

PROPOGAL
RURAL ENTERPRISE PROJECT

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PURPOSE

RURAL ENTERPRISE PROJECT

SUMMARY

BRAC is seeking \$3,774,000 from the Ford Foundation to undertake an experimental Rural Enterprise Project (REP) for a three year period beginning in April, 1965. Funds would be used to meet the costs of a project office, nine REP professional and support staff, technical and management consultants, and a Pilot Project Fund to provide investment capital to small business enterprises operated by landless people.

REP's objective is to increase the long-term income-generation prospects of the landless in both farm and non-farm activities by identifying and promoting enterprises that can be owned and operated by the landless in both existing, ungraded activities such as core-processing and non-traditional activities such as sericulture.

BACKGROUND

Bangladesh is the most densely populated agrarian country in the world, with 95 million people, some 50 million of whom survive below the poverty line (defined as 1,800 calories per day). In 1980, 43% of the population was under the age of 14, and the labor force was growing at 3.2% annually. It is estimated that at the current rate of growth, 1/3 of the labor force in the year 2000 will be under 25 years old, and the proportion of women in the labor force will increase from the current level of 19% to 23%. Currently 30% of the total labor force is un- and under-employed and an additional one million people join every year.

Though data are unreliable, the available evidence indicates that the level of employment is declining concomitant with a reduction in real wages and income. The World Bank, for example, estimates that the real wages of agricultural workers in 1981 was 74% of their 1974 levels and 64% of the 1964 level. Because a declining percentage of the population controls an ever larger portion of the land, unemployment and poverty have increased. By 1978, about 7% of the households owned 40% of the cultivable land, 23% owned over 80%; by contrast 50% of the households owned less than half acre and 29% owned no land.

One of the causes of the lawless's improvement is the allocation and distribution of resources according to social and economic structures which exclude the poor. Bangladesh is governed by an elite who through a semi-feudal system of kinship ties and patron-client obligations capture productive resources, further

exacerbating the polarity between the elites' wealth and the impoverishment of the landless.

Present rural employment opportunities are primarily found in agricultural production which is unable to absorb the burgeoning labor pool. Of secondary but growing importance is rural off-farm employment. The level, composition and growth of rural non-farm employment reflects demand for: 1. Services to the agriculture sector which include transport, equipment manufacture and repair, agro-processing, etc.; and 2. nonfood goods and services, demand for which rises with incomes and is dominated by textile products. As the landless are underemployed, and have little if any disposable income to purchase goods other than essentials, there is presently a low demand for nonfood items due to a lack of purchasing power. This suggests rural development policies and programmes must seek to increase not only farm incomes but also non-farm incomes by creating employment of the landless in both non-crop agriculture and rural industry.

BRAC

The Bangladesh Rural Advancement Committee (BRAC) started working in rural Bangladesh in 1971 when it floated rafts of bamboo down the river into the Sullia Area of Sylhet District to assist the people to reconstruct their lives and homes in the wake of the destruction during the War of Liberation. After meeting the initial relief demands, BRAC adjusted its strategies and objectives to encourage the infrastructure development and long-term sustainable self-reliant growth needed to eliminate

the over pervasive cycle of poverty.

BRAC's initial development strategy was to work with the entire community, expecting that the resources injected into the community would "trickle down" to the poor. It was quickly realized that the existing stratified nature of the community ensured that these inputs would be captured and used only by the "rich", leaving little if anything to the poor. BRAC therefore altered its programs to focus only on the "disadvantaged" landless - those who own 0.5 acres or less.

BRAC mobilizes landless men and women into groups who then plan, initiate, manage and control self-reliant collective activities. BRAC supports these activities by providing economic skills and human development training, extension services, credit, and logistical assistance. The training and extension services include agriculture, pisciculture, animal husbandry, poultry production, cottage industries, health, nutrition, and functional education. As the overwhelming majority of Bangladesh's population lives in rural areas, BRAC focuses its programs on assisting the rural poor to organize, to gain access to information and resources, and to influence local decisions that affect their immediate lives. The programs are designed to provide the poor with the analytical tools to examine their situation, and recognize that poverty is not a happenstance of nature or accident of birth, but rather a consequence of the manner in which society organizes the use of its productive resources.

BRAC's development programs: the Gulla Project, Manikganj Integrated Development Project (MIP), Jamalpur Women's Project (JWP), the Rural Credit and Training Project (RCTP), and Outreach are designed to work with the landless to develop their occupational skills so that they can earn a steady income. The programs are supported by the Training and Resource Centre (TARC) which provides skill and human resource development training, and Aarong which provides design assistance and a marketing outlet for rural crafts.

After 11 years of designing, redesigning and implementing development projects BRAC has decided to incorporate these distinct program strategies into one comprehensive strategy. Outreach will serve as the initiator of BRAC's work with landless in an Upazila. Outreach's strategy and methodology will remain the same, i.e. to mobilize and organize the landless to develop local leadership and organizational capacity to harness existing community resources for their benefit. RCTP will follow after Outreach's initial 1-2 year mobilization work, and extend credit to organized groups of landless men and women for income generating activities. RCTP Program Organisers (P.O.) will work with the groups, providing and arranging for managerial and technical training, credit, extension services and general support to ensure that the groups remain viable. Part of the individual group's products will continue to be marketed through Aarong's expanding network of outlets. The larger part will be locally marketed by the groups themselves.

Currently, BRAC's core staff numbers 676 and the OTEF program staff 1,301 (see Appendix I). BRAC's annual budget for the period ending June 30, 1984 was approximately Tk.80,000,000 (US \$ 3.2 million).

BRAC - INCOME GENERATION FOR THE LANDLESS

The primary activity of ROTP, MIP and JWP staff is to form village level organizations (V.O.) in each of the villages covered in the programs. There are separate V.O's for male and female groups of target people (i.e. those who are landless and own less than 0.5 acre or depend on selling their manual labour for subsistence). Economic schemes are usually preceded by a period of six months to a year where the V.Os are involved mainly in consolidation, creating social awareness, taking functional education courses, and developing group solidarity to enable them to take up social action. They also initiate group subscription funds in order to encourage savings and utilize some of these funds in productive ways. Such groups have been able to act effectively as pressure groups on local officials to obtain access to publicly-owned resources such as common land.

The current economic activities undertaken by BRAC supported groups are traditional to the rural economy. On-farm activities (crop cultivation, irrigation, etc.) by both marginal farmer and landless sharecropping groups are the primary revenue earners and accounted for 51% of ROTP loans by mid-1984. Non-farm activities accounts for 25% of loans and are primarily in the cottage industry sector (net making, kantha embroidery, spice

and pickle processing, etc.); trading, largely of agricultural produce, accounts 19% of loans. The balance of loan making (7%) is for other service industries (transport and market leasing).

ROTF is currently working through 17 Branches in 16 Upazilas in 8 Districts and provides loans for individual and group economic schemes. The interest rate is 15% with a 3-9% service charge according to the nature, duration, complexity and profitability of the scheme. Short, medium and long-term loans are given for periods of less than 1 year, 1-3 years and 3-5 years respectively.

ROTF base-line surveys show that, on average, landless households constitute 53% of all households in ROTF areas. Presently, ROTF serves 20,723 households out of a target of 32,333 (65% coverage). ROTF membership totalled 38,385 by June 1984, 22,764 males (59%) and 15,621 females (41%). Individual loans vary from Tk.500 to Tk.1,000; collective loans vary from Tk.1,000 to Tk.26,000. As shown in Appendix II, the loans fall into the general categories of agriculture, livestock, poultry, fisheries, rural industries, rural transport and trading. By the end of June 1984, a total of Tk.31,428,000 had been disbursed to 34,669 borrowers, of which Tk.14,320,000 has been realised and Tk.17,108,000 is outstanding, of which Tk.3,316,000 is overdue, giving an average recovery rate for ROTF loan principal of 89.4%. Arrears on interest payments, however, reduce the overall recovery of loan principal plus interest due to 87.7%.

The greatest constraint in making loans is not recovery

capacity but the difficulty in finding suitable schemes for the groups to participate in. The schemes operating presently have a low profitability especially amongst the female groups and thus cannot make major contributions towards the group funds. Under the women's program in JWP, for example, economic activities which have been taken up include paddy husking, kantha (quilt) embroidery, mustard oil extraction, seri/eri culture, Jute works, poultry and agriculture. These activities have generally been profitable - but only marginally so. Only one scheme proved unfeasible, handloom weaving. A survey of economic activities undertaken by BRAC in six ROTP branches showed that value added per activity varied considerably. The survey suggests that a number of the existing schemes have reached their full earning potential, and yet are not providing the participants with sufficient earnings for time and energy expended. For example BRAC staff calculated that to the end of 1983, from the realised loans the loanees had earned a net profit of Tk.500,620, return on investment of only 4.77%, of which the men generated Tk.393,667 and the women Tk.109,953. Similar results have been found by HISP and the BIDS evaluation of Grameen Bank, which showed that the earnings from non-crop agriculture and cottage industry activity - while significant sources of subsistence income to landless households - were not sufficient to enable these households to accumulate sizable surplus income for reinvestment in more productive activities.

BRAC staff have identified several general constraints to profitable income generation, including:

1. Lack of skills and experience on the part of group members and BRAC staff;
2. Lack of experience necessary to conceive, plan and implement new and improved forms of productive activity;
3. Scarcity of local resources;
4. Lack of staff familiarity with business operations and limited access to technical assistance;
5. The over-riding problem of natural calamities such as floods and livestock disease.

Further analysis by BRAC staff have identified the following specific constraints to improved profitability:

ACTIVITY	CONSTRAINTS
Agriculture	<ul style="list-style-type: none">- High cost of sharecropping/rental agreements- Natural hazards
Irrigation	<ul style="list-style-type: none">- Long payback period- Limited technical skills
Rural Industries	<ul style="list-style-type: none">- Limited technical skills- Poor product designs (handicrafts)- Irregular input supply- Limited management skills- Limited marketing channels
Pisciculture	<ul style="list-style-type: none">- Limited technical skills- Obtaining lease of ponds

Transport

- Unreliable input supply
- Limited maintenance facilities, storage of spares
- Difficulties in obtaining licenses
- Limited storage space

Livestock and Poultry

- Limited supply of feed
- Limited veterinary care coverage and vaccine supply

Husking

- Crop drying in monsoon season
- Low-productivity technology
- Heavy work

These schemes may be potentially viable if improvements can be made in the means of production and in organization. In addition to these identified needs within RCTP, BEAC needs to test non-traditional economic activities for the poor. (Appendix III gives an indicative list of activities for investigation). Efforts have been made to shift carefully through ideas for schemes and organize individuals and groups to undertake them. Manikganj Integrated Development Project (MIP) has made a beginning with sericulture which is being introduced with technical assistance from the Sericulture Board. MIP has assisted nearly 700 group members with training, distribution of inputs, provision of credit and equipment, product design and marketing. Similar work has been undertaken in the areas of pisciculture and poultry rearing. MIP's experience has highlighted the potential for raising landless incomes and has underlined the need to address

the constraints mentioned above in a systematic fashion. To accomplish this, BRAC proposes to undertake a Rural Enterprise Project (REP) which will develop BRAC's capacity to identify profitable new activities and to improve existing traditional activities.

PROPOSAL

1. OBJECTIVES

REP's basic objective is to increase the long-term, rural income generation prospects of the landless in both farm and non-farm activities. REP will investigate, test and demonstrate new or improved income earning activities, and organize and train landless people to undertake these activities in order to increase labor productivity and employment opportunities.

Special attention will be given initially to expanding existing profitable activities that can provide full-time employment for rural poor women; subsequently attention will be given to introducing and promoting new and untried activities. To date most of the economic schemes that have involved women have been cottage-based and have provided only limited employment and low earning potential. A prime objective of REP is therefore to identify activities which will provide full-time, high returns for women.

2. ACTIVITIES FOR INVESTIGATION

The criteria for activities selected by REP for investigation will be:

1. Initially, represent economic activities in current BRAC credit programs with significant potential for improved returns.
2. Good market prospects.
3. Profitable for the producer, ensuring a positive return on investment and minimum net earnings of Tk.600/month for full-time work.
4. Skill demands that are "reasonable", with emphasis on building upon existing skills.
5. Technology for home or village exists or can be readily adapted without timely and costly R & D.
6. Availability of raw materials.
7. Potential for creating viable, lasting employment while employing a large number of people in their localities.
8. Quick return, not requiring long lead time before additional income is realized.

Analysis of existing income generating activities and consideration of the above criteria suggests the following activities for initial REP investigation:

SECTOR	ACTIVITY	POTENTIAL REP TASK
1. Non-crop agriculture	Pond fisheries	Introduction of pen culture techniques and variety trials - carp, catfish, Group leasing of government ponds, Establishment of hatcheries.

Livestock		Development of primary veterinary health care delivery system
Forestry		Group organization for reforestation and khas land plantation of food, fodder and fuel producing species Establishment of nurseries
Poultry		Establishment of hatcheries Development of primary veterinary health care delivery system
2. Agro processing	Rice Milling	Organization of groups to operate mechanical mills
3. Textiles	Cotton Hand Looms	Group organization in hand loom factories.

Additional activities for subsequent investigation are listed in Appendix III and include soap making, cloth drying, yarn dyeing, cotton processing, transportation, and fruit and vegetable processing.

The proposed Steering Committee (see below) will critically review this list to determine the precise activities for REP's attention, bearing in mind the criteria developed above. Each activity will be assessed through an Activity Profile prepared by REP staff and consultants. The Profile will assess the income generating and employment creating potential of each activity and suggest to REP management appropriate strategies for REP involvement.

3. PROGRAM STRATEGY

REP will undertake the following strategic tasks:

1. Assessment of market potential: REP's staff will work in collaboration with BRAC's Research and Evaluation Division (RED)

and RCTP's economists to produce economic and financial feasibility studies and prepare Activity Profiles which will determine the market demand and potential for selected products and activities.

2. Investigation of product and process requirements, available technology, and institutional requirements: REP's staff will identify and collaborate with other organisations in Bangladesh working on product and process development for both rural industry and non-crop agriculture, including BUET, MIDAS, Grameen Bank, BAU, Chittagong University, MCC, RDRS etc. to share information and avoid duplication.

3. Testing, adaptation and demonstration of promising activities and institutional arrangements at user level(such as group access to common land), organizing and training landless beneficiaries to take up these activities.

4. Test-marketing of products and services: REP staff and landless groups will test-market in local hats, bazars, and through Aarong, etc. to gauge consumer acceptance.

5. With Personnel from MIP, JWP, TARC, RCTP preparation of extension tools and materials: REP staff will develop programmes of on-the-job training, backed where necessary by written and audio-visual materials to train BRAC groups to undertake these activities properly and effectively.

The REP Project Coordinator will communicate directly with BRAC's field projects to ascertain their needs. A marketing

economist, researcher and consultants will also work directly with the field projects, to ensure their activities are responding to field needs.

Following investigations of the market potential and profitability of individual activities identified by BRAC groups and programme managers and following minimum necessary controlled testing by REF using its experimental project materials budget, pilot projects will be undertaken jointly between REF and BRAC's landless groups to field test new activities and means to organise the landless to undertake these activities. For this purpose, a Pilot Project Fund (PPF) will be established which will enable REF to underwrite risky activities on two bases, depending on the perceived risk of the investment:

- Medium to High Risk: ownership by REF, either initially leased at a fee to suitably trained and assisted groups, or operated by REF paying landless groups a wage for their labour, in both cases for a period up to 12 months, after which groups would be expected to invest own, RCTF or mixed funds in acquiring the enterprise from REF.
- Low Risk: ownership by the group using own, RCTF or mixed funds, with RCTF funds guaranteed when necessary for a period of up to 12 months by the PPF.

Appendix IV gives details of PPF operations.

4. OUTCOMES

As a high-risk, experimental program REF is expected to have the following broadly stated outcomes:

1. Identification, development and promotion of several profitable income generating activities for the poor rural landless;
2. In profitable enterprises, increase in income to at least Tk.600/month for full-time rural landless entrepreneurs engaged in such activities;
3. Development of in-house capacity in BRAC to continue to identify and develop such activities systematically.
4. Generation of knowledge and strategies for increasing rural landless income that can be shared with other rural development organizations.

Appendix IV suggests an indicative target of approximately 50 enterprises created for an investment of Tk.4,000,000, and benefiting some 300-500 group members. An equal number of enterprises are likely to be simultaneously generated by HCFP, HIF and JWP based on REI experience. More precise targets are not considered appropriate at this stage, and it is recognized that many enterprises identified may not prove to be profitable.

5. STAFF REQUIREMENTS

REI will have a full-time professional staff of one Project Coordinator assisted by an expatriate adviser for an initial 24 months, one Market Economist, and three Technical Development Officers assisted by four support staff. Draft job descriptions for professional staff are given in Appendix V. Staff training will be undertaken under Ford Foundation's existing grant to BRAC (0363A).

Consultants and engineers will be hired as required for each income generating activity identified for development, testing, and promotion. The majority of consultants will be recruited locally if available. Otherwise, the appropriate individuals will be hired from within the Asia region because of cultural and social understanding of what is required to develop income generating activities for rural Bangladesh. Assistance in identifying necessary skills will be sought from organizations such as Techno-net (Asia), IWB, and ITDG. Besides technical consultants, consultants will also be hired to provide marketing and management advice when required.

6. MANAGEMENT

REF will be based in BRAC Head Office and headed by a Project Coordinator who will report to BRAC's Executive Director. An expatriate technical adviser will assist the Coordinator for two years in the tasks of establishing the unit and setting up its initial round of enterprises. This adviser will have practical, field experience of technology development and dissemination in rural areas in Asia.

A Steering Committee will be formed to review the REF work programme, suggest priority activities for investigation, and help identify potential consultants and resource people. The Steering Committee will also assist the Project Coordinator to write terms of reference for consultants and review their work. The Committee membership is expected to consist of the Executive Director of BRAC, REF Coordinator, Managers of RCTF and RIF, the

current Director of the Institute of Appropriate Technology, and a representative of the Ford Foundation and will meet every three months.

7. EVALUATION

There will be a mid-term, in-house evaluation at 18 months and a final evaluation at 36 months by a team of external evaluators. The evaluation criteria will be based upon the expected outcomes listed above and will be developed in consultation with the Ford Foundation.

3. INPUTS

1. Personnel

This is detailed above. As per BRAC personnel policy, Fringe Benefits included housing, medical, conveyance, entertainment, gratuity and Provident Fund contribution based on the Basic Salary as shown in the Budget.

2. Program Expenses

A. Consultants: Provision is made in the budget for 48 months of technical, marketing, and subject matter specialists (36 months of national consultants and 12 months of Asia regional consultants). Consultants will contribute specialist expertise to designing and assisting implementation of pilot projects in the activities shown in Appendix III.

B. Consultants Travel and Housing: Provision is made for travel and accommodation costs as follows:

Air fares: 12 trips X Tk.25,000	Tk.300,000
TA, DA: 12 months foreign consultants	
(Dhaka) 90 days X Tk.800	Tk. 72,000
(Rural) 270 days X Tk.100	Tk. 27,000
TA, DA: 36 months national consultants	
36 months X 30 days X Tk.100	Tk.108,000
Total	Tk.507,000

C. Experimental Project Materials: Provision is made in the budget for the purchase of materials and equipment which would be used in controlled, pre-pilot project testing and evaluation. These will include:

Plant and insect materials	seedcane, fingerlings, silk worms, etc.
Raw materials	Dyestuffs, cotton, and cotton seed, etc.
Equipment	Soap boiling vats, etc.
Structures	Fish hatcheries, etc.

Requirements can only be specified as each activity action plan is prepared. Budget provision is calculated at Tk.100,000 times 10 activities. Some of this expenditure will be recovered and re-cycled for purchase of further experimental materials.

D. Extension Materials: These are training aids for landless groups and BRAC program staff in the form of audio-visual materials, technical booklets and activity investment schedules.

3. Recurring Expenses

Provision is made for the rental of office space, cost of utilities, telephone and office supplies, and vehicle operating costs (including repair and maintenance). An average annual cost which includes a factor for inflation is shown against each item over a 3 year period.

4. Equipment

Provision is made in the budget to purchase a project vehicle (Jeep) for the Coordinator and Economist, and two motorcycles for the three Technical Development Officers for travelling to and in the field. Furniture and office equipment will all be purchased in year 1.

5. Pilot Project Fund

Provision is made for a Pilot Project Fund of Tk.2,100,000 to be used by RFP to establish pilot enterprises jointly with landless groups as outlined above. For budget purposes an indicative figure is shown, based on the following estimate which shows fixed and working capital requirements:

ACTIVITY	NUMBER	UNIT INVESTMENT	TOTAL INVESTMENT
		<u>Tk.</u>	<u>Tk.</u>
Pond Fisheries	3	100,000	300,000
Forestry	3	50,000	150,000
Rice Milling	3	50,000	150,000
Oil Milling	3	200,000	600,000
Nurseries	3	150,000	450,000
Handloom Factory	3	150,000	<u>450,000</u>
TOTAL			Tk.2,100,000

Recovery would be achieved by selling successful enterprises to participating landless groups (using their own funds and RDTI credit) and recycling the funds into new activities, as specified in Appendix IV.

9. TIMETABLE

The project is expected to run initially for 3 years from April, 1985. Detailed annual and quarterly workplans will be prepared by the Project Coordinator in consultation with REP Steering Committee, following a three-month start-up period from April to June, 1985 when the staff will be recruited, equipment and vehicles procured, and office accommodation arranged.

BUDGET

April, 1985 - March, 1988

I. PERSONNEL	<u>Tk.</u>	<u>Tk.</u>
A. Project Coordinator Tk.9,000 X 36 months	324,000	
B. Economist Tk.5,000 X 36 months	180,000	
C. Technical Development Officer Tk.3,500 X 36 months X 3	378,000	
D. Accountant Tk.2,100 X 36 months	75,600	
E. Driver Tk.1,100 X 36 months	39,600	
F. Support Staff		
1. Typist Tk.1,500 X 36 months	54,000	
2. Office Asstt. Tk.800 X 36 months	<u>28,800</u>	
Sub-Total	1,080,000	
G. Fringe Benefits 60% of Basic	648,000	
H. Travel 20% of A - F	<u>216,000</u>	
Total Personnel		1,944,000
II. PROGRAM EXPENSES		
A. Consultants		
1. Tk.15,000 (local) X 36 months	540,000	
2. Tk.25,000 (regional)X12 months	300,000	
B. Consultants Travel & Housing	507,000	
C. Experimental Project Materials	1,000,000	
D. Extension Materials	<u>25,000</u>	
Total Program expenses		2,422,000

	<u>Tk.</u>	<u>Tk.</u>
III. RECURRING EXPENSES		
A. Office Tk. 4,000 X 36 months	144,000	
B. Utilities Tk. 2,500 X 36 months	90,000	
C. Telephone Tk. 1,500 X 36 months	54,000	
D. Office Supplies Tk. 2,500 X 36 months	90,000	
E. Vehicle Operating Costs		
1. Jeep Tk. 5,000 X 36 months	180,000	
2. Motorcycles Tk. 1,000 X 2 X 36 months	<u>72,000</u>	
Total Recurring Expenses		630,000
IV. EQUIPMENT		
A. Transport		
1. 4 X 4 Jeep Tk. 400,000 X 1 Jeep	400,000	
2. Motorcycles Tk. 24,000 X 2 Motorcycles	48,000	
B. Furniture and Equipment	<u>200,000</u>	
Total Equipment		648,000
V. PILOT PROJECT FUND		<u>2,100,000</u>
TOTAL BUDGET	Tk.	<u>7,744,000</u> -----

YEARLY BUDGET (in Taka)

	1	2	3	<u>Total</u>
Personnel	648,000	648,000	648,000	1,944,000
Programme Expenses	974,000	974,000	474,000	2,422,000
Recurring Expenses	210,000	210,000	210,000	630,000
Equipment	648,000	-	-	648,000
Pilot Project Fund	1,050,000	1,050,000	-	2,100,000
TOTAL IN TAKA	Tk. 3,530,000	2,882,000	1,332,000	7,744,000
TOTAL IN US \$	141,200	115,280	53,280	309,760

@ Tk.25 = US \$ 1.00

Total budget = US \$ 309,760

BRAC STAFF POSITION

	DECEMBER - 1981				JUNE - 1984			
	Male	Female	Total	SF	Male	Female	Total	SF
<u>Board</u>	5	1	6	17	6	0	6	0
<u>Management</u>	5	0	5	0	11	0	11	0
Field Staff								
Branch and Area Managers	21	0	21	0	28	0	28	0
Program Organizers and Field Workers	327	6	333	2	505	7	512	1
<u>Clerical and Support</u>	<u>68</u>	<u>26</u>	<u>94</u>	<u>28</u>	<u>78</u>	<u>42</u>	<u>125</u>	<u>36</u>
TOTAL	426	33	459	7	628	54	682	8

OTEP

Program Organizers	177	0	177	0	360	0	360	0
Oral Rehydration Workers	0	399	399	100	0	760	760	100
Support	83	0	83	0	181	0	181	0
TOTAL	260	399	659	60	541	760	1,301	58

LOAN LOANS TO END OF JUNE, 1984

1.1 SECTORAL CREDIT DISBURSEMENT

<u>SECTOR</u>	<u>LOAN AMOUNT DISBURSED IN TALA</u>	<u>PERCENTAGE</u>
Crop Agriculture	11,452,670	36.4
Fisheries	805,040	2.6
Livestock	3,660,775	11.6
Rural Industries	3,545,510	11.3
Transport	1,761,540	5.6
Husking	3,603,080	12.1
Trading	5,623,685	18.6
Market Leasing	<u>362,500</u>	<u>1.2</u>
Tk.	31,422,580	100

1.2 ACTIVITY-WISE CREDIT DISBURSEMENT

<u>ACTIVITY</u>	<u>LOAN AMOUNT DISBURSED IN TALA</u>	<u>PERCENTAGE</u>
Mortgaged Land	35,344,000	11.3
Paddy Cultivation	2,700,370	8.6
Banana	640,000	2.0
Sugarcane	201,900	0.6
Potato	1,219,550	3.9
Wheat	142,450	
Pineapple	107,200	
Onion	4,900	
Jute	1,680	1.2
Turmeric	2,200	
Watermelon	71,700	

	Vegetables	14,940	
	Oilseed	21,640	
	Irrigation	2,579,270	3.2
	Agricultural Implements	185,050	0.6
	Nursery		
01	Total Crop Agriculture	<u>11,452,651</u>	<u>36.4</u>
02	Total Fisheries	<u>(306,040)</u>	<u>2.6</u>
	Cow Rearing	3,500,075	
	Goat Rearing	158,800	
	Duck Rearing	1,900	
03	Total Livestock	<u>3,660,775</u>	<u>11.6</u>
	Weaving	1,993,050	
	Pottery	19,000	
	Carpentry	21,250	
	Cottage Industry	107,190	
	Net Making	41,050	
	Block Printing	42,800	
	Tailoring	29,250	
	Food Processing	592,600	
	Marketing	663,320	
	Dairying	55,000	
04	Total Rural Industries	<u>3,585,510</u>	<u>11.3</u>
	Wheeler	1,510,630	
	Cuntry Boat	101,570	
	Wheeler Cart	113,000	
	Horse Cart	26,940	

05	Total Transport	<u>5,701,500</u>	<u>5.6</u>
	Paddy Husking	5,691,400	
	Pulse Husking	112,400	
06	Total Husking	<u>5,803,800</u>	<u>12.1</u>
07	Total Small Trading	<u>5,820,600</u>	<u>13.6</u>
08	Total Market Leasing	<u>557,500</u>	<u>1.9</u>
	TOTAL	Tk. 31,427,500	100

INDICATIVE R&D ACTIVITIES LIST

<u>CODE</u> <u>SECTOR</u>	<u>ACTIVITY</u>
01 Crop Agriculture	Vegetable growing (including winged bean)
02 Livestock	Primary veterinary health care provision, use of improved animal harness, silk products preparation
03 Poultry	Establishment of hatcheries, primary veterinary health care
04 Fisheries	Use of pen culture, introduction of varieties (including carp, catfish), establishment of hatcheries
05 Forestry	Romside and Khan land plantation of fuel, fodder, food crops (including mulberry, ipil-ipil), establishment of nurseries
06 Agro processing	Rice milling, oil milling, improved gum processing, fruit and vegetable processing
07 Textiles	Factory handloom weaving (cotton and silk), cotton ginning, processing and spinning, silk yarn reeling, yarn dyeing, printing and tailoring (including embroidery), silk worm hatchery and cloth drying
08 Cottage Industries	Improved bamboo preservation and splitting, soap making and umbrella manufacture, improved pottery.

PILOT PROJECT FUND

Purpose

The Pilot Project Fund (PPF) will provide risk capital to underwrite pilot projects to promote new or improved activities among groups of BRAC borrowers. These pilot projects would be undertaken jointly by REF and selected BRAC landless groups in order to field test new activities and means to organize the landless to undertake these activities.

Investment Profitfolio:

Analysis of existing income-generating activities undertaken by BRAC groups suggest the following activities for REF investigation and promotion:

<u>SECTOR</u>	<u>ACTIVITY</u>
01 Monocrop Agriculture	Fond Fisheries/Hatcheries Livestock Forestry/Nurseries Foultry/Hatcheries
02 Agro Processing	Rice Milling Oil Milling Gur Processing
03 Textiles	Cotton Handloom weaving (factory-based) Seri/Ericulture
04 Other	Soap Making

Fund Requirements

Fund requirements are based on the following indicative calculations:

ACTIVITY	FAMILAR	UNIT TANA INVESTMENT	YOTI TANA INVESTMENT
Pond Fisheries	3	100,000	300,000
Forestry	3	50,000	150,000
Rice Milling	3	50,000	150,000
Oil Milling	3	200,000	600,000
Nurseries	3	150,000	450,000
Handloom Factory	<u>3</u>	<u>100,000</u>	<u>450,000</u>
	16		Tk. 2,100,000

Terms and Conditions of REP Tana

REP will seek to undertake collaborative Pilot Project activities with ERAC groups identified by management and existing ERAC programs. These activities will be established as profit-making enterprises run for a stipulated period on one of the following basis to be determined by the REP Steering Committee:

1. High risk - Ownership and operation by REP, paying landless groups a wage for their labour for a maximum period of 12 months, after which groups would be expected to invest own and/or REP loan funds in buying the enterprises at its full start-up cost.
2. Medium risk - Ownership by REP, operation by landless groups, paying a lease-hire fee of 1% of initial investment

per month for a maximum period of 12 months, after which groups would be expected to buy the enterprise (as above).

3. Low Risk - Ownership and operation by a group using own and/or BRAC funds, with BRAC funds guaranteed if necessary for a period of up to 12 months at a guarantee fee of 3% of investment per month.

Underwriting Criteria:

1. Priority will be given to group-based investment in non-crop agriculture and rural industries, involving an investment target of less than Tk.25,000 per permanent job created.
2. At least 25% of investment will be made for activities undertaken by women.
3. Investment will only be made with groups which have a positive, proven borrowing record under existing BRAC programs (repaid at least one loan and on time with payments on a second loan).
4. Terms and conditions of investments as stipulated above.

Investment Recovery

FFY is expected to create some 35 enterprises, comprising an initial round of 68 already identified and (allowing for inflation) a further round of 19 yet to be identified. Recoveries from the first round of investment are expected to finance the second round.