. It draws on the author's periodic involvement with BRAC over a period of nearly fourteen years and attempts as accurately as possible to present BRAC's current thinking, without evaluation or elaboration. Preparation of the paper was funded by a Ford Foundation grant to the Institute for Development Research (IDR).

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PART I: BRAC EXPERIENCE AND CAPABILITY

BRAC's proposed new strategy is ambitious by any standard. For most NGOs it would be wholly unrealistic. For BRAC it is a logical extension of his history, building on its rich experience and well proven capability. Part I reviews this history, reflecting my personal observations and assessments of BRAC experience acquired through numerous visits and consultancies over the past fourteen years.[1]

EARLY HISTORY

During the Bangladesh war of liberation from Pakistan, Fazle H. Abed, a CPA with a successful career as chief accountant for a major multi-national corporation, had gone to India to assist Bangladesh refugees who had fled there. When peace came, 10 million refugees started trekking back home to Bangladesh from India. Abed recalled this experience, out of which BRAC was born under his leadership.

> We followed a large party of them from Meghalaya in India to the Sulla region of Bangladesh and found village after village completely destroyed. Houses--with utensils, tools, and implements left behind in terror--had been burnt to the ground, the livestock killed and eaten.[2]

For BRAC the first task in Sulla was to help the people rebuild their homes and for this they needed bamboo. Thus began BRAC's tradition of working on a meaningful scale.

BRAC volunteers floated more than one million bamboo poles down the river from India. The flotilla of bamboo rafts strung out for 2 1/2 miles along the river, soon to be transformed into 14,000 rebuilt homes in Sulla in 1972. Timbers were imported to reconstruct boats for the fishermen, tools were provided to the craftsmen, and medical centers were opened.

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1. I have drawn freely on my previous studies and publications on BRAC, in particular the BRAC case study presented in David C. Korten, "Community Organization and Rural Development: A Learning Process Approach," *Public Administration Review*, Vol. 40, No. 5, September-October 1980, pp. 480-511; and Bangladesh Rural Advancement Committee (A), (B), (C) and Background Note, a series of teaching cases prepared for the National Association of Schools of Public Affairs and Administration in 1988.

2. As quoted by Martha Alter Chen, *A Quiet Revolution: Women in Transition in Rural Bangladesh* (Dhaka: BRAC Prokashana, 1986), p. 2. This is one of the most complete and authoritative sources on BRAC's early history, giving special emphasis to its women's activities.

From Relief to Multi-Sectoral Development

By the end of 1972, BRAC workers had come to realize that even with this impressive relief effort, living conditions for the resettled refugees were little better than they had been in the refugee camps. Relief was not enough. BRAC would need to become a development organizations.

As 1973 arrived, Abed and his associates were already well along in development of a multi-sectoral village development project in Sulla featuring functional education, agriculture, fisheries, cooperatives, health and family planning, vocational training for women and construction of community centers. A project area of 200 villages and 120,000 people was divided into 11 sections, each with a field camp supervised by an area manager to whom four or five multi-purpose development workers reported.

The new multi-sectoral program had hardly been initiated before its modification began, with BRAC staff at each step embracing their errors to generate constant improvements in their approach. Each individual sector activity generated its own lessons and was modified accordingly.

When only 5% of the 5,000 villagers who originally enrolled completed BRAC's initial literacy course, a review concluded that the material was not relevant to villager's needs and interests. A Materials Development Unit was established in 1974. Villagers were interviewed to determine their interests and lessons were developed around these topics using adult learning methods.

Classes of 20 to 25 adults were facilitated by a group member with some education who had received special training from BRAC. Classes featured guided discussions stimulated by flip charts depicting typical village situations. The intent was to provide the learners not only with literacy and numeracy skills, but also a critical awareness on issues and problems they themselves identified as being relevant to their lives.

As discussions led to identification of important needs, possible solutions were discussed based on the optimal use of local resources. The average class required 4 months to complete the 60 lessons. BRAC attempted to provide follow-up reading materials for the newly literate graduates.

In health, a modification of BRAC's methods began even during the relief phase when the threat of a cholera epidemic convinced BRAC's four medical doctors they could not do the job alone. They quickly trained villagers in the techniques of treating cholera and severe diarrhea cases. Thus began a pattern that all subsequent BRAC health programs followed: the physicians role would be first, as a trainer, second, as a planner, and only lastly as a curer.

In agriculture, the BRAC workers learned to cultivate their own demonstration plots at their camp sites, an unusual activity for college graduates in Bangladesh that quickly earned them the respect of local farmers when their plots yielded some of the best crops seen in the area. Farmers in selected project areas received technical assistance through group meetings, as well as assistance in obtaining new seeds and other inputs. Several groups, totalling 300 landless laborers, were assisted in obtaining leases on 500 acres of fallow government and privately owned land. Irrigation and flood control projects were constructed under "food for work" projects.

Other efforts included providing fishermen with boats and with twine for nets. Special women's programs provided training in vocational skills such as sewing.

Even with fine tuning of individual programs, BRAC staff observed that they still were not getting the results they desired. Most of the benefits were going to households with relatively large land holdings. The interests of landed and landless were so opposed that it was nearly impossible for a single community association to represent the interests of both. BRAC also came to realize the particular vulnerability of women from landless households.

Each BRAC program was operating more or less independently of the others, and remained heavily dependent on BRAC staff and leadership. The paramedics were absorbed primarily in curative services to the neglect of health education. And the literacy program was still not producing usable skills.

BRAC staff summarized the situation with the observation that their programs had fallen into the patterns of most sectoral government development efforts--with similar results. Again a major review was undertaken to assimilate the lessons learned and evolve a change in strategy.

New Projects and Service Units

By 1975, BRAC was experimenting with new more people-centered approaches.

First came BRAC's Jamalpur Women's Project covering 30 villages around the town of Jamalpur, an area of extreme poverty--even for Bangladesh. This was to become BRAC's laboratory for activities addressed specifically to the needs of women. The project was operated solely by and with women who, in addition to income generating activities, became highly active and successful in changing traditional social customs such as early marriage, dowry, and polygamy in their villages. They were also successful in overcoming the prohibition on women participating as buyers or sellers in the village markets.

In Sulla BRAC had sought to develop solidarity among all the social groups of the village. Concluding that the competitive interests of the different social classes within the village were too great to make this a realistic goal, they decided to concentrate their efforts exclusively on the poorest 50% of the village population--defined operationally as those families whose livelihoods depended in part on selling labor to third parties. BRAC would concentrate on initiatives self-identified by the members of landless associations.[3]

BRAC staff undertook a search for a "typical" thana (traditionally the area served by one police station, later to become the upazila under the government's decentralization policy) as a site in which the new approach would be tested. In 1976 BRAC launched its Manikganj Project covering the 180 villages of Manikganj thana.

During this period of the mid-1970s BRAC's trainers found themselves conducting a growing number of courses both for BRAC's own staff and beneficiaries, as well as for personnel from other public and private development agencies throughout Bangladesh. To facilitate this work a rural campus was established for BRAC's Training and Resource Center (TARC) in Savar, a short distance outside of Dhaka.

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3. In fact those who met this definition might have some small land holding. But social norms set a fairly clear demarcation between those who were able to make their living off their own lands and those who were forced to sell physical labor to others--even though they may have a small amount of land of their own.

A Research Unit was added to BRAC's existing Evaluation Unit during this same period to investigate underlying constraints to rural development.

The first of BRAC's Aarong shops was opened in Dhaka in 1978 to market the products of BRAC assisted craftsmen. Additional shops were subsequently opened in Dhaka, Chittagong and Sylhet as outlets for 2,700 assisted craft producers.

In the Manikganj Project a new mode of operation was worked out consistent with the new BRAC concepts. The Manikganj project stressed self-reliance and the development of income generating activities based on savings and local resources, with minimal reliance on outside inputs.

When entering a new village, an initial survey identified members of the target group. BRAC staff engaged villagers in informal discussions at traditional gathering places of the landless to identify their major concerns and to single out those with leadership potential. Discussion groups grew until a village assembly of the poor became formalized. Leaders received training at a special BRAC center in organizing and consciousness-raising methods.

To insure against dependence on BRAC and to discourage participation by those only interested in handouts, initial activities developed by the group had to be carried out exclusively with locally available resources. Only when the group had proven its ability to mobilize such resources were supplemental BRAC resources offered.

BRAC's functional education program continued to provide literacy and numeracy skills, but was redesigned to raise consciousness of class exploitation and to build commitment to group action concurrently. Women's activities emphasized productive employment, often involving difficult physical work under food-for-work programs--rather than the sewing that might attract women of relatively more well-to-do families. All schemes were planned and implemented under the supervision of leaders from the landless group.

The new focus was on building the capacity of the poor to meet truly basic needs on a sustained basis through making demands for a rightful share in government programs; bargaining for improved wage, share cropping and land lease terms; and implementing schemes that gained them control over productive assets.

BOX 1: Learning from Error

BRAC tried numerous approaches to rural mobilization. In the areas where BRAC's original projects were located, BRAC staff observed that numerous villages had young people with some education who emerged as leaders in encouraging their villages to take on worthwhile self-help activities. So BRAC's Training and Resource Centers (TARCs) set about to identify such people from villages outside of BRAC's project areas. They were provided with training on leadership, community development and other relevant skills, and sent back to their villages. Subsequently TARC provided them with a small monthly stipend and sponsored periodic follow-on workshops.

In 1980, in response to major drought, BRAC sponsored a large-scale food for work relief effort and sought to enroll the TARC trained youth leaders in its implementation. During this six month effort BRAC staff concluded that most of the youth for whom they had held such high expectations were in fact either doing nothing or were being used by the local elites to help skim off resources intended for the poor. An evaluation concluded that BRAC either had to enter an area with a serious, well supervised program, or leave it alone.

Particularly gratifying to BRAC staff were reports of self-replication of these activities. For example, one village might set out to organize nearby villages in order to protect its newly negotiated gains in wages and contract terms.[4] There were also reports of landless from miles away asking organized villages to help them organize to obtain similar benefits.

GOING FOR SCALE: A PERIOD OF RAPID EXPANSION

BRAC activities in the 1970s provided a foundation of experience and capability upon which subsequent program development was based. While BRAC had operated from the beginning on an impressive scale by the standards of most NGOs, in retrospect the 1970s provided BRAC with a foundation of experience and capability from which it was able to launch far larger initiatives in the 1980s. Yet it also continued to experiment with new approaches.

Rural Credit and Training Program

The first major expansion initiative came in 1979 with the introduction of BRAC's Rural Credit and Training Program (RCTP). Though BRAC staff continued to believe strongly in the importance of self-reliance, they also developed a growing awareness of the importance of credit in the lives of the poor. Studies of BRAC's Research and Evaluation unit revealed the desperate situation of families faced with a crisis who had no where to turn for assistance other than to persons anxious to use their crisis as a means to enrich themselves. The unfortunate victims had no choice but to give up the possession of their land, their clothing, and even simple cooking utensils as collateral for small loans at exorbitant interest rates that they had no hope of repaying. The RCTP was intended to make the poor at once less dependent on elites and more self-reliant through enabling them to engage in self-generated employment activities.

RCTP originally assumed that after six months of preparing a new village organization through consciousness raising and non-formal education activities, group solidarity would be sufficient to support a credit program. It was found, however, that for most groups the powerful lure of credit drove out real concern for group solidarity.

The strategy was changed accordingly, and new village groups became eligible to receive BRAC credit only after a year of regular member attendance at organized activities. Before its members could avail of BRAC credit the group had to demonstrate its success in administering its own savings program and some collective activity such as digging a fish pond, planting trees by the roadside, or joint farming. Furthermore, no individual could receive credit until he or she had completed BRAC's functional education course and accumulated savings equivalent to 10% of the loan requested.

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4. Landlords from organized villages commonly sought to hire unorganized landless laborers from adjacent villages to undercut these bargaining activities, or even to harass and beat up members of the organized groups. But once the landless of a given village were organized they would generally refuse to engage in any activities directed against the well-being of their organized neighbors.

By June 1983, 600 village organizations had been formed under RCTP with a membership of 31,543 persons.

Outreach Program

BRAC had become increasingly impressed through the experience of its Manikganj Project with the importance of organizing the poor into cohesive groups that could: withstand exploitation by local elites; mobilize locally available resources for productive activities they could control and manage; and bargain for improved wages and tenancy arrangements. As a consequence, BRAC established its Outreach Program in 1980 to further test the limits of what the landless could accomplish using only their own resources or local resources that could be tapped through existing channels. By December 1984, Outreach was operating out of 18 Centers in 11 upazilas servicing 569 village organizations in 318 villages.

It was an underlying premise of the Outreach Program that BRAC should not give any economic assistance to the community, thus focusing community attention on ways in which they might mobilize existing resources, including their own savings. The Outreach Program combined training, savings, functional education, problem solving meetings and logistics support in obtaining inputs such as seeds and khas (public) lands from government. No economic assistance or credit was extended by BRAC.

The solidarity of the assisted groups and their belief in their own strength were to be built through social action and confrontation with exploiting groups. Most of the visible accomplishments of outreach groups in improving the lives of their members were thus accomplished through obtaining government lands for cultivation, collectively negotiating fair wage rates with employers, taking group loans from the Grameen Bank and other institutional sources, and availing of a range of government programs and services such as food for work, health care, and poultry vaccines. While careful to avoid any appearance of political confrontation with the national government, BRAC's posture at the village level became increasingly militant.

Through its savings program each society had been expected to develop its own credit union able to make loans to its members for economic activities. In the interests of accelerating the build-up of this capital fund, members were not allowed to withdraw their own savings unless they terminated their membership in the society.

A subsequent evaluation, however, concluded that the landless societies were unable to generate enough internal savings from their members to support a loan program adequate to meet member needs; and generally the societies had not been able to obtain credit from established banking sources. It was concluded that further progress of the groups depended on making credit an integral part of the program.

Merger of the Outreach and Rural Credit Programs

The independent development of the Rural Credit and the Outreach Programs had sought to test two contrasting approaches, with the expectation that one or the other would subsequently be chosen as the basis for further expansion. It had become evident that they were not really alternatives. Both were essential and complementary.

In 1986 the two programs were merged under unified leadership as the Rural Development Program (RDP). Manikganj was retained as a separately administered pilot

BOX 2: Rural Development Program Village Intervention Strategy

In opening a new area BRAC's Rural Development Program (RDP) staff first did a survey to identify the poorest villages and the households in these villages that qualified for membership in a landless society. After completing the survey, BRAC staff began talking with people in traditional gathering places in the village, discussing their concerns and how they might be addressed through organizing. Eventually separate men's and women's organizations were formed. At the first meeting, it was suggested the participants agree that at future meetings each would contribute a small amount to a common fund, the beginning of their individual savings accounts.

Usually one of the first activities of a newly formed group was to participate in a BRAC functional education course. BRAC trained functional education teachers from the village who then offered the courses. These courses followed a special adult oriented curriculum created by BRAC staff to develop simultaneously literacy and numeracy skills, and political consciousness of various types of exploitation. The participatory group learning experience was designed to build a sense of group solidarity and the potentials of collective action.

As participants in the functional education demonstrated a particular interest, commitment, or ability they were sent to one of the BRAC training centers for training in leadership, consciousness raising, and group participation. Each year the BRAC training centers provided training for from 8,000 to 9,000 members of landless associations.

Gradually the groups were encouraged to take on a wider range of activities. For example, they might develop a small income generating activity that developed skills in planning and carrying out their own activities. As solidarity grew they might take on more difficult collective activities such as demanding local government give laborers their proper payment under food for work programs. They might scout out under-utilized government lands and petition government for their use.

As the organizations gained experience, certain individuals would emerge as leaders. Once this occurred, BRAC workers encouraged the group to elect a management committee comprised of 5-7 members so that the groups might take on more complex functions. To avoid one person becoming too dominant, there was no permanent chairman or secretary. The group selected a chairman for each meeting. Only the cashier was permanent. In addition to maintaining financial records, the cashier maintained the society's resolutions book with the assistance of the BRAC worker.

area for testing new activities on a pilot scale before integrating them into RDP. The Sulla and Jamalpur Projects also retained their distinctive identities for historical and organizational reasons.

RDP featured an institutional development stage corresponding to outreach (see Box 2) and a credit phase corresponding to rural credit (see Box 3). Groups were generally encouraged to undertake savings programs as one of their initial activities. Only after they demonstrated an adequate level of social and financial discipline did BRAC introduce its own credit program.

Each RDP center had its own compound with offices and living quarters for the staff consisting of a manager, three Program Organizers (POs), and an accountant. The POs were assisted by male and female village organizers recruited from the villages who served as paid BRAC workers rather than as members of the village organizations. Each center was expected to service about 30 villages, each with one men's and one women's organization. On the average a village organization enrolled 50 to 60% of the eligible village population.

Between 1979 and the end of June 1986, members of the village organizations supported by RDP had generated Tk. 11.7 million from their own savings. During that same period BRAC had provided them with Tk. 75.6 million (about $2.4 million) in credit. BRAC estimated that this credit had generated 1 million person days of employment. The on-time repayment rate was calculated by BRAC as 87.3%. Credit programs and the related income generating activities were highly popular among the landless and commonly became the central focus of the landless organizations involved.

Larger Landless Managed Economic Projects

One important rationale for BRAC's decision to make external credit available to assisted groups was to allow them to undertake larger projects. Consequently, BRAC did not set any limits on the size of a loan request. Applications for loans larger than Tk. 10,000 were forwarded to BRAC's RDP program coordinator. For the very largest projects approval was required from the executive director. Any project was open to consideration for financing if its feasibility could be demonstrated.

BRAC groups had over the years undertaken a number of substantial projects. By June 1986, 789 unused and derelict ponds had been re-excavated to raise fish. BRAC groups had undertaken 64 shallow tube well schemes irrigating 775 acres, and 9 deep tube wells irrigating 400 acres, with the trend toward the deep tube well schemes that irrigated lands in several villages. One group had been formed by the 30 male organizations assisted by BRAC's Monohordi Center to lease and operate an entire market place. In 1985, 56 men's and women's groups in one area joined together to establish a brick production enterprise.

Some schemes combined individual and collective interests. For example, a group might borrow to pay the debt on land mortgaged to a money lender by one of their members. The land would be leased to members of the organization for collective cultivation until the owner was able to repay the organization.

These larger schemes generally had their own management committees, with management committee members being eligible for BRAC approved compensation and incentive schemes.

Oral Therapy Extension Project

Throughout the 1970s, BRAC's posture in its work with landless organizations had become increasingly militant. This reflected its growing awareness of the extent to which corrupt officials and local elites engaged the law and the authority of government to systematically oppress the rural poor and block most available avenues to their self-

BOX 3: RDP Savings and Credit Program

Most RDP groups undertook savings programs as one of their initial activities. BRAC workers supervised the society's early savings collections, kept the savings records for each individual member, and deposited funds in a bank account on behalf of the society. Eventually most societies developed more systematic savings programs and opened their own bank accounts under the society's name--with BRAC workers checking the group's accounting records periodically to insure against irregularities. Members were encouraged to undertake small income generating activities on a collective basis using the group's savings.

Generally income generation projects involved traditional economic activities with which the villagers were already familiar, such as paddy and pulse husking, quilt embroidery, mustard oil extraction, seri/eri culture, weaving, pottery, carpentry, cow and goat fattening, jute works, poultry raising, and agriculture.

Specialized training for many of these activities was provided by the BRAC training centers. The crafts products were marketed through BRAC's Aarong shops. Other products were marketed locally by the groups themselves.

Withdrawal of savings for individual activities was discouraged because of the difficulty of re-establishing these funds once individual withdrawals are allowed. As all society members were expected to be active contributors, those who became infirm through old age, illness, or accident were expected to resign. At that time they received a lump sum payment of their savings.

BRAC introduced its own credit program only after the group had demonstrated an ability to carry out small-scale income generating activities using its own resources. With credit the groups could progress to larger activities. Small trade in items such as banana, poultry, old cloth, vegetables, and bamboo was a popular income generating activity and group members often requested working capital loans for this purpose.

To process small loan requests a society divided itself into small groups of five members each to discuss ideas for income generating schemes. One member might request a loan of Tk 500 to grow and sell bananas. If the other members endorsed the proposal, it was presented at the weekly meeting of the society. BRAC required that a BRAC worker be present at the society meeting to certify that 2/3 of the members were present and that 75% of them agreed. The most common reason for a loan request to be denied was that the individual was not considered adequately skilled.

Once these conditions were met the BRAC worker proposed the loan to his BRAC center manager at the loan review meeting held each Sunday morning. If the amount of the loan fell within his approval authority, up to Tk. 5,000, the manager normally made the decisions on the spot. Larger amounts were referred, with a recommendation, to his regional manager who could approve up to Tk. 10,000.

BRAC's monitoring systems provided clear feedback on staff performance with regard to credit programs, both the amounts disbursed and on-time collections. Once the credit program was introduced, it normally commanded a major portion of the time of center staff, some estimates ranging as high as 80 to 85% of staff time.

Some BRAC documents referred to the village organization as the borrower. In fact each loan was a loan from BRAC to an individual. The group had no liability for repayment. Group pressures were generated by the fact that no member of the borrower's small group could obtain a new loan from BRAC if any other member of that small group was in default on his or her payments. Even larger loans for group projects were in fact divided for purposes of establishing repayment liability among the individual members of the group. Each member's share appeared in his or her savings and credit booklet as though it were a personal loan.

improvement.[5] In part to avoid unfavorable political reaction to its more militant posture, BRAC became increasingly concerned with the need to establish and maintain its credibility with government. To do so it had to counter two perceptions that had become fairly wide spread; first that NGOs were engaged only in small localized activities of no consequence to national development; and second that their major purpose was to upset political stability at the local level.

The interest of UNICEF and other donors in the dissemination of oral rehydration therapy (ORT) seemed to provide the perfect opportunity to counter these two perceptions simultaneously. Research conducted in Bangladesh had demonstrated the possibility of dramatic decreases in infant and child mortality if mothers could be trained to give their infants and children a simple solution of salt, sugar and water when they suffered from diarrhea to restore the body's electrolytic balance. UNICEF was promoting the dissemination of ORT and the Bangladesh government accepted it as a national health priority.

BRAC established its Oral Therapy Extension Project (OTEP) in July 1980. Teams of female workers were fielded to go house to house, training mothers in the use of ORT. Though the message of the OTEP was integrated into BRAC's functional education course, it was organized and managed as a self-contained program not directly related to other BRAC field activities.

The OTEP became an important factor in BRAC's subsequent growth. In January 1980 BRAC had a staff of 378 workers assisting some 800 villages. By December 1981, the staff of its rural development programs had grown to 459. But total staff had grown to 1,118 because of the addition of 659 field workers under OTEP. By June 1984 the total BRAC staff had grown to 1,983, of which 1,301 were deployed under OTEP.

The effort ultimately to covered 7.4 million households, two thirds of the households in Bangladesh. It was backed by BRAC sponsored national media campaigns that built a strong association in the minds of the elites who had access to the media between BRAC and a national scale effort to address what everyone accepted as an important, and politically uncontroversial, problem.

BRAC wanted to extend ORT training to the remainder of Bangladesh, but decided it might as well cover additional health needs simultaneously. In October 1986 BRAC launched its Child Survival Project (CSP) in the remaining third of the country (140 upazilas). CSP was a three component program offering ORT training, immunization, and Vitamin A distribution.

Aware of the need to strengthen the capabilities of the Ministry of Health to provide health support to rural communities on a continuing basis, a more comprehensive Primary Health Care Project was launched simultaneously in an additional 15 upazilas. It addressed: ORT training, immunization, nutrition education, training of traditional birth

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5. A number of studies carried out and published by BRAC's research unit focused on the dynamics of rural corruption. For abstracts of two of these studies carried out in the late 1970s see Izzedin I. Imam, "Peasant Perceptions: Famine" in David C. Korten and Rudi Klauss (eds), *People Centered Development* (West Hartford: Kumarian Press, 1984), pp. 121-127; and BRAC, "Unraveling Networks of Corruption," in David C. Korten (ed), *Community Management* (West Hartford: Kumarian Press, 1986), pp. 135-155.

attendants, pure drinking water supply and use, health education, basic curative treatment, and family planning.

Unlike the OTEP, which was carried out entirely by BRAC with the blessing of the Ministry of Health, these two new health projects were carried out with the direct participation of the Ministry and were intended to strengthen the Ministry's primary health care and child survival programs. This was the first major BRAC initiative with an explicit objective of strengthening the capabilities of a government agency.

Both projects fielded large teams of BRAC staff to train village women, obtain the support of the men, inform the people when immunization sessions were scheduled, train government personnel, and assist in the implementation of new management and logistics systems. Together the two BRAC projects had a target population of 155 upazilas, 1,430 unions, 28,852 villages. BRAC intended to reach 90 percent of the 4,490,799 households in these villages--30 million people.

Non-Formal Primary Education

The success of its work in health encouraged BRAC to look at primary education in rural Bangladesh. It felt that long term improvements in the lives of the landless depended on increasing the educational levels of their children, especially the girls. It noted that impressive public expenditures for education in Bangladesh had resulted primarily in increasing the number of primary school buildings in the rural areas. Actual enrollments remained low and of those children who did enroll, 55 to 60% dropped out within their first or second year of attendance, before attaining numeracy and literacy. Though boys and girls started school in roughly equal numbers, the girls were the first to drop out.

Many of the teachers in the government schools were local elites who acquired their posting through local connections simply to claim the salary, with no intention of doing any teaching. Even those who did some teaching were poorly trained and supervised and commonly didn't show up for classes. Use of physical discipline was common, with a particular tendency to neglect the children of the poor. Textbooks were seldom relevant to the experience of the students and were not properly graded.

In 1984, BRAC initiated a 54 month pilot project in Non-Formal Primary Education (NFPE) to provide children from poor families with an alternative to the government's public elementary schools. Under NFPE BRAC hired, trained, paid and supervised locally recruited teachers to teach a special three year non-formal primary school curriculum. The teachers, 70% of whom were women, were paid Tk. 275 per month. Classes were conducted either in existing facilities rented by BRAC at a nominal rate or in simple low cost structures constructed by the village on village land. Books and classroom supplies were provided free by BRAC.

Extensive discussions had been held with parents of the prospective students to insure the relevance of the NFPE curriculum and the suitability of its schedules in relation to the demands of rural life. The resulting three year curriculum covered functional literacy and numeracy, basic science, social studies, health and hygiene. Classes were scheduled for two and a half hours a day six days a week throughout the entire year. The first students to complete the full three year curriculum graduated in April 1988.

BRAC originally intended to offer the three year course, referred to by BRAC staff as a "school," in a total of 45 villages on a pilot basis over the four and a half year

period of the project, taking one group of students from each village through the three year curriculum. As the project was initially considered to be experimental, no decision had been made as to whether the course would be repeated in a given village following the graduation of the first class.

Demand for the course was so great that it was already being offered in 343 villages by the beginning of 1987 and plans called for 600 courses to be in session by the end of the year. Yet demand continued to exceed BRAC ability to respond. The drop out rate for the BRAC courses was less than 2%.

BRAC IN JANUARY 1987

By January 1987, when BRAC began its strategic review in anticipation of further strengthening its contribution to Bangladesh development in the 1990s, BRAC had become a large and complex organization with a broad range of program activities.

Program Activities

The Jamalpur Women's Project had grown to 38 village organizations with 1,860 members in 31 villages.

The Sulla Project, BRAC's first activity, was assisting 171 men's and women's village organizations with 7,000 members in 198 villages, nearly all the disadvantaged women and men in the project area. The village groups had formed an upazila level coordinating committee that was gradually taking on functions formerly performed by BRAC staff.

The Manikganj Project, considered by BRAC to be its most comprehensive and innovative development project, had grown to over 250 village organizations in 182 villages. Early steps had been taken toward federating these organizations through the formation of 15 Union Coordinating Committees.

The consolidated Rural Development Program was working out of 43 BRAC centers in 31 upazilas spread throughout the country. Together these centers served over 2,000 village organizations in nearly 1,200 villages with a total membership of 114,000 landless poor--60,000 females and 54,000 males.

The OTEP had already reached 7.4 million households. The Child Survival and Primary Health Care Programs were active in the remaining third of the country's upazilas. The non-formal primary education program was operating in 343 villages with plans in place for continued rapid expansion.

BRAC was seeking approval from the government to establish a proposed Centre for the Development of Rural Managers to provide graduate level training and advisory services for rural managers and rural development organizations.

In addition BRAC was engaged in or contemplating a wide variety of other smaller activities. It was running commercial printing and cold storage businesses as a source of income. It provided a range of support services for poultry raising. In addition to its main training center in Savar, it was operating four smaller regional training centers and more were planned. It was also operating a training and production service center in Manikganj to pilot and demonstrate new production processes for women's income generating activities, including block printing, embroidery, tailoring and weaving, and was promoting

the development of seri- (silk) and eri-culture in Manikganj district. A new women's training and production center was being planned for Jamalpur.

BRAC was supporting rural libraries, planning a new para-legal program, contemplating the establishment of a wide range of supporting facilities for agro-forestry, poultry and fish production, and designing a pilot social security program intended to provide young couples with an incentive to limit their fertility.

With a staff of 2,500 active in 1,800 villages and an annual operating budget of approximately U.S. $6 million BRAC[6] was the largest national NGO in Bangladesh and one of the largest in the third world.[7] Overall, BRAC counted 40 upazilas with a population of 2.1 million people as falling within its extended project area.

Strategic Issues

BRAC staff were proud of their accomplishments, but they were also concerned that BRAC had become too scattered in its commitments as it responded to a variety of competing demands.

There was the need to maintain a credible image with government and the public. The child survival activities met this need nicely, but did the potential long term returns justify the commitment of approximately half of the total BRAC staff and much of its research capability when compared to other priorities?

There was an evident need and a strong demand among the landless for credit. Meeting this demand was consuming a major portion of the time and energy of the staff of the RDP. It was also the major preoccupation of many of BRAC's landless groups. But would it really result in the fundamental rural changes needed to reverse the general deterioration in the conditions of the rural poor of Bangladesh. It was a painful reality that most of the income generating activities supported by the credit program provided their beneficiaries with a bare subsistence income at best.

Both the health and credit activities seemed inevitably to draw attention away from the mobilization activities aimed at the more basic changes in the rural power structure that BRAC believed to be essential to any long term improvement in the lives of the majority of the rural poor.

Questions were also being raised about sustainability. BRAC saw itself as a development catalyst, not a permanent subsidized service provider to the poor. Yet the evident reality was that aside from BRAC's role in training mothers in the preparation and use of ORT solution, there were few areas in which BRAC could claim to have put in place self-sustaining capacities likely to survive its own withdrawal.

For example, what was to be the future of the credit activity? Credit had become the core activity of most BRAC groups and the need was long term, yet it was dependent

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6. Growth was projected at about 20% a year a that time. The actual operating budget for 1988 was approximately U.S. $ 8 million.

7. It is important here to be clear on the distinction between national and international NGOs. CARE, an international NGO, had a much larger budget for its Bangladesh operations, counting the value of the food commodities it distributed on behalf of AID, though a smaller staff.

on the continued presence of BRAC and there was no plan that would eliminate this need. So long as this were the case there was no possibility of testing the withdrawal of BRAC staff to see whether the groups could maintain other activities on their own.

In fact some BRAC staff felt that even apart from the credit program, the viability of individual village groups would be at risk without a continued BRAC presence. There had been some experimentation with federating BRAC organized groups at the level of the BRAC center in the hope that the federations might eventually assume some of the functions performed by BRAC staff, but these experiments had yet to receive serious attention.

The non-formal primary education program was clearly a great success. But again it depended on a continued BRAC presence and continued foreign donor funding. Yet primary education was not a one time need in the assisted villages.

BRAC's more recent initiatives in health were somewhat more promising in this regard in their premise that BRAC's collaboration with the Ministry of Health would leave the Ministry with enhanced capacity to provide continuing follow-on support. Yet even here BRAC had yet to establish that its interventions were sufficiently powerful to address certain structural deficiencies, particularly corrupt practices in personnel, drug and contraceptives management that undermined supervisory processes and limited the availability of essential supplies.

A Society in Decline

The needs of the rural poor of Bangladesh were real, pervasive, and growing--in spite of the best efforts of the many governmental and non-governmental organizations attempting to address them. Though statistics were limited and of questionable reliability, Bangladesh ranked as one of the poorest countries in the world and a number of key social indicators suggested that conditions were getting worse--particularly for the rural poor.

Per capita consumption of both calories and protein declined steadily from 1962 to 1982. Further decline was partially forestalled only by substantial increases in food aid from abroad between 1980 and 1985. Crude death rates increased from 10.77 in 1980 to 13.20 in 1983. Annual per household expenditure on medicines was no more than Tk. 2.86 (US$1 = Tk. 32). Only 4.9 percent of villages had a primary health center. In 1981-82 aggregate expenditure on medicines by the public health service came to Tk. 19 per capita, but these meager supplies seldom reached the poor.

Literacy declined from 24.3% in 1974 to 23.8 percent in 1981 (31% for males and 16% for females) and student enrollment rates were falling--in spite of an increase in the number of primary schools (nearly all in rural areas) and an impressive public expenditure on education during the period. The percentage of school age children attending school from landless households was only 8 percent, compared to 26 percent for landowning families.

According to World Bank estimates, real daily wage rates in rural Bangladesh were significantly lower in the early 1980s than even in the early 1970s when the economy was still suffering from the dislocation of the War of Liberation. Furthermore, there was a decline between 1974 and 1981 in the number of hours or days worked per laborer.

When government did respond to these realities, the bias was sharply against those who were most in need. During the period from 1980 to 1985 food aid programs targeted to the rural poor increased from 244 to 927 thousand metric tons. Yet according to one

report as much as two thirds of the food available for public distribution from both foreign assistance and local procurement was allocated to selected urban groups like government employees, the military, police, teachers, employees of large enterprises, and other "priority" groups. Fifty percent of the remainder was directed to rural areas through a rationing system that benefited mostly rural elites and their clients.[8] Knowledgeable sources also estimated that at least 30% of the food grains specifically targeted for the poorer elements of the rural population were in fact captured by government officials and rural elites.

Clearly BRAC was not alone in its failure to find the secret to releasing the poverty trap that was tightening its grip on the rural poor of Bangladesh. The symptoms were increasingly evident. Yet to concentrate more resources on attacking the symptoms would almost certainly prove futile and lead to hopeless scatteration. It was essential that BRAC, and any other organization truly concerned with the problem of poverty in rural Bangladesh, concentrate its attention on fundamental causes.

Bangladesh Realities

A population density of nearly 1,700 people per square mile created an intense competition for resources in Bangladesh that was heavily weighted against the economically and politically powerless. Over half of the rural households were already classified as landless (owning less than 0.2 hectares). Informal estimates placed the number of households totally lacking in a claim to any land, even a small homestead plot, at 30% and growing. Estimates of unemployment ranged from 23 to 42 percent, in a labor force that was growing at an estimated 2.8 percent a year.

The ability of the government to take any meaningful action was hampered by pervasive patronage and corruption. The pattern of public food distribution mentioned above was only one example. Other examples were abundant. According to *The Economist:*

> Patronage has destroyed Bangladesh's credit system. President Zia's government introduced loans mortgaged against political support in the late 1970s. Around $500m has been handed to businessmen through the government banks and financial institutions to start up new industries and to buy the ones being privatized. Most of the money came from the Asian Development Bank and the International Development Association, the poor-country arm of the World Bank.
>
> ...lenders have been paid only 10% of the principal and interest due to them on industrial loans. On agricultural loans, the proportion is 26%. It is

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8. *Rural Poverty in Bangladesh: A Report to the Like-Minded Group,* Universities Research Centre, Dhaka, January 1, 1986, p. 44. All statistics cited in this section are from the above report.

> thought that one-fifth of the defaulting borrowers are in real trouble: the rest see no need to return their cash.[9]

Development budgets had over the years funded a wide range of welfare benefits targeted to the rural areas including free education and health services, food for work programs, and the direct distribution of food rations. Numerous rural development programs had channeled subsidized credit and other inputs through government sponsored cooperatives. Most benefits of these programs were captured by local elites.

A noted political analyst made the following observation:

> In the present rural political economy there is an almost irresistible pressure tending to force all development inputs from Dhaka into the patronage system dominated by rural elites. Thus whether a donor assisted or Bangladesh government (BDG) financed project deals with public health or deep tube well maintenance is not really important, because whatever the inputs are, they will be used by local elites to enrich themselves and reinforce their dominance by buying or coercing the support of those in lower rural socio-economic strata.[10]

BRAC had concluded early in its history that increasing the political power of the poor was essential to the improvement of their position. Its subsequent experience continuously demonstrated the basic truth that so long as the poor of Bangladesh had no means of holding government accountable, government would not be responsive to their interests and indeed would be an important instrument of their exploitation.

New possibilities for increasing the power of the poor were presented when the Bangladesh government announced its commitment to a significant decentralization initiative. The administrative unit originally defined by the jurisdiction of the local police station [the thana], was renamed the upazila and made the major unit for local development administration. The upazila administration was restructured, assigned additional government positions, and placed under the authority of a council popularly elected on a union basis.[11]

There was considerable resistance to this move by the bureaucracy and the transfer of authority to the upazila level was far from complete. Furthermore, most locally elected

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9. October 18, 1986, p. 26. *The Economist* noted in contrast that the Grameen Bank, which loaned only to the very poor, was reporting repayment rates of 98%.

10. Harry Blair, "Decentralization and Development in Bangladesh: Trip Report on a Visit to USAID Mission, Dhaka, in January 1987" (unpublished).

11. The district was the first level of administration below the national level, followed by the upazila, union, and village. The upazila was the lowest level at which the government had a significant administrative presence though individual ministries such as health, education, and agriculture might have individual workers assigned at union or even village level. At the time of the case Bangladesh had 4 divisions, 64 districts, 460 upazilas, 4,500 unions, and 68,000 villages.

bodies continued to be dominated by local elites. To realize the potentials of the decentralization, the authority of the upazila would need to be consolidated, and this was likely to occur only through strong expression of popular local demand to complete the transfer of authority. It would also be necessary for the poor to achieve the level of political consciousness, organization, and solidarity required to achieve the election of their own members to the upazila councils.

In a recent local election BRAC workers in a number of localities had assumed a low profile role in training and advising landless groups in the selection and promotion of their own candidates for union council elections. A number of these efforts were successful, suggesting future possibilities.

SUBSEQUENT DEVELOPMENTS CONTRIBUTING TO THE FOUNDATIONS OF A NEW STRATEGY

BRAC's examination of its strategy coincided with a broader self-examination by many other NGOs, both in Bangladesh and in the larger international community. BRAC's participation in both the national and the international dialogue served to confirm its commitment to its analysis of priority needs in Bangladesh and to the appropriateness of its effort to play a greater leadership role in helping set the directions of national development.

Soon after BRAC began its strategic assessment in preparation for the 1990s, Abed participated in the landmark NGO conference held in London in March of 1987 at which NGOs from around the world announced their commitment to providing greater leadership in dealing with neglected dimensions of the development equation, particularly issues relating to political development and democratization. Of particular importance was an emerging dialogue among Bangladeshi NGOs on conditions in Bangladesh and the need for greater cooperation within the NGO community in support of a political and economic transformation of rural institutions.

BRAC began a process of reshaping its commitments, broadening its collaboration with government and experimenting with approaches to dealing with the needs for sustainability and institutionalization.

Bangladeshi NGOs: Toward a Shared Vision

Bangladesh has one of the largest and most active NGO communities to be found in any Third World country, attributable in part to the pervasiveness of poverty, the ineffectiveness of government in dealing with it, and the ready availability of generous donor funding. In addition to numerous small NGOs engaged in local initiatives in a single village or union, there were a number of NGOs, both international and domestic, that like BRAC had major national programs. CARE employed 1,200 national and 16 international staff who managed $40 million in foreign assistance and $20 million in counterpart contributions through 17 suboffices serving 315 upazilas. RDRS had a staff of 1,800 Bangladeshis and 11 expatriates with a budget of $5 million a year. Other NGOs of major scale included Caritas, Nijera Kori, Proshika, ASA, CCDB and FIVDB. NGOs were active in nearly every development sector, with particular concerns for literacy, health, income generation, and women in development.

Several of the larger national NGOs had been established by former staff of BRAC and modeled their programs on BRAC's experience, with a particular focus on organizing the rural poor and landless. Estimates of the number of villages in which NGOs were working actively on development of landless organizations ranged from 10% to 20% of the villages of Bangladesh. It was common for two or more NGOs to be working with landless in a given upazila, and even in a given union or village.

While there were instances of cooperation within the NGO community, individual organizations generally operated with considerable independence of one another and were somewhat protective of "their" village organizations. Thus it was considered a major breakthrough when in January 1988, the heads of eleven of the largest NGOs in Bangladesh responded to an invitation by ADAB, the national NGO consortium body, to participate in a one day symposium to share their assessments of Bangladesh development needs and discuss opportunities for cooperation in addressing shared objectives.

The key participants in this meeting, including Abed, agreed that the conditions of the rural poor of Bangladesh were deteriorating at a rapid rate and that a redistribution of economic and political power was a necessary condition for reversing this trend. They further agreed that the NGO community needed to provide more aggressive and united leadership in helping the rural poor achieve this redistribution by increasing the density and coverage of landless organizations and by merging village level landless organizations into strong independent self-managing union and upazila federations. They committed themselves and their organizations to cooperate in experimental initiatives toward this end. Subsequent meetings brought additional NGO leaders into the dialogue and elaborated on the conclusions and plans for collaboration.[12]

These discussions highlighted a number of realities. There had been a tendency among NGOs in Bangladesh to spread themselves across many unions and upazilas in an effort to establish their status as national NGOs, but with the result that their organizing efforts seldom produced the density of organization in any given political jurisdiction needed to bring about the changes in power relationships that most NGOs felt to be essential. Furthermore, while several NGOs had taken steps toward federating their base level organizations, these federations were exclusive to the landless groups they had organized--limiting their strength and creating unnecessary divisions among the landless.

There would need to be greater attention to increasing the density as well as the breadth of coverage of landless organizing. Federations of base groups would need to bring together all landless organizations within a given political jurisdiction and establish themselves as the independent representatives of the landless. The federations should not be identified with a particular assisting NGO. Such independence could only be achieved through reducing the existing dependence of the landless organizations on their assisting NGOs for essential basic services by the creation of systems of independent, locally accountable, self-managing service delivery structures. This too would need to become an NGO agenda.

A few months later key NGO leaders from throughout Asia met in Bangkok under the auspices of the Asian NGO Coalition (ANGOC) for similar reflections on a regional

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12. ADAB, *Future Strategies and Vision of NGOs in Bangladesh: Report on a series of workshops* (Dhaka: Association of Development Agencies in Bangladesh, 1988).

basis. They concluded that in general the conditions of the rural poor were deteriorating throughout the region, and that political and economic democratization of institutional structures was an important condition for reversing the unfavorable trends.[13] Abed was also a key participant in this meeting.

New Initiatives with Government

BRAC made considerable progress during this period in learning how best to work with government to improve the delivery of basic public services. BRAC's work with the Ministry of Health was particularly instructive, providing new insights into the reasons for the poor performance of government agencies and the types of corrective action needed. The following were some of the important lessons of this experience.

- Two years of facilitation assistance by BRAC teams at upazila level was too short to achieve sustainable improvements in the operations of a ministry even within that upazila.

- While progress can be made through the training of government officials, training alone will not address more systemic structural problems that inhibit or preclude effective performance and that are sometimes beyond the control of local ministry staff.

- Sustainable improvements are most likely in upazilas in which BRAC has made significant progress in organizing the poor so that they are able to define their needs and make demands on the system for improved services.

- Effective performance of government programs depends a great deal on the extent to which the responsible staff are locally accountable, but central ministries are seldom willing to give up their own control unless there are strong political pressures for them to do so from the local jurisdictions.

BRAC's newly emerging attention to collaborating with government in helping strengthen government's service delivery capabilities was not limited to the Ministry of Health and Family Planning. BRAC also launched collaborative initiatives with the Ministry of Livestock and Fisheries and with the Ministry of Education.

BRAC had for a number of years been promoting poultry rearing by the landless poor in its assisted villages. This had led to development of a scheme by which villagers were selected and trained to serve as poultry immunizers on a fee for service basis that compensated them for their time and provided a small incentive. With BRAC assistance the immunizers were able to obtain free vaccine supplies from local staff of the Ministry of Livestock and Fisheries. This scheme had proven sufficiently successful that the

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13. ANGOC, *NGO Strategic Management in Asia: Focus on Bangladesh, Indonesia, and the Philippines* (Manila: Asian NGO Coalition for Agrarian Reform and Rural Development, 1988). See especially the final Chapter: "Conclusions: Democratizing Asian Development," pp. 157-170.

Ministry requested BRAC's assistance in expanding its application. They agreed to collaborate on an effort to apply the scheme within the context of the government's vulnerable group development program.

Under what had previously been known as the vulnerable group *feeding* program the government had targeted the poorest 3% of the rural population, in almost all instances destitute widowed or abandoned women, to receive regular food rations. It was later decided that the program should seek to help the assisted women develop a permanent means of livelihood. This resulted in an agreement between BRAC and the Ministry of Livestock and Fisheries aimed at helping these women become chicken rearers and vaccinators. This effort had been extended to 37 upazilas, many of which were not serviced by other BRAC programs.

Building on the model of the poultry immunizers BRAC was attempting to develop similar services for livestock, training para-veterinarians to work on a fee for service basis to provide basic veterinarian services, including immunization and artificial insemination services. Fifty seven insemination centers had been established and there was a plan to have 300 self-financing veterinary service centers covering a third of the country in operation by 1999. Arrangements were being developed with the Ministry by which these centers could buy semen, vaccines and other supplies from the government.

BRAC had begun experimental collaboration with the Ministry of Education in one upazila in an effort to see what would be required to improve the performance of the government's elementary schools. When BRAC first introduced its non-formal primary education program it had accepted the prevailing conventional wisdom that one reason for the high drop out rate from government schools was that the parents, particularly from poor households, were not interested in their children's education. BRAC's experience had decisively demonstrated the contrary. The parents had been keenly interested.

Consequently, when BRAC began working with the Ministry of Education in three unions of the pilot upazila, it focused on organizing parents to take a more active role in supervising school performance. Once parents' groups were established they began regular meetings with the teachers. Teacher interest and performance increased accordingly. BRAC became hopeful that similar improvements might be possible on a much larger scale.

BRAC had been trying without success since 1985 to obtain government approval for its proposed Centre for Rural Managers, one objective of which was to assist key government ministries in developing the capacity to be more responsive to the needs of the rural poor. It became evident that BRAC was finding new ways of obtaining much the same result, even without formally establishing the Centre. It began to think about how it might formalize its facilitating assistance program within the BRAC structure and achieve its basic objective without the need to obtain government approval to establish a management institute.

A New Focus on Institutionalizing Structures

BRAC's new effort to strengthen the government's service delivery capacities was one response to its emerging focus on institutionalizing sustainable support structures. Another response was to experiment with a growing number of schemes intended to put in place

landless managed self-financing service providers and centers of the type being developed in collaboration with the Ministry of Livestock and Fisheries.

Still another, and substantially more ambitious, response was BRAC's decision to establish a new rural bank as a permanent commercially viable service institution. BRAC had become particularly concerned that the landless groups it was assisting had become dependent on its continuing to serve as a quasi-rural bank. To avoid this dependence BRAC had only two choices: link its landless groups into the existing banking system or create a new rural bank as a permanent commercially viable institution.

Given the history and structure of the Banking system in Bangladesh, the former seemed unlikely to be satisfactory. Even the Grameen Bank had proven to be unresponsive to the needs of NGO organized groups and demanded a loyalty of its borrowers that appeared to effectively preclude participation in the kinds of independent landless organizations to which BRAC and other NGOs were committed. Furthermore, the needs of the Bangladesh rural poor far exceeded the administrative and financial capabilities of the Grameen Bank, even with its ambitious expansion policy.

BRAC found that a number of donors were sympathetic to the idea of establishing one or more additional rural banks attuned to the needs of the rural poor and decided that this was the option of choice.

Increasing the Density and Coverage of Landless Organizations

It remained clear to BRAC that the realignment of power relationships remained the key to rural transformation in Bangladesh and that this would come only through strong organizations of the landless rural poor. The central importance of this agenda was strongly reaffirmed during BRAC's strategic assessment. The number one priority among all others must be to increase the density and coverage of landless organization throughout rural Bangladesh, working in close collaboration with other NGOs where possible.

BRAC concluded that its existing RDP centers had a potential to increase their service areas from 30 to 50 villages and to increase the density of organizing coverage in the villages already served. New targets were set accordingly for the existing centers.

A team of management consultants provided to BRAC in early 1987 by NOVIB, a BRAC donor from the Netherlands, observed that the structure of the RDP allowed each RDP center to operate as a substantially independent unit and concluded that BRAC's well developed administrative support systems could easily support additional centers. If the money were available, the availability of qualified staff would be the only constraint on expansion. The consultants estimated that by 1992 it was feasible for BRAC to be operating 100 centers, each serving 50 villages. This would be about twice the rate of expansion BRAC had previously planned. With 100 centers BRAC would be covering about 5% of the villages in Bangladesh and would reach more than 5 million people.

Formation of a Donor Consortium

Embarking on such an ambitious plan would require BRAC to forge a new relationship with its donors based on a broader vision and longer term commitments. Conventional fragmented project assistance would not be consistent with the emerging strategy.

BRAC was familiar with the experience of Sarvodaya Shramadana in Sri Lanka in putting together a donor consortium group with which Sarvodaya was able to forge a new and longer term relationship. This seemed a potential answer to the need that BRAC was facing. The idea was discussed with a number of BRAC's donors and elicited a favorable response.

BRAC put together two comprehensive proposals, one to cover a three year expansion of the RDP. The second covered the formation and operation of a new rural bank to be established as an independent legal body affiliated with BRAC, but financially and managerially independent. Once the RDP had established the viability of a group of landless organizations and their credit programs under the jurisdiction of a particular RDP center, the bank would essentially buy that center from RDP along with its staff and credit business, and integrate the center into the bank's own structure. At that point the landless organizations would graduate from a grant funded assistance program to a self-financing relationship with the bank. BRAC estimated that its overall funding requirements for the first three years of the new program, including the costs of establishing the bank, would be approximately US $50 million.

An initial meeting of the prospective donor consortium was held in Dhaka on January 16 and 17, 1989. It was agreed at this meeting that the participating donors would field a joint assessment team in April 1989 to prepare an assistance package for formal presentation to the participating donors.

PART II: THE STRATEGY

The proposals presented to the donor consortium focused on RDP expansion, with particular attention to the development and institutionalization of the credit program through the proposed bank. BRAC staff were not yet satisfied. They continued to work on the articulation of a broader strategic concept that would give the needed coherence to BRAC's strategy for the 1990s and illuminate the underlying logic of that strategy in relation to the analysis of Bangladesh poverty and BRAC's history. A series of meetings of BRAC's senior staff focused on this need.

From these meetings emerged a further articulation of BRAC's strategy for the 1990s that continues and deepens BRAC's long term commitment to building the economic and political power of the landless rural poor; as well as its commitment to helping government become more responsive to the needs of the rural population. It reaffirms BRAC's basic nature as a learning organization engaged in a continuing self-critical examination of its own performance and the on-going refinement of its strategy, programs and methods.

I was a party to these discussions and was asked to document their conclusions in this paper. What follows is a statement of current BRAC thinking regarding its strategic concept for the 1990s based on these meetings. Unlike Part I of the paper, Part II is presented without my assessment or personal interpretation. It has been reviewed and

accepted by BRAC management as an accurate statement of their current thinking and essentially represents a BRAC document.[14]

DISTINGUISHING FEATURES

While BRAC's strategy for the 1990s builds from BRAC's rich historical experience it differs from BRAC's previous strategy in several important respects.

- It focuses on the upazila as the unit of action and clearly defines BRAC's interventions on the basis of union and upazila jurisdictions.
- It seeks a critical mass of landless organization within the selected upazilas capable of sustaining a realignment of political and economic dynamics at village, union and upazila levels.
- It seeks to transform a number of inter-related resource management systems within the selected upazilas to broaden participation in the control and management of economic assets and create a self-sustaining growth dynamic.
- It concentrates all BRAC activities in the selected upazilas and introduces into those upazilas the full range of BRAC services.
- It stresses BRAC's role as a development catalyst, taking care to avoid creating long-term dependence on BRAC subsidized services.
- It provides a clear focus on the development of self-financing, self-managing service delivery systems to substitute for BRAC subsidized and managed services, and sets clear targets for "graduation" to self-reliance.
- It stresses collaboration with other NGOs in meeting shared upazila defined objectives in line with the Shared Visions Initiative of the Association of Development Agencies of Bangladesh (ADAB).
- It introduces a new divisionalized organizational structure in BRAC that will provide for greater decentralization of authority in the development and implementation of major BRAC programs.

14. This statement is intended to stand on its own if necessary. Consequently there is some repetition of material in Part I. However, a reading of Part I should substantially contribute to understanding the nature and rational of the strategy and is essential to assessing the feasibility of the strategy in relation to BRAC experience and capabilities.

THE SUPPORTING ARGUMENT

Bangladesh is not a resource rich country. Those resources that are available, including the assistance provided by foreign donors, must be used as productively as possible to meet the basic needs of all the Bangladesh people. This is not currently happening. The inefficient use of available resources that results from corruption, a rent collector's approach to resource management on the part of the wealthy, and an unjust distribution of political and economic power combines with rapid population growth and deteriorating environmental conditions to lock Bangladesh in a poverty trap that works to the ultimate detriment of all elements of the society.

Economic and Political Democratization

Much of the attention of both government and NGOs, including BRAC, has been addressed more to the symptoms of this poverty than to its underlying causes. Too little attention has been given to achieving a basic realignment of the resource management systems that are responsible for the unjust distribution and unproductive use of available resources.

BRAC's strategy for the 1990s will engage BRAC in a collaborative effort with the Bangladesh government, the rural poor of Bangladesh, other NGOs, development donors, and other interested parties to achieve basic institutional changes aimed at the long term correction of current deficiencies. A major effort to increase the coverage and density of landless organizations and to help these organizations move rapidly toward true self-reliance will establish the foundation upon which these changes will be built.

BRAC believes that economic and political democratization is an important key to unleashing the development potentials of the rural poor of Bangladesh. Decision making power must be placed in the hands of the people and be broadly shared by them. The people must have the means and the incentive to hold government officials accountable for honest performance of their duties. The control of resources must be placed in the hands of those who have the greatest incentive to use them sustainably, justly and productively. This control must be complemented by the skills and the means to use these resources productively. The poorest elements of the community must be full participants in all development activities.

Upazila Self-Government

The Bangladesh government has taken an important step toward economic and political democratization by establishing the upazila as an important local government unit with broad responsibility for local administration under the authority of a locally elected council. Bangladesh NGOs have made important contributions toward this same end in their efforts to organize and develop the capabilities of the landless rural poor. These two important initiatives must now be strengthened and linked. This will be a central focus of BRAC's strategy for the 1990s.

The success of the upazila experiment in self-government depends on demonstrating new approaches to local resource management that realize the potentials of the people as a dynamic development force. This requires developing what is for Bangladesh

a new concept of the role of local government as an enabler of people's development action--rather than as a controller of people and a dispenser of patronage.

Distinctive NGO Role

The reorientation of government from controller and patronage dispenser to enabler is needed at both central and local levels and BRAC intends to work with government on this process at both levels. BRAC believes, however, that the more effective progress is likely to be made at the local level, demonstrating new possibilities and mobilizing the people for local initiative and demand making. Thus BRAC will concentrate on the local level--the village, union and upazila.

BRAC further believes that NGOs have a distinctive role to play in facilitating a social learning process that allows both people and government to redefine their relationships with one another. NGO involvement is particularly critical in developing the capacity of the poorest and most marginalized of the people to demand, define, and assume a substantial and meaningful role in the new relationship.

Experience in South Asia and elsewhere demonstrates that even when government is committed to strengthening the participation of the people in local governance processes the efforts of government to activate such participation often achieve exactly the opposite--increasing the control of the government and the dependence of the people on government initiative. NGOs, as independent non-political bodies, are often better able to work with the people in ways that strengthen the people's capacity for independent initiative and self-direction--in turn strengthening those forces that are essential to making local government more supportive and responsive to people's initiatives.

BRAC as a Catalyst of Upazila Development

BRAC's strategy for the 1990s will take the upazila as the primary unit of BRAC planning and action, seeking to demonstrate the potentials of the upazila as an effective unit of self-governing development action and the ability of NGOs to contribute to realizing this potential. In each assisted upazila BRAC will serve as a catalyst, bringing to bear, in a phased manner and in cooperation with other NGOs, the full range of its program activities in the development of self-sustaining local capacities.

The first round of intervention will focus on building the capacity and power of the landless poor. The second will focus on helping local government develop its capacity as an enabler of local development. Replicable community based approaches to resource management will be demonstrated in such key sectors as education, health and family planning, livestock and fisheries. As local capacity is increased, BRAC will reduce its subsidized inputs accordingly, leaving behind self-reliant, self-managing local systems, including a new rural bank.

COOPERATION WITH OTHER NGOS

BRAC is aware that more than 80% of the population of rural Bangladesh currently lacks the benefits of the assistance available from either NGOs or the Grameen Bank. It is a basic premise of BRAC's new strategy that if an upazila is to be assisted, sufficient

coverage of the landless population should be achieved to create a sustainable change in the economic and political dynamics of that upazila. This does not necessarily mean, however, that this coverage must be accomplished exclusively by BRAC. Where other NGOs or organizations such as the Grameen Bank are in a position to meet a part of the need, BRAC intends to propose the formation of upazila level coordinating mechanisms through which the assisting groups may allocate responsibilities among themselves for achieving such coverage.

For example, in upazilas in which a number of NGOs are active in organizing the landless responsibilities for organizing might be divided among them on the basis of the union. Thus in a given upazila with ten unions, they might agree that BRAC take the lead in organizing three, Proshika another three, while Nigera Kori might take the lead in two and CCDB the remainder.

Other responsibilities might be divided on a functional basis. For example, it might be agreed that BRAC would introduce non-formal primary schools throughout the upazila while RDRS might assume the responsibility for organizing health committees on an upazila wide basis. BRAC recognizes that there are many NGOs that are making valuable contributions to Bangladesh development and wants to encourage and strengthen their efforts wherever possible, including those of smaller local NGOs.

BRAC is strongly committed to the principle of pluralism as the basis of a democratic society and believes the principle should apply to NGOs and other rural assistance agencies as well as to government.

PROPOSED UPAZILA INTERVENTION CYCLE

The heart of BRAC's new strategy is found in the concept of an upazila intervention cycle aimed at developing the upazila as a model of development oriented self-government. The proposed cycle consists of a series of carefully phased interventions that over a period of six to eight years will bring to bear the full range of BRAC program capabilities in support of the transformation of local economic and political structures. Each element of the proposed cycle draws on prior BRAC experience, however, what is outlined here has yet to be piloted as an integrated intervention package and is therefore subject to modification as additional experience is gained.

Non-Formal Primary Education

Normally BRAC uses its rural development program as its point of entry into a village, organizing the adults of landless households into groups that undertake functional literacy training, the development of a savings program, and various economic self-help activities.

BRAC has found, however, that its non-formal primary education program also provides an effective point of entry to a landless community. Because of the substantial desire of landless parents to educate their children the program has proven easy to introduce rapidly on a large-scale. It provides a focus for community action and landless leadership that builds self-confidence among the landless and helps them win respect from more affluent classes in the village. Furthermore, it quickly builds BRAC's credibility. Consequently, BRAC is planning to experiment with using the non-formal primary education program as a point of entry to newly assisted villages.

Thus a typical upazila intervention cycle is likely to begin with the introduction of a three year primary education course for landless children in each village of the upazila a year or two before the full RDP program is introduced. Landless households in each village of the selected upazila will be invited to participate in forming a parents' committee responsible for obtaining a site for the course and overseeing its operation--including selecting, hiring and supervising the teacher. BRAC will train the teacher, provide materials and technical supervision, and provide a grant to the parent's committee sufficient to cover the teacher's salary.[15] This will be intended to prepare the way for establishing permanent community managed elementary schools as elaborated later.

Rural Development Program

One to two years after introducing the non-formal primary education course, from one to three Rural Development Program (RDP) area offices will be opened in the upazila, depending on the size of the upazila and the extent of coverage of the upazila by other NGOs. Building from the base established by the education intervention, RDP teams will introduce the various elements of BRAC's well proven RDP, including functional education, men's and women's organizations, and savings and income generation activities. The supporting Training and Resource Center (TARC) will serve as a provider of training services. During the period of the RDP intervention these services will be "purchased" from the TARC by RDP on behalf of the community using RDP funds. The typical processes of group formation under the RDP, as outlined in Box 4, are well established. Only minor modifications and additions will be required under the proposed strategy. (For further details see Box 2 and Box 3 in Part I.)

The number of villages assisted directly by BRAC will depend on the activities of other NGOs operating in the upazila. The goal will be to provide an opportunity to all landless families in the upazila to participate in a landless organization and to engage in a variety of self-help activities, irrespective of which NGO assists. In this regard BRAC resources will be applied in a way intended to supplement and, where appropriate, to support the work of other NGOs in the upazila in achieving upazila transformation.

Graduation to Rural Banking

After three to four years of RDP assistance, it is expected that the village level landless groups will "graduate" from RDP credit and training subsidies. At the time of graduation the new BRAC established bank will essentially "buy" the RDP area management offices and their existing credit business, converting them into branches of the bank. RDP staff assigned to these offices may have the option of joining the staff of the bank or of being reassigned by RDP to a new area management office.

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15. The concept of the teacher being paid by the committee remains to be tested. It may be necessary for BRAC to pay the teacher directly for the first year or so until the committee proves its capability. But the intent is to establish that the teacher works for the committee--not for BRAC--and to gradually increase the community contribution to the salary.

BOX 4: Proposed RDP Intervention Process

The landless are brought together by BRAC's RDP program organizers in increasingly larger groups to identify and analyze their common problems and seek out possible solutions. Eventually two or three persons are selected by the group to attend a five to six day consciousness raising course at a BRAC TARC. On their return they assist with group development and the formalization of group structures, including the election of 5-7 member management committees for each group. The elected committee members are then sent to a BRAC TARC for training. Eventually each group selects one person to be sent to a TARC for training as a functional literacy teacher to conduct functional education courses for the group.

Early on each group normally agrees to establish its own savings program. As savings accumulate, group members identify simple, low cost income generating activities that can be financed from those savings. They also identify unutilized or under-utilized village resources that they may attempt to acquire and develop--land along canals or roadways, abandoned tanks suitable for fish production, and khas lands.

As they become involved in increasingly larger schemes group members normally realize that their own savings are inadequate to their investment needs. At this point BRAC's credit scheme is introduced. Members of the village men's and women's landless organizations divide themselves into 3-5 member credit groups. The small group must recommend the loan request of any of its members to the larger group, which then reviews the request and makes a recommendation to BRAC. While a local bank acts as custodian of the funds, BRAC's Area Office is the actual lender.

The landless parents' school committee will be functioning prior to the entry of the RDP team. Subsequently, RDP will help the landless to develop a variety of other committees responsible for functions such as health. Service providers and centers will be developed to function on a self-financing fee for service basis providing various veterinary services as well as inputs for fisheries, seri-culture, and tree planting.

Originally control of these groups and functions and access to the services generated will be limited to the landless to firmly establish their competence and control. Eventually, however, these landless owned and managed services will be extended to the entire community, and participation on committees will be opened to other responsible representatives from outside the landless class.

In contrast to the RDP, the bank will be expected to run on a self-financing basis, covering the costs of its lending and services through the collection of interest and fees. Once a village group graduates from RDP to the bank it will no longer be eligible for the free or subsidized services provided by RDP. Henceforth, the village groups will need to purchase services such as training from the TARCs or other sources of their choice. Where training is needed in support of a particular economic activity, its costs can be included in the budget of the project put forward by the group for bank financing. The bank may facilitate and coordinate training arrangements between the village group and the training service provider as required.

The bank will take over the lending operations of the RDP following RDP's principle of group supervised individual lending. With stronger groups the bank might eventually experiment with other arrangements, such as true group lending, i.e., lending to local groups organized along the lines of formal credit unions. While the bank is being developed specifically to service BRAC formed groups, its credit facilities might with time be made available to landless organizations formed by other NGOs, depending on agreements with those NGOs and their assisted landless organizations.

Federation Formation

After graduation to the formalized bank credit program, RDP will continue maintain from one to three staff in the upazila to provide limited institutional development facilitation assistance to the graduated groups. The primary focus of this continued assistance will be on the formation of union and upazila level federations and development of their capabilities to assume the institutional functions of BRAC staff in support of the village organizations. Particular attention will be given during this period to developing the capacities of these federations to represent landless interests in negotiations with local government and in local court cases and to strengthen landless participation in local elections.

BRAC, as yet, has limited experience in the formation and support of landless federations, so it is difficult at this time to say exactly how long the formation of effective landless federations will take or what will be involved. It is hoped, however, that within six years from the initiation of RDP activities in an upazila the landless federations will have become well established at union and upazila levels and be able to assume most of the remaining institutional functions performed by RDP. Within eight years of BRAC's time of entry into an upazila the federations should be ready for their final graduation, at which time all BRAC supervision and subsidized assistance will come to an end in the upazila. The services of the Bank and the TARC will continue to be available to the community indefinitely on a self-financing basis.

Public Systems Facilitation

As landless groups strengthen their roles in local affairs and increase their ability to make demands on local government, BRAC will field teams from its Public Systems Facilitation Division to assist relevant local government units in developing their capacity to support the emerging grassroots initiatives. The sectors in which these teams will be assigned will depend on BRAC's development of agreements with the relevant national ministries. At this time BRAC has working agreements with the Ministries of Health and Family Planning, Education, and Livestock and Fisheries and it is anticipated that facilitation teams will be fielded in assisted upazilas to work with selected programs of each of these ministries.

The field facilitation team assigned to a ministry office in a given upazila will consist of from one to five persons. There might be several such teams in a given upazila working with different ministries. These teams will help the assisted offices: 1) increase their effectiveness in the delivery of specific priority services; and 2) link these services to community committees and service providers that take the lead in defining needs and facilitating effective service use.

The facilitation teams will begin by helping ministry personnel carry out assessments of critical barriers to program performance in the upazila. They will then jointly plan interventions to address these barriers through management systems improvements, training, or other measures. The teams will help the local government unit access relevant assistance from BRAC, such as training from the BRAC TARCs, or from other organizations as appropriate. They would also work with ministry offices, RDP teams and landless organizations to form appropriate village committees and train village level service providers.

Normally government is expected to assist all elements of the community, not only its poorest members. In actual practice it often works out that government assistance goes only to the most well to do. BRAC will attempt to introduce a counter-bias toward control by the poorest elements of the community, even while broadening participation to include the entire community. Current thinking with regard to the goals and strategies for facilitation assistance in relation to each of the three sectors in which BRAC is currently engaged illustrates how BRAC intends to introduce this counter-bias.

Education. According to BRAC's analysis, the problem of primary education in Bangladesh is two fold. First, poor management of existing facilities, including a chronic problem of failure of teachers to attend their assigned classes, results in poor utilization of existing teachers and facilities and high drop out rates. Second, even with proper utilization of existing resources, the basic capacity in place falls far short of the numbers of teachers and classroom spaces required to provide universal primary education to the children of Bangladesh.

BRAC's current non-formal primary education program is basically a temporary remedial program intended to serve the needs of children of landless families who either never entered school or who dropped out before completing the third grade. It is introduced as a one time offering intended to prepare one group of such children to continue their education in the government schools starting with the fourth grade. As such, BRAC recognizes that its present program is not the solution to the broader problems of the Bangladesh education system. BRAC believes, however, that it may provide the basis for a solution.

BRAC's experience with its own non-formal primary education program suggests that the poor management of existing educational resources results in part from a lack of local accountability. It has found that parents, including parents from landless households, are concerned about the education of their children and are prepared to demand proper school performance when given the opportunity. BRAC experience also suggests that the concept of a village managed school is viable.

Under its new strategy BRAC intends to use its three year primary education courses, initially established and managed by landless parents, as a foundation on which villages can build their own locally managed three year elementary schools as permanent institutions. BRAC believes that ultimately a cost sharing arrangement might be established between the village and local government in which the community will cover a portion of the cost of the school's operation from school fees, at least for those families that can afford them, while the remainder will be covered by a subvention (grant) from local government.

Existing government elementary schools could then devote themselves exclusively to grades four and above. BRAC's experience suggests that through organization of parent committees to perform oversight functions the performance of these government schools could be brought up to an acceptable standard, with non-performing teachers either being retrained or replaced at parent insistence. The experience that parents of children in grades one through three gain through running their own school should prepare them well for later service on school committees supervising government schools offering grades four and above as their children advance through the system.

Fundamental reforms of this nature will require strong support from the national level. BRAC intends to work at both national and upazila levels with the Ministry of

Education to seek support for piloting reforms aimed at strengthening parent participation in the management of primary education.

Health and Family Planning. Health and family planning services suffer deficiencies similar to those encountered in education, particularly in management and supervision. As a result the health and family planning services that government is in fact funding seldom reach the people. BRAC believes that strengthening the local accountability of service providers and building village level linking structures are important keys to improving the situation in health as it is in education.

BRAC, under its primary health care program, has fielded facilitation teams in a number of upazilas to work with personnel of the Ministry of Health and Family Planning to strengthen performance in the delivery of a variety of services such as immunization, nutrition education, training of traditional midwives, the teaching of oral rehydration therapy, the organization and support of village health committees, and family planning.

Currently, a typical BRAC primary health care program facilitation team for a single upazila has 48 members, which BRAC recognizes is not replicable on a consequential scale. By doing more careful analytical work as a basis for focusing BRAC assistance and integrating the health facilitation intervention with BRAC's broader upazila development program, BRAC believes that improved results are possible with much smaller facilitation teams. Much of the work of developing village health committees, one key to overall system performance, can be accomplished more economically as a part of the RDP intervention, with landless groups originally taking the lead in their formation.

BRAC foresees giving greater attention to family planning in the future, recognizing that inadequate birth spacing is one of the most important contributors to maternal and infant mortality and that excessive population growth is one of Bangladesh's most serious problems in its own right.

Livestock and Fisheries. Livestock and fisheries production offer important sources of income for landless groups. But the success of these activities depends on the availability of a variety of support services such as hatcheries to produce baby chicks and fingerlings, and immunization, veterinarian and insemination services. BRAC has been developing centers for providing many of these services on a locally managed self-financing basis. In some instances this has involved collaboration with the Ministry of Livestock and Fisheries in providing needed technical support and supplies.

Collaboration with the Ministry has been most extensive and formalized in relation to the government's Vulnerable Group Development Program aimed at assisting destitute women in twenty seven upazilas establish themselves as poultry raisers. The program includes helping the women establish a poultry immunization system based on para-veterinarian immunizers who obtain their vaccines from the local Ministry veterinarian and charge a small fee for their services.

Under its new strategy BRAC anticipates broadening its collaboration with the Ministry of Livestock and Fisheries, gradually integrating the women involved in the Vulnerable Group Development Program into the broader landless groups and developing them as service providers to the larger community. It will also work with the Ministry in developing a wide range of Ministry supported and licensed fee for service facilities to meet the needs of local producers.

The exact timing for introducing these various facilitation interventions into an assisted upazila will be worked out as more experience is gained. Current BRAC thinking leans toward introducing the facilitation teams into an upazila only after the landless groups have clearly established themselves and are in a position to assume central roles in the local control of programs developed in collaboration with the cooperating ministries.

BRAC ORGANIZATION

BRAC recognizes a need to decentralization its organizational structure, giving greater responsibility and autonomy to major organizational units than is possible under the existing structure. With this need in mind BRAC intends to develop a new divisionalized organizational structure designed to meet the needs of its strategy for the 1990s. The new structure will feature seven divisions, including a new Banking Division, each of which will have responsibility for its particular elements of the overall strategy.

Banking Division

This division be chartered as a bank, with a separate corporate identity and board of directors. It will be linked to BRAC through BRAC's Executive Director who will serve as Chairman of the Board of the bank. Other cooperating NGOs might also be represented on the board. Over time it is intended that ownership of the bank will be passed to the landless groups it serves. Originally identified as the "BRAC" Bank, BRAC's present thinking is that it will be given a name such as the "People's Rural Bank" that recognizes its status as an independent organization intended to support independent landless organizations.

The bank will have two major operational units:

- **Banking Operations.** This unit will provide a range of credit and savings services to landless people and organizations, originally following the policies and procedures established under RDP, but operating as a self-financing, self-managing enterprise.

- **Enterprise Systems Development Services (ESDS).** This unit will absorb many of the functions of BRAC's current Rural Enterprise Development Program, with particular attention to development of programs and services to support the formation and expansion of landless owned and managed enterprises of larger than micro-enterprise scale. ESDS will depend on a mix of financing from bank operations, donor grants, and service fees. It might in some instances offer its services in return for equity shares in anticipation of future earnings. It will be responsible for two major functions:

    - **R&D.** ESDS will carry out analytical studies to identify opportunities for large-scale development of small-scale enterprises, such as BRAC's current involvement in development of the seri-culture industry. Promising ideas will be piloted to test their technical and economic viability prior to large-scale implementation.

- **Consultation Services.** Once ideas are proven, ESDS will undertake to promote their large-scale development as producer owned enterprises. It will provide a range of technical and consulting services on a fee for service basis in conjunction with the bank's lending operations.

Rural Development Program Division

This division will assume the existing functions of the Rural Development Program, with the exception of those to be assumed by the Banking Division. It will facilitate initial development of village managed savings and credit programs and micro-enterprises. Its primary focus, however, will be on institutional development, with an emphasis on development of capacities of landless organizations and federations to carry out negotiating and political functions. It be the primary carrier of BRAC's ideological commitment to the empowerment of the rural poor and to the overall development of the landless as a political and economic force for rural transformation. Its success will be measured by the extent to which upazila level federations of the landless develop the capacity successfully to assume the functions of the RDP Division financed by its member organizations.

It is anticipated that operations of the RDP Division will be heavily dependent on foreign donor funding and that the Division will be a net purchaser of services from other BRAC divisions. As its role is that of a temporary catalyst working in support of the poorest elements of the Bangladesh population it will not be expected to engage in cost recovery, except in the management of its loan programs.

This division will have ongoing responsibility for coordinating BRAC's expansion strategy with other NGOs to insure collaborative relationships at the upazila level.

The RDP Division will have the following operating units.

- **Manikganj Social Laboratory.** The Manikganj upazila program will continue to function under RDP supervision as BRAC's social laboratory for the development and testing of innovative new programs.

- **Landless Mobilization.** This unit will be responsible for the development and implementation of RDP's primary three to four year intervention as the core activity in the upazila development cycle. In those upazilas targeted for expansion the unit will work with other NGOs on developing collaborative upazila development plans, will establish the necessary area management offices, field teams of organizers, carry out implementation of the basic landless mobilization intervention, and negotiate the turn over of credit and savings programs to the Banking Division at the appropriate time.

- **Institutional Support.** This unit will provide on going support to landless groups after their credit programs are graduated to the Banking Division. Its primary concern will be with the development and support of union and upazila federations of landless organizations, a task on which it will necessarily work closely with other NGOs. It is anticipated that when the RDP Area Management Centers are transferred to the Banking Division, from one to three of the RDP staff from the

landless mobilization unit in each upazila will be transferred to the RDP Institutional Support Unit to provide this continuing support. These staff persons probably will be physically housed at the supporting TARC, until such time as an upazila federation is formed and establishes its own staff secretariat. Eventually the supporting BRAC staff person or persons might be absorbed into the Secretariat staff of the federation.

Community Schools Division

This Division will be responsible for establishing and supporting BRAC non-formal primary education courses throughout those upazilas chosen for BRAC assistance. It will field community organizers as necessary to form and assist community school committees. The actual teachers will be employees of the community, not of BRAC, though BRAC will in the initial stages provide grants to the community covering the teacher's salary. The Division will contract any needed support in the training of teachers and school committee members from the BRAC TARCs.

The Division will also provide the necessary field support to assist in the subsequent conversion of these temporary three year courses into full-fledged permanent community schools providing quality primary education for all children in the village through grade three. In so doing, it will work with the education unit of the Public Systems Facilitation Division to achieve a gradual transfer of its functions, including the provision of grant subsidies to the village community school committees, to the local government. While the Division will seek to maximize community contributions to the costs of establishing and operating community schools, the expenses of the Division itself will depend almost entirely on foreign donor funding.

Public Systems Facilitation Division

This Division will be BRAC's repository of expertise in strengthening government's capability to enable locally controlled development initiatives. The Division must have the necessary technical expertise to establish its credibility with those Ministries with which it works. But its distinctive competence will be in facilitating large-scale systems change in national agencies and their upazila counterparts under the upazila council.

BRAC's work with any given ministry will be focused on improving the performance of specified priority programs. It is felt that a strong performance focus is likely to produce more useful results than efforts at general management strengthening. Furthermore, there are a variety of established governmental training centers with mandates to address more general training needs and BRAC does not wish to infringe on their mandates.

Where a given facilitation intervention calls for large-scale training of government personnel, the needed training support will be contracted from one or another of the BRAC TARCs or from other NGO or government facilities as appropriate. The Facilitation Division will not attempt to develop its own training capacity, though its staff will often run diagnostic, planning, and facilitation workshops for key Ministry staff. These will be problem solving workshops rather than training courses.

Initially this Division will have three units corresponding to the Ministries to which BRAC is currently providing facilitation assistance. In each instance it will be a primary

objective to establish local accountability for service delivery. Specialized service units will be added or subtracted depending on the relationships established with individual Ministries.

- **Health & Family Planning.** The priority will be on family planning, training of traditional midwives, and the formation and support of community health committees to plan and carry out community based health programs with the support of government health personnel.

- **Education.** The goal will be to achieve universal primary education under community control. The facilitation assistance will be focused on obtaining ministry support for the conversion of BRAC's non-formal education courses into permanent village managed elementary schools for grades one thru three and to establish effective parent committees for government elementary schools specializing in grades four and above.

- **Livestock and Fisheries.** The priority will be on developing systems for supporting a range of self-managing, self-financing local services to micro- and small-scale livestock and fisheries producers.

The activities of this Division will be funded largely by foreign donors and the Bangladesh government. Some of this support may be provided under large foreign assistance projects.

Training Division

The Training Division will manage BRAC's system of TARCs in support of all other BRAC divisions and programs. Each TARC will be a cost recovery center and will be expected to be self-financing. TARCs will sell their services to other BRAC divisions, as well as to non-BRAC clients. To encourage the TARCs to maintain their quality and their cost-competitiveness, BRAC divisions will have the option of contracting for training services outside of BRAC if they find those services better meet their needs at a competitive cost.

In addition to their role in providing training, the TARCs will serve as resource centers for micro-enterprise development, maintaining demonstration centers and technical expertise for training in a range of micro-enterprise activities such as poultry rearing, seri-culture, and fishpond management.

Research and Evaluation Division

This Division will serve as BRAC's internal policy analysis center, systems consultant, and performance monitoring unit. It will have the lead responsibility for insuring that BRAC continues to function as an effective learning organization.

This Division is expected to work with each of the other BRAC divisions on establishing performance criteria and systems for monitoring performance against those criteria. In addition it will carry on a continuing program of research intended to continuously test the assumptions underlying the strategies and program designs of each

of the BRAC Divisions and will offer recommendations for changes as suggested by its studies.

Each BRAC program budget has a built-in provision for research and evaluation expenses. A portion of this budget will be available to the sponsoring division to use in contracting services from the Research and Evaluation Division. The remainder will be allocated directly to the Research and Evaluation Division to support its independent function as BRAC's in-house policy and program development think-tank and monitoring arm.

In addition the Division will sell contract services outside of BRAC as capacity is available and may seek external donor funding for special projects.

Commercial Division

This Division will be responsible for managing BRAC commercial activities intended to contribute to the financing of BRAC's core costs and programs. At the present time BRAC has two such activities: a printing press, and a cold storage and ice plant. There are no immediate plans for adding additional enterprises.

EXPANSION STRATEGY

BRAC's new strategy will concentrate the application of resources on a geographical basis, seeking comprehensive coverage of assistance in the selected districts and upazilas. First priority will be given to completing program coverage in those upazilas in which BRAC is already active. The second priority will be to complete program coverage of districts and upazilas in the designated service areas of one or another of BRAC's five existing or three planned Training and Resource Centers (TARCs), each of which will ultimately support up to 15 RDP area offices, or roughly 5 upazilas.

As coverage of these districts and upazilas is established, new TARCs will be established to support additional clusters of districts and upazilas in priority rural poverty areas that are currently under-served by existing programs of NGOs, the Grameen Bank or others. A total of 20 TARCs will be in operation by the year 2000.

Initial expansion will be at the rate of 20 area offices, or 7 to 8 upazilas per year through 1991. Thereafter the expansion rate will be gradually increased each year through 1997, when BRAC will be opening 40 new area offices per year serving 13 to 15 upazilas. It is expected that by the year 2000, 300 area offices will have been established and from 100 to 115 upazilas (depending on the portion of the target population covered by other collaborating NGOs) will have "graduated" to the institutionalized credit program--out of the total of 460 upazilas in Bangladesh.