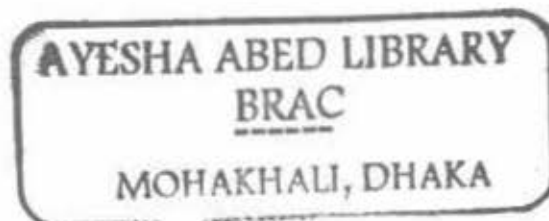


RURAL DEVELOPMENT PROGRAMME

PROJECT PROPOSAL  
PROJECT DOCUMENT  
YEAR WISE FUND COMMITMENT



Bangladesh Rural Advancement Committee (BRAC)  
66 Mohakhali Commercial Area  
Dhaka 1212  
Bangladesh

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## DONOR LIAISON OFFICE

TO: Mr. F.H. Abed, Executive  
Director, BRAC

DATE: 22 May, 1990

FROM: Ms. Annika Magnusson,  
Donor Liaison Officer

RE: Yearwise contribution to BRAC's Rural Development  
Programme (RDP) and Rural Credit Project (RCP) during 1990-91

On behalf of the BRAC Donor Consortium, consisting of the following funding members: Aga Khan Foundation (AKF), Danish International Development Agency (DANIDA), West Germany's Protestant Association for Cooperation in Development (LZL), Ford Foundation (FF), Norwegian Agency for International Development (NORAD), Netherlands Organisation for International Development Cooperation (NOVIB), Overseas Development Assistance (ODA) and Swedish International Development Authority (SIDA), a Donor Liaison Office has been established to facilitate communication between BRAC and the Donors.

In order to facilitate the yearly clearance of funds from the above eight donors, for the two projects, Rural Development Project (RDP) and the Rural Credit Project (RCP), a contribution scheme has been established by the donor Liaison Office (DLO) in close cooperation with donors and BRAC as follows:



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amaliastraat 7 2514 JC the hague the netherlands  
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Dijkshoedijk 15  
1042 RM Amsterdam  
Tel. +31 20 671926-312  
Fax: +31 20 671926-312

YEARWISE CONTRIBUTION TO RDP & RCP  
(in million US dollars)

Donors	1990		1991		1992		1993		TOTAL		TOTAL
	RDP	RCP	RDP	RCP	RDP	RCP	RDP	RCP	RDP	RCP	
AKF/CIDA	-	-	-	-	1.00	3.00	-	4.00	1.00	7.00	8.00
DANIDA	0.90	0.90	0.50	0.50	0.50	0.50	-	0.70	1.90	2.60	4.50
EZE	0.90	-	0.90	-	0.80	-	-	-	2.60	0.00	2.60
FF	0.03	0.07	0.03	0.07	0.04	0.06	-	0.10	0.10	0.30	0.40
NORAD	0.37	0.53	0.54	0.56	0.30	1.00	-	0.20	1.21	2.29	3.50
NOVIB	2.50	1.20	1.20	3.00	0.30	3.20	-	0.60	4.00	8.00	12.00
ODA	2.58	1.42	1.45	2.65	0.97	2.43	-	0.50	5.00	7.00	12.00 ✓
SIDA	1.12	0.70	0.60	1.42	0.39	1.31	-	0.30	2.19	3.01	6.00
TOTAL	8.40	4.90	5.30	8.20	4.30	11.50	-	6.40	18.00	31.00	49.00

Commitments for the year 1990 are fixed and likewise agreed upon by each funding donor. The figures under 1991-93 are tentative but changes will be minor considering the complexity of the total funding scheme.

The provision of these funds will be additional to contributions to programmes under official bilateral agreements with the Government of Bangladesh.

Yours sincerely,



Annika Magnusson  
Donor Liaison Officer

Final  
December '89

BANGLADESH RURAL ADVANCEMENT COMMITTEE  
RURAL DEVELOPMENT PROGRAMME (1980-2) AND BRAC BANK PROJECT  
PROJECT DOCUMENT

A. BACKGROUND

1. A consortium of donors has been requested to provide the Bangladesh Rural Advancement Committee (BRAC) with financial assistance to expand its activities. There are presently nine members of the consortium: Aga Khan Foundation (AKF); Canadian International Development Agency (CIDA); Danish International Development Agency (DANIDA); Evangelische Zentralstelle für Entwicklungshilfe (EZE); Ford Foundation (FF); Netherlands Organisation for International Development Cooperation (NOVIB); Royal Norwegian Embassy Development Cooperation (NORAD); Overseas Development Administration (ODA); and the Swedish International Development Agency (SIDA).\*
2. BRAC is a tax-exempt, non-government organisation registered under the Societies Act of 1860 and also under the Foreign Donation Regulation Act, 1978. First established in 1972, BRAC is by any national or international standard one of the largest, most innovative and successful non-government organisations. It has two fundamental inter-related objectives: the alleviation of poverty and empowerment of its target group, the landless poor. On the basis of its experience, BRAC believes that neither objective can be reached without the other and that it must therefore address the basic needs of the poor while building local institutions which strengthen the poor's capacity to solve their own problems.
3. BRAC's core programme, the Rural Development Programme, reaches landless men and women through a network of Area Offices (AOs). At June 1989, there were 77 such AOs which had succeeded in developing some 6000 Village Organisations (VOs), with a total of over 315,000 members (128,000 males and 187,000 females) in 3200 villages. Through these VOs, supported by the BRAC Area Offices, large numbers of members have received training and developed the skills and confidence to manage their own affairs. At June 1989, the VOs had mobilised some Tk.70m in savings and received over Tk.350m credit in cumulative disbursements for individual and collective activities from the RDP's revolving loan fund for income generating activities since 1980. Total loan outstanding at June 1989 is Tk. 135m. At 31st Dec. 1988, late payments were at 3% of the loans portfolio outstanding at that date.

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\* It is to be noted that the Government of Japan have been invited to join the donors consortium and have positively responded by contributing US\$36,000 to support the Vulnerable Group Development Programme within RDP.

4. In addition to the core Rural Development Programme, BRAC also manages a number of large Sectoral Programmes. With these programmes, BRAC has a particular operational objective which is to develop the programmes on a sufficient scale, and through coordination with government, in order to convince both government and the NGO community alike that national level programmes can be effectively designed and managed in the interests of the poor. For example, BRAC's principal health programme, oral rehydration therapy, has reached over 10 million households and has now been expanded into a more comprehensive Child Survival Programme (CSP). Its large-scale Non-Formal Primary Education (NFPE) programme has opened over 1,814 schools and reached 54,275 children. BRAC's Income-Generation for Vulnerable Group Development (IGVGD) programme has already benefited over 33,037 destitute women who form the poorest 3% of Bangladesh's population.

5. BRAC is seeking funding from the donor consortium for two projects: a three year (1990-92) composite Rural Development Programme (RDP 2); and the establishment of a new self-supporting credit institution, the BRAC Bank Project (BBP). BRAC's original proposals for RDP 2 and the BRAC Bank were drawn up in late 1988 and submitted to a meeting of interested donors in January, 1989. The donors expressed interest in the proposals but decided to commission a comprehensive appraisal of both projects. By the time the appraisal took place, in April, 1989, BRAC had made numerous changes in the proposals. The Appraisal team recommended a number of further changes (described in detail in the two volume report published on 30th April, 1989) which were accepted by BRAC. On this basis, the appraisal team recommended donor support for the revised projects in the sum of US\$ 55.7m. In August 1989 one of members of the consortium decided to withdraw. As a result BRAC made further modifications to the projects reducing the total cost to US\$ 50m which included a \$1.5m soft loan. An additional grant of \$ .5m will be recommended by DANIDA in lieu of this loan thereby making the total project \$49m. The donor consortium and BRAC agreed that a consolidated summary of the projects which incorporated all revisions would serve as the common project document for negotiations and approval. Any change or agreement would be reflected in this project document. This is the final version of the project document.

#### B. GENERAL DESCRIPTION

6. The two projects for which BRAC is seeking funding, RDP 2 and the BRAC Bank Project, share the same objectives and target group: alleviation of poverty and empowerment of the landless poor. RDP 2 comprises two primary components: Core and Sectoral Programmes. RDP 2 Core is the logical continuation of the ongoing Rural Development Programme BRAC initiated in 1986. The well-tested basic methodology for the RDP starts with the

establishment of Area Offices, each of which would cover 50 villages - 10 such Area Offices are planned to be set up in 1990 and 1991 and in 1992. Operating over a four year cycle, the Area Office initially concentrates on social conscientisation, human resource development and institution building, among the landless poor to establish the Village Organisations, one for men, one for women in each village. Second, working through the VOs, BRAC establishes the discipline of regular savings and then, by making credit and skills training available, helps to establish the economic base for a better life by enabling the landless to become engaged in employment creating and income generating activities.

7. One of BRAC's two operational objectives during RDP 2 is to initiate a strategy which could reduce BRAC's long-term dependency on donor funds - hence the BRAC Bank Project. The strategy is that after four years under RDP, the costs of which are largely borne by donor grant funds, the mature Area Offices transfer to become branches of the BRAC Bank Project. The transition is designed to take place when the outstanding loans made to VO members are sufficiently large that the income generated (the present interest rate is 16% which is the market rate in Bangladesh and the same rate which Grameen Bank currently charges) will cover the ongoing operating costs of the BRAC Bank branch. By this time, too, the local VOs should also have matured to the stage where they can continue to grow, as increasingly influential institutions, without intensive subsidized support services. Under RDP 2, the following transitions are planned:

	<u>1990</u>	<u>1991</u>	<u>1992</u>
Total RDP AOs @ Yr. Start	80	80	70
AOs to BRAC Bank Branches	10	20	20
New RDP AOs opened	10	10	10
Total RDP AOs @ Yr. End	80	70	60
Total BB Branches @ Yr. End	10	30	50

At the point of transition, the BRAC Bank Project "buys out" RDP's investment in the mature AOs, including the VO members outstanding loans, net of savings, the physical infrastructure of the AOs and the staff complement. The change would only marginally affect the VOs or their members - in that there would be continued increases in the availability of credit.

8. BRAC's preferred strategy for the geographic expansion of its RDP is to extend to contiguous areas before moving into new areas. This not only has administrative and logistical advantages but also increases the opportunities for setting up effective federations of VOs within unions and upazilas. BRAC acknowledges, however, that this preference for clustering its areas of operation is constrained by the need not to duplicate the efforts

of other NGOs and the Grameen Bank, and to serve new areas. An unwritten agreement with Grameen Bank not to compete in the same villages exists and this will be formalised in more explicit terms.

9. As indicated above, the second component of the RDP 2 project is a number of Sectoral Programmes. There are three such programmes all of which are complementary to RDP 2 Core but essentially separate from the core activities (described below). First, there is a major expansion of the Non-Formal Primary Education programme under which new schools would be opened in areas where RDP is operating. Second, BRAC plans to expand the IGVD programme from 32 upazilas to a further 32 upazilas (in some of which RDP is not operating). Third BRAC plans to establish a Management Development Programme for managers and decision makers involved in rural development including as first priority its own staff. These programmes are summarised in Section C below.

### C. PROJECT COMPONENTS

#### RDP 2 - Core

(a) Institutional and Human Resource Development (Tk 36m or US\$ 1.1m)

10. In each new village, BRAC will develop two Village Organisations (VOs), one male and one female: a total of 3,000 new VOs to be organised over the three years. BRAC's inputs into the VOs will include functional educational (social awareness) courses in each village - for which a total 2,000 teachers will be trained, equipped with education materials and salaried by BRAC; weekly meetings on savings and credit operations; monthly meetings on social change issues; periodic inter-VO workshops trainings; and specific Human Resource Development (HRD) Training.

11. This HRD training for VO members will consist mainly of courses organised by the staff of one of BRAC's Training and Resource Centres (TARCs) either at the Centres or in the field. These courses, which are targeted at those VOs in their first, second and third years, are of five to six days duration and primarily cover two subject areas: consciousness raising and leadership development (8,000 trainees); project planning and management (9,500 trainees). In addition, BRAC has made financial provision (Tk 5m) for additional training in institutional building and HRD primarily for VOs in their fourth year.



(b) Savings and Credit (Tk 85m or US\$ 2.7m)

12. As a basic technique in building the VOs, BRAC has always insisted on individual savings. These savings, on which BRAC currently pays 9% pa i.e. the market rate, are a necessary requirement for obtaining credit. New ground rules have recently been introduced applicable to RDP 2 including the following: (1) the savings requirement for obtaining a loan has been reduced from 10% to 5% of the total loan requested; (2) individuals may have two loans outstanding at a time only if one of these loans is for an asset (ie on repayment of which a physical asset remains); and (3) ceilings have been placed on the amount that an individual and a family can borrow for first, second and subsequent loans. Traditional collateral for loans is substituted for by peer group support and pressure. Each VO is divided into sub-groups of 5 members (of non family members). Each member's request for a loan must be unanimously approved by the sub-group to which he or she belongs before it is presented to the VO as a whole. The VO in turn can approve the loan only if 75% of the members agree.

13. The new rules for the provision of credit, and the availability of additional funds, are expected to lead to a substantial increase in lending for which there is good evidence of strong and continuing demand. At December, 31st, 1989, the total value of the loans outstanding for the 80 Area Offices under RDP-1 is expected to be Tk. 145m (compared with just over Tk 100m at end 1988). The table below shows how this is built up and also gives the expected figures for the loans outstanding at the end of 1990, 1991 and 1992 for the AOs and Bank Branches as they mature. It will be noted that loans outstanding of 4th year AOs in 1989 and 1990 are expected to be Tk. 5m and Tk. 6m per AO respectively instead of Tk.6.45m. This is due to the shortage of funds in 1989. It will also be noted that the figures are lumpy because of an uneven number of AOs per year at each stage of maturity.

Area Office/ Branch Type	Year End Loans Outstanding (Tk. m)							
	1989		1990		1991		1992	
	AOs	Tk	AOs	Tk	AOs	Tk	AOs	Tk
1st Year (RDP)	30	5	20	12	10	6	10	6
2nd Year (RDP)	20	30	20	37	20	37	10	18
3rd Year (RDP)	20	60	20	77	20	77	20	77
4th Year (RDP)	10	50	20	120	20	129	20	129
Total	80	145	80	246	70	249	60	230
5th Year (BBP)	-	-	-	76	-	172	-	181
6th Year (BBP)	-	-	-	-	-	96	-	212
7th Year (BBP)	-	-	-	-	-	-	-	116

Consequently budgetary provision has been made in RDP 2 for Tk. 85m (Tk.230-145m) required for the additional credit in RDP 2.

(c) Employment and Income Generation Support (Tk 50m or US\$ 1.6m)

14. One of BRAC's primary objectives is to improve the economic wellbeing of VO members. In order to realise this, technical training is provided for a variety of activities using proven training techniques. During the first three years of development of a VO, this training is provided free to members. In the fourth year, the Area Office will institute a minimal charge for training (by adding the cost to the loan taken) except for new members who may still receive first time training free.

15. The skills training for group members is mainly conducted by BRAC's own technical experts and para-professional staff. The former are now located at different Area Offices reporting to the Regional Managers. A coordinating adviser for each technical sector is based at BRAC headquarters. The para-professionals are trained and supervised by the BRAC experts. They live in or near the communities they serve, some being employed by BRAC, others paid by those communities. The estimated number of VO members to be provided skills training during the three years of RDP 2 is planned to be as follows:

<u>Activity</u>	<u>Number of Trainees</u>		
	<u>1990</u>	<u>1991</u>	<u>1992</u>
Poultry workers	1,000 per year		
Poultry rearers	20,000 per year		
Para-vets	200 per year		
Cow rearers	4,500 per year		
Horticulture nursery	320 per year		
Horticulture crop	4,000 per year		
Fish nursery	200 per year		
Fish culture	500 per year		
Irrigation mechanic	25	25	50
Irrigation management	100	200	-
Apiculture	200 per year		
Seri/eri culture			
- workers	20	-	-
- rearers	700	1000	1700
- operators	46	106	181
Other skills	500	700	1000

16. In addition to this substantial training assistance, BRAC also helps groups and individuals involved in poultry, fishery, sericulture, etc in a number of other ways. For example, day-old chicks are supplied to chick rearers in the villages who then sell two month old chicks to poultry rearers. Fish fingerlings are available from two BRAC fish hatcheries and BRAC helps some village groups to develop and maintain fish nurseries from which other groups are supplied. Fifteen sericulture centres are to be established by BRAC to produce eggs for distribution to village rearing centres from where they are to be made available to women borrowers to raise them to maturity.

(d) Area and Regional Office Costs ( Tk 120m or US\$ 3.6m)

17. Each Area Office is staffed by a team comprising: one Area Manager, three general Programme Organisers (POs), one accountant and a cashier, nine village level workers, and support staff. Their total costs, including transportation, for 80 such AOs in 1990 and 1991 and 70 in 1992 amount to Tk.137m. In addition the costs of regular staff training and development for all levels of staff, both induction and in-service training, totals almost Tk.4.5m plus there are the operating costs of the Regional Offices (one for 10 AOs), essentially the Regional Manager and an Auditor. In total all these costs amount to Tk. 85.4m net over the three years of RDP 2, after taking into account the interest income from loans to VO members (less a loan loss provision of 2% on disbursement). The costs of BRAC's head office, ie senior management and logistical support, are covered by a 10% charge on all the primary budget components, which is an accurate proxy based on actual historical figures.

18. There are also the initial capital costs involved in establishing each new Area Office. This requires an investment of almost Tk 1m in land, buildings and fixtures, with an additional provision in 1990 for a motor cycle for each PO in each of the 80 AOs to facilitate contact with VO members. The total cost to RDP 2 is reduced by the proceeds of the sale of the Area Offices graduating to the BRAC Bank Project in their fifth year. Nonetheless, the total net investment cost over the three years of RDP 2, including the capital costs of certain items in the regional and head offices, eg a telephone installation and computer extension, amounts to Tk.36m.

(e) Support Services (Tk 51m or US\$ 1.6m)

19. The figures given above for the costs of training both VO members and BRAC staff cover only the operating costs of training. Capital costs for one new TARC and cost to expand

the five existing TARCS during the period of RDP 2. This expansion of the training facilities is necessary in order to accommodate the substantial expansion of training needs for VO members summarised in (c) above. Total costs are estimated at Tk.29m.

20. In 1986, BRAC established an important new unit, the Rural Enterprise Programme. The function of REP is to enhance the income derived from the economic activities in which VO members can invest by improving the profitability of existing traditional activities and identifying profitable new activities. Special attention has been given to expanding the range of profitable activities which women can undertake. Business activities identified by REP to date have included: freshwater shrimp and catfish culture in the fisheries sector; improved dyeing, block printing, sericulture in the textiles sector; milk marketing and duck hatchery in livestock; and in the agriculture sector, vegetable growing and marketing, and power tilling custom ploughing. While some of these technologies/techniques are relatively new to Bangladesh, others such as the power tillers and brickfield production are already in widespread use. The innovative element in such cases is the introduction of ownership and management of such enterprises by landless groups rather than by wealthier private entrepreneurs.

21. Although REP's budget is small within the whole context of RDP 2 Core, its role is regarded as crucial. As the markets for products from traditional enterprises become saturated and the demand for employment opportunities among BRAC's landless groups increases, new economic activities must be introduced. While the main source of such innovation will be the BRAC members themselves BRAC staff seeks to assist or accelerate this process. The methodology for identifying, testing and introducing such new opportunities is now established. REP takes responsibility for the initial project identification and feasibility study, for the experimental field projects and, if the technology/ technique is successful, for providing finance and technical support to pilot projects undertaken by the landless groups. REP staff works closely with RDP/BBP held staff and the TARCS. REP especially seeks to ensure that appropriate systems for effective business management of collectively owned projects are developed and introduced. During RDP 2, REP's staff will be increased from the present 12 to 25 to include not only additional technical personnel but also business management professionals. The total budget for the three years is Tk. 15m

22. Another small but crucial support service for RDP 2 is the Research and Evaluation Department (RED). This is responsible for carrying out ongoing studies, largely at the request of the programme managers, to evaluate the effectiveness and impact of BRAC's activities and to recommend changes in design and policy.

RED works closely with RDP's Monitoring Cell which is presently developing an improved fully integrated and computerised management information system. When fully developed, the new system will operate under three broad headings: savings and credit activities; economic indicators; and social development indicators. RED is also collaborating with the RDP on the design, implementation and analysis of a new system for collecting baseline data from all loan applicants. This information will be computerised and used as the basis for continuous evaluation. The total budgeted cost of RED over RDP 2 is Tk. 7m.

23. The annual costs of these major components of RDP 2 Core over the three years 1990-92 can be summarised as follows:

	1990	1991	1992	Total
		(Tk. m)		
Instit. and HRD Dev.	12	13	11	36 (US\$ 1.1m)
Savings and Credit	101	3	(19)	85 (US\$ 2.7m)
Employ. and Inc. Gen.	14	18	18	50 (US\$ 1.6m)
Area & Reg. Offices	63	31	26	120 (US\$ 3.8m)
Support Services	9	12	30	51 (US\$ 1.6m)
TOTAL	199	77	66	342 (US\$ 10.8m)

#### BRAC Bank Project

24. As described in Section B. above, after four years under RDP the mature Area Offices are bought out by the BRAC Bank Project (BBP) and become branches of the Bank. The costs so incurred during the first four years of the BBP and the additional loans made by these branches, together with BBP's investments for the later purchase of the planned total of 300 Area Offices by 2002, are summarised in the table below. Paragraph 29 shows the sources of the funds to meet these costs and Annex 1 provides a more detailed financial analysis of the Project's assets and liabilities to 2010.

#### BRAC Bank Project - Funds Required (in million Taka)

	1990		1991		1992		1993		2002
	Year	Cum.	Year	Cum.	Year	Cum.	Year	Cum.	
VO Members Loans									
- Purchase									
Ex RDP	50	50	120	170	129	299	129	428	
- Growth BBP	26	26	72	98	112	210	132	342	
Total	76	76	192	268	241	509	261	770	3634
Fixed Assets	15	15	22	37	21	58	21	79	379
Invest. & Cash	100	100	129	229	221	451	94	545	130
TOTAL	191	191	343	534	483	1018	376	1394	4143

(a) Funds Required - VO Members Loans (Tk. 770m or US\$ 24.3m in 1993)

25. The purchase sum paid by the BRAC Bank Project for VO members' loans outstanding at the time of transition from RDP to the BBP is broadly expected to be the same (Tk. 6.45m per AO) each year from 1992 onwards. In addition, during the course of each year, the BBP will be financing the further growth of loans to members, for an increasing number of branches - 10 by end 1990, 30 by 1991, 50 by end 1992, etc. By the end of the fourth year, the total loans by the BBP to VO members will account for 56% of the total funds available. Thereafter the Bank will continue to acquire the loan portfolios of mature AOs from RDP assuming BRAC secures continued donor grant funding for its Rural Development Programme after 1992 (RDP 3). By 2002 when the BBP will have reached its target of 300 branches, loans to members will be almost 88% of total assets (including depreciation).

26. The outstanding loans made to members by an Area Office or a BBP branch are a function of many factors - ref para 13. above. These include the total number of borrowers, the average size of loan, and the term structure of loans (short, medium or long). For example, by the time of transition from an AO to a Bank branch, the total number of group members is expected to be between 6-7,000 (ie 60-70 person per VO) and on the basis of BRAC's experience it is conservatively assumed that only 55-60% of these members will be borrowers. Similarly, increases in the average loan size occur as members gain experience in using credit, repaying one loan and then taking out another. By the time of transition from an AO to a branch, the average loan size is expected to have risen from Tk. 1600 at the end of the first year to Tk.3500 at the fifth year. Finally, the term structure of the loans under the BRAC Bank Project is conservatively projected to be same as the present structure of RDP lending - 60%:37%:3% for short:medium: long term loans.

(b) Funds Required - Fixed Assets (Tk 79.4m or US\$ 2.5m - 1993)

27. The fixed assets acquired by the BRAC Bank Project - 10 AOs in the first year and 20 AOs in each of the next three years - are shown at the gross purchase price, ie without deduction of subsequent depreciation. The AO complex includes land, office and staff accomodation, motor cycles, together with all office equipment and records. The annual figure varies because there are the occasional additional costs of establishing the regional offices of BBP. The accumulated figure at the end of the fourth year is Tk.79.4m or 6% of the total funds available.

(c) Funds Required - Investments (Tk 545m or US\$ 17.2m - 1993)

28. The remaining funds, ie those not loaned to VO members or spent on acquiring fixed assets, will be held on deposit with one of the commercial banks. The investments perform two functions. In the early years they will produce a significant income (bank deposits presently yield 12%) in order to achieve the small projected annual operating profit - see Annex 2. By the end of the fourth year, total cash and investments will be Tk.545m, 39% of the total funds available. After 1993, they will be available to be drawn down each year to purchase additional AOs until the full planned complement of 300 is reached in the year 2002. At that date, investments and cash will be at their lowest level (Tk.130m). Thereafter, they build up again from accumulated profits, allowing repayment of the grant funds which BRAC lent to the BBP beginning in 2004. BRAC would reinvest these funds in similar programme to benefit the poor in Bangladesh.

(d) Sources of Funds - Donors (US\$ 30.8m at end 1993)

29. The following table shows the sources of funds for the first four years of the BRAC Bank Project and the year it achieves the 300 branch target.

BRAC Bank Project - Planned Sources of Funds

	1990		1991		1992		1993		2002
	Year	Cum.	Year	Cum.	Year	Cum.	Year	Cum.	Cum.
Donors grant	156	156	260	416	358	774	202	976	976
Members Funds	33	33	75	108	94	202	117	319	2555
Operations Surplus	2	2	81	109	315	41	581	991	6126
<b>TOTAL</b>	<b>191</b>	<b>191</b>	<b>343</b>	<b>534</b>	<b>483</b>	<b>1017</b>	<b>377</b>	<b>1394</b>	<b>4143</b>

30. All donor funds required to establish the BRAC Bank Project on a self-sustaining basis are disbursed to BRAC during the first four years and onlent to BBP without interest (As shown in ANNEX 1). The primary arguments in favour of this front-end loading structure are:

- the upfront money allows BBP to be independent of donors after the four year commitment of funding. This benefits both BRAC and the donors, not least in the demonstration effect of self-sustainability for other NGOs and governments.
- the upfront funding structure provides the BBP with significant financial protection from potential shortfalls in loan portfolio income. The investment

income (for which no loan loss provision is required) is a secure source of income for the future.

- it is difficult for an organisation to plan its expansion in an environment of uncertain funding. BRAC's rate of growth would have to be much less in order to avoid the risk associated with the possibility of funding being held up or not provided, as donors try to juggle competing demands for funding in the future.

31. A further and most important advantage of front-end loading is the flexibility it allows in the event of certain key assumptions not being realised. BRAC carried out various sensitivity analyses to test the effect of modifying the most critical assumptions, specifically:

- increasing the loan loss provision by 50%, i.e. from 2% to 3% of annual disbursement.
- reducing the rate at which the loan portfolio of an RDP Area Office and BBP Branch builds up by approximately 10%.
- increasing the number of staff (by one PO or three PS) in a BBP Branch from the third year of BBP operation.

Significantly each of these downside scenarios can be accommodated by different solutions instead of the obvious solution which is simply to raise more funds for BBP from donors. BRAC staff have conducted sufficient contingency planning and have now run several dozen scenarios illustrating the effects and inter-relationships of the various project elements. The most flexible option is for BRAC management to adjust the timing and number of AOs which become BBP branches (therefore delaying the date that BBP reaches its target of 300 branches). BRAC can also postpone BBP's repayment of the donor grant funds to BRAC. These decisions would be made by BRAC and its donors as needed and only after the results of several years of actual implementation of BBP at which time the correctness of the critical assumptions can be re-assessed.

(e) Sources of Funds - Members Fund (Tk 319m or US\$ 10.0m in 1993)

32. The Members Funds are made up of individual members savings together with the 5% group tax (which each borrower is required to pay on the value of every loan taken). The discipline of regular saving is an essential part of RDP's human resource development training and the projected levels of savings are based on the past experience of existing RDP Area Offices with a progressive adjustment to allow for members to reduce or withdraw their savings over the years. By the end of the fourth year, these funds will account for Tk. 319m or 23% of the funds available to BBP increasing to 61% by 2002.



(f) Sources of Funds - Operations Surplus (Tk 99 m or US\$ 3.2m in 1993)

33. The Operations Surplus or Net Operating Profit (ref Annex 2) is the interest income received by BBP from loans to VO members plus the income from investments, less the interest paid on members' savings/deposits and less branch/regional/head office operating expenses. There is also a loan loss provision @ 2% of disbursements. (NB Depreciation of the fixed assets has been added back - ref para 26.) The financing structure for BBP is designed to ensure that this surplus is positive every year (except for a loss in 2002). By the end of the fourth year, this operations surplus is projected to be Tk. 99 m or some 7% of the total funds.

(g) Legal Status of the BRAC Bank

34. On the advice from senior officials in the Bangladesh Bank, the government's central bank, BRAC has decided to follow a two step process in forming the BRAC Bank. It will initially begin as a project of BRAC (similar to any other NGO project, such as RDP 2) for which formal approval by the government has already been requested. After two-three years of operating experience, depending on developments, it will request a special charter from the government to establish a separate legal entity to operate for the benefit of the poor similar to that of Grameen Bank which also initially began as a project. As an NGO project, the Bank is simply an operating unit of BRAC without its own equity structure. As such it will be under the overall control of BRAC's existing Board of Directors and subject to the regulations governing NGOs.

RDP 2 - Sectoral Programmes

(a) Non-Formal Primary Education (Tk 152m or US\$4.8 m)

35. BRAC's NFPE programme provides appropriate education to rural poor children (70% girls) between the ages of 8-10 and 11-14, who have either never enrolled in, or who have dropped out of formal primary schools. The younger children receive three years of education whilst the same curriculum is compressed into two years for the older children. Since the programme was first started with 22 centres and 676 students in 1985, it has expanded rapidly with a total of over 2000 centres expected to be in operation by the end of 1989 and a total of over 60,000 students enrolled or graduated. Of the first batch of students who graduated in 1988, 95% have gained admission to formal primary schools in Class IV and are continuing their studies.

36. Under the umbrella of RDP 2, BRAC will be starting a total of 1500 new classes for the younger children in the three years 1990-92, and 1500 classes for the older children in the same period, a total of 3,000. The total number of schools then in operation will be: 2,606 (1990); 2,880 (1991); and 2,500 (1992). In terms of geographical location, priority will be given to achieving a major coverage of all areas where either the RDP or the BRAC Bank is or will be in operation. Given the popularity of the NFPE programme with parents, this will facilitate more coherent integration with BRAC's other activities, increasing the opportunities for awareness raising, community participation and solidarity.

37. The total cost of the NFPE over the three years is estimated at Tk.152.0m (US\$4.8m) of which Tk87m is for the 8-10 year old classes. The major costs components are: teachers salaries, all of whom are trained by BRAC at the TARC's; teaching aids and equipment; books, charts and supplies; and supervision by BRAC's specially trained NFPE Programme Organisers each of whom looks after 15-20 schools. Taking all costs into account, including the rental of classrooms, the average annual cost per 8-10 old child is ...503 and for the 11-14 year old Tk.560.

(b) Income Generation for Vulnerable Group Development (Tk 42m or US\$ 1.3m)

38. BRAC's IGVD programme is a special component of the multi-donor assisted nationwide Vulnerable Group Development programme targeted at the destitute women in rural Bangladesh - those with no land, minimal income, and living without a husband's support. BRAC's IGVD is a cooperative effort with the Department of Relief & Rehabilitation, the Department of Livestock, and the World Food Programme operating in 32 upazilas. The initial, ongoing, programme launched in 1987 provides skills training in poultry rearing to 1500 destitute women in each upazila and the subsequent opportunity, assisted by credit from BRAC, to earn between 150-400 Tk./month. BRAC is seeking a total of Tk. 41.6m with which: (a) to complete its current two year programme in the original 32 upazilas by mid 1990; and (b) to repeat the highly successful programme in a further 32 upazilas. BRAC's RDP is in operation in a few of the initial group of upazilas - and some of the IGVD women are also members of BRAC's VOs - but while there is close collaboration between the IGVD staff and RDP staff, each have separate offices.

39. The Department of Livestock's active collaboration in the IGVD programme comprises supplying free vaccines to poultry workers and supplying chick rearers with improved breed of day

old chicks at cost price. BRAC regards this collaboration as an important achievement in its own right since a major objective of the IGVD programme is to facilitate the access of poor women to existing government services which will continue to function after the BRAC project has come to an end.

(c) Management Development Programme (Tk 42m or US\$ 1.3m)

40. While BRAC's collaborative efforts with government on programmes such as oral rehydration therapy, NFPE and IGVD have been successful to date, BRAC feels there is a need to extend the lessons of such experience, especially among senior government officials, in an attempt to achieve even more and not least when BRAC's inputs are concluded. This is a logical extension of BRAC's attempts to promote programmes which reach the landless poor in the massive numbers required, and it forms the rationale behind the Management Development Programme (MDP). The twin objectives of the MDP are therefore to:

- develop and teach ways by which managers of rural development activities and projects, especially local government officials but also staff of BRAC and other NGOs, can operate more efficiently, notably in the delivery of goods and services to the landless poor, through intensified practical collaboration work at upazila, union and village level.
- inform and orient senior government officials to the benefits arising from and the methods of achieving a more equitable distribution of government services, especially to reach the landless poor, and to indicate the role they themselves can play in enabling field based officials to work effectively for the rural poor

41. Following discussions with the appraisal team, BRAC's original proposals for the MDP have been scaled down. The planned programme will still include: research and documentation of BRAC's experiences and methodology in managing rural development for incorporation in training materials; field workshops and laboratories; and in-service education and training courses. However, the field training activities will utilise existing facilities such as the TARCs and only in Dhaka will there be an additional facility, a management training centre. The capital cost of the MDP is therefore reduced to Tk. 29.8m, largely in 1990 and 1991, and there is a similar reduction in operational costs to a net total of Tk. 10.8m.

42. The annual costs of these three sectoral programmes under RDP 2 over the three years 1990-92 can be summarised as follows:

	<u>1990</u>	<u>1991</u>	<u>1992</u>	<u>Total</u>
		(Tk. m)		
Non-Formal Prim. Educ.	45	54	53	152 (US\$ 4.8m)
Inc. Gen. for VGD	12	14	16	42 (US\$ 1.3m)
Management Dev. Prog.	12	22	8	42 (US\$ 1.3m)
<b>TOTAL</b>	<b>69</b>	<b>90</b>	<b>77</b>	<b>236 (US\$ 7.4 m)</b>

#### D. METHOD OF FUNDING

##### (a) Requested Contributions

43. The revised budgets for RDP 2 and the BRAC Bank Project can be summarised as follows:

	<u>RDP 2</u>				<u>BRAC Bank</u>		<u>Total</u>	
	<u>Core</u>		<u>Sec. Prog.</u>		Tk. m	US\$m	Tk. m	US\$m
	Tk. m	US\$m	Tk. m	US\$m				
1990	199	6.3	69	2.1	156	4.9	424	13.3
1991	77	2.4	90	2.9	260	8.2	427	13.5
1992	66	1.6	77	2.4	358	11.3	501	15.8
1993			RDP 3*		202	6.4	202	6.4
<b>TOTAL</b>	<b>342</b>	<b>10.8</b>	<b>236</b>	<b>7.4</b>	<b>976</b>	<b>30.8</b>	<b>1554</b>	<b>49.0</b>

\* From January, 1993, donor funding will be required for the next phase of RDP - RDP 3.

44. Against these budgets, and on the basis of information from individual members of the donor consortium, BRAC is seeking to obtain the following contributions from the donor agencies:

	<u>1990</u>	<u>1991</u>	<u>1992</u>	<u>1993</u>	<u>TOTAL</u>
AKF/CIDA	0	0	4.0	4.0	8.0
DANIDA	1.8	1.0	1.0	.7	4.5
EZE	0.9	0.9	0.8	.0	2.6
FF	.1	.1	.1	.1	.4
NORAD	0.9	1.1	1.3	.2	3.5
NOVIB	3.7	4.2	3.5	.6	12.0
ODA	4.0	4.1	3.4	.5	12.0
SIDA	1.9	2.1	1.7	.3	6.0
<b>TOTAL</b>	<b>13.3</b>	<b>13.5</b>	<b>15.8</b>	<b>6.4</b>	<b>49.0</b>

All donors have indicated their preference to contribute collectively to the RDP 2 and BRAC Bank projects, ie not to earmark funds for specific items in the budgets. There is an understanding that EZE funds would be applied to RDP only and NORAD funds would be used for NFPE and BBP. BRAC has requested that the disbursements be phased to match the cash flow requirements of the two projects as summarised above.

45. The Ford Foundation office has agreed to continue to act as the local liaison office in Dhaka on behalf of donors until project implementation gets underway. Individual donors should communicate to the FF, together with BRAC, on any constraints such as the timing of formal commitments and disbursements. FF, together with BRAC, will coordinate with the local donor representatives to secure the final project agreements and to ensure disbursements of funds to meet BRAC's cash flow requirements. NOVIB has agreed to take over coordination of the consortium from the Ford Foundation by the start of the project in January 1990.

#### (b) Financial Disbursements

46. The following arrangements for financial disbursements have been generally agreed upon:

(a) Disbursements would be made twice a year, in January and July (unless otherwise qualified by a particular donor agency) in three stages:

- BRAC would prepare and forward withdrawal applications to the donors based on the previously agreed disbursement schedule
- donors would disburse funds by transfer to the BRAC account at a commercial bank which would be credited with the taka equivalent of donor fund remittances. Donors would forward a notice of disbursement to BRAC and the donor liaison office
- Within five days, BRAC would confirm the receipt of funds to the donor and the donor liaison office

(b) Financial accounts, in a format to be mutually agreed upon, would be prepared and sent quarterly to donors

## E. DONOR COORDINATION

### (a) Auditing

47. The consortium will jointly hire external auditors for RDP-2/BBP for 1990. The auditing firm, ACNABIN Co., was selected by donors from a short list assembled by NOVIB and BRAC of ten reputable companies working in Dhaka. ACNABIN is BRAC's auditor for 1989. To comply with donor regulations and optimise use of resources BRAC will propose to use the same chartered accounting firm to its Annual General Meeting scheduled to be held in May 1990 as the BRAC external auditor for 1990 and BRAC will continue to pay for its annual audit. To cover the first six months of 1990 before BRAC selects its firm, the donor consortium will contract with the auditing firm to undertake specific auditing tasks with respect to RDP-2/BBP at the request of the consortium. The consortium may also exercise its option to request additional investigations should circumstances warrant and at the request or recommendation of the external monitoring team (see below). A provision has been made in the consortium budget for this extra auditing work.

48. The selection process will be repeated at the end of 1990 for 1991. At the end of 1990, a new auditing firm will be selected using the procedure described above. The change of firms is necessary because of Government auditing requirements for NGOs which necessitate a change every two years. With this procedure there will be one annual external audit of RDP-2/BBP accounts undertaken by a firm agreed by the consortium which would also serve as BRAC's external auditor for RDP-2/BBP and its other activities. Should BRAC decide to employ a different firm than that engaged by the consortium then two external audits will be conducted for that year.

### (b) Reporting

49. The consortium will accept a common framework for reporting by BRAC.
- A) BRAC will provide quarterly financial reports, in a mutually acceptable format, which includes key statistical information on all aspects of RDP-2/BBP, comparison of actuals to targets disaggregated by gender and use of funds.
  - B) BRAC will provide a comprehensive semi-annual narrative and financial report for RDP-2 and BBP within 90 days of the period.
  - C) BRAC will provide annual audited financial reports for RDP-2/BBP.

- D) BRAC will provide copies of all RED reports and studies to consortium members and other special information it produces as part of its MIS.

(c) Monitoring, Evaluation and Impact Assessment

50. The donor consortium agreed that monitoring, evaluation and impact studies are required to assess levels of achievement of project objectives. The process of each of these three activities to be reported in both qualitative and quantitative terms were defined as:

- A) Monitoring
- to assess progress made in the field against targets and goals defined in each of the programme (and project) plans
  - to recommend adjustments in programme plans as necessary
  - to provide an early warning system with respect to future targets and goals
- B) Evaluation
- to establish the achievements of each programme over time
  - to analyse their achievements in the context of the original objectives
  - to assess whether inputs were sufficient and appropriate in relation to the objectives and achievements of the programme
  - to make recommendations for the planning of future programmes
- C) Impact Assessment
- to measure the impact of interventions and services provided under RDP-2 and the BRAC Bank Project and of BRAC itself on the lives of the people served by the programmes.

51. A permanent core team with four members will undertake regular monitoring visits at least once a year. Team members' main fields of attention will be; BRAC Bank operations; small enterprise activities; rural development; and management. The

team leader will be responsible for ensuring that gender issues are addressed by all members. The first visit will take place in the third quarter from the start of the projects and each monitoring exercise is expected to last about four weeks. In addition to this core monitoring schedule, certain programmes and issues will require attention at intervals depending on specific programme cycles and the observations and recommendations of the core monitoring team. These issues are expected to include: staff development and training; non-formal primary education; institutional development of village organisations; development of the bank; and management information systems. Other specific monitoring requirements may also be identified after commencement of the projects.

52. A mid-term evaluation will be carried out in the first quarter of the third year (1992). The main objectives will be to undertake an in-depth investigation of progress of the BRAC Bank Project assessing its effectiveness in lending to the poor and financial viability, and to evaluate RDP-2 and to make recommendations for the implementation of RDP-3. A final evaluation of the project will also be conducted at the end of the project. Donors may also hire short-term consultants to assist BRAC in drawing up and implementing a long term plan for impact assessment if needed by BRAC's Research and Evaluation Division. RED has already drawn on advice from outside experts and is initiating some assessment of its activities through a planned longitudinal study in four clusters of Area Offices/Branches of RDP/BBP to measure changes in social indicators.

53. Each donor submitted resumes of suitable candidates for the above functions to BRAC and to other consortium members for consideration. The consortium selected the monitoring team and four persons for sectoral reviews at the November 1989 meeting.

(d) Donor Liaison Office

54. A Liaison Office in Dhaka will be established to serve BRAC as well as the donors in the execution of the agreements made by the consortium. The purposes of the Liaison Office are to: facilitate the necessary communications between BRAC and the donors as well among the individual donors, and prepare and undertake follow up action on activities resulting from agreements made by the consortium. The Office will be staffed with one Liaison Officer to be employed by NOVIB on behalf of the consortium. The selection and subsequent performance of the Officer must be acceptable to all members of the consortium including BRAC. Each donor will contribute to the annual budget for the liaison office.



55. Specific tasks of the Liaison Office will include:

- monitoring and coordinating of planned disbursements according to BRAC's requirements and donors' financial abilities.
- coordinating any necessary changes in financial requirements as well as planned disbursements.
- monitoring and coordinating reporting by BRAC.
- assisting in the preparation and conduct of consortium meetings and the preparation and timely distribution of minutes from all such meetings.
- assisting in the preparation of terms of reference and scheduling and conduct of monitoring review and evaluation missions.
- informing donors of any unforeseen changes in BRAC's plans and facilitating agreement among donors to any significant amendments in the plans.
- other tasks as decided by the consortium.

(e) Consortium Meeting

56. The consortium members will meet at least twice a year in Dhaka during May and in the first week of December. This schedule will permit briefings after the completion of monitoring missions or evaluation missions to allow for discussion of findings. Exact dates for such meetings will be set at least 3 months in advance to ensure maximum attendance and to enable members not living in Dhaka to attend.

57. The consortium members will ensure that a follow up programme is planned at least one year before RDP-2 expires to ensure programme continuity. An initial meeting will be called to invite any interested donors for future funding of RDP-3. This does not imply any commitment by existing consortium members to fund RDP-3.

58. Each donor will contribute to the cost of these functions in an equitable proportion. An overall budget of roughly two percent of the total cost of the project (US\$ 49m) was accepted by the consortium.



January - 11

TOTAL LIABILITIES	185.0	224.2	276.4	338.0	402.3	474.7	555.5	642.3	734.3	832.5	944.1	1069.3	1201.3	1341.8	1491.2	1649.9	1818.4	1992.2	2171.0	2357.3
Prudent setting	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Eq. Net Profit/Loss	0.0	0.2	3.0	7.2	11.1	17.7	26.4	37.7	52.1	70.2	92.3	118.4	148.9	182.1	218.5	267.4	328.1	391.1	457.9	528.6
Current Net Profit/Loss	0.2	2.8	26.1	50.5	57.6	62.7	67.2	57.4	45.2	35.1	23.1	12.5	-16.7	1.4	11.9	15.7	26.0	33.0	45.7	49.0
TOTAL CAPITAL	0.2	3.0	29.1	57.6	137.7	204.4	231.7	325.1	373.2	433.3	431.4	443.9	425.1	424.5	436.4	451.1	464.1	517.1	557.9	604.9
TOTAL LIABILITIES AND CAPITAL	185.3	227.3	305.5	375.1	573.0	745.1	977.4	1245.4	1577.5	1945.8	2375.5	2834.2	3326.5	3877.2	4545.7	5347.0	6311.1	7444.0	8642.8	10072.2
INTEREST INCOME																				
Investment income	5.9	15.3	31.8	51.3	59.1	55.1	51.9	41.2	31.2	19.9	12.0	35.7	21.0	15.7	35.9	41.5	47.9	132.3	166.5	204.3
Loan interest income	10.1	27.5	42.2	102.4	144.3	175.0	204.9	275.3	285.2	337.5	377.1	456.5	535.5	554.2	614.3	624.8	626.9	630.0	630.3	630.3
TOTAL INTEREST INCOME	16.0	42.8	74.0	153.7	203.4	230.1	256.8	296.5	316.4	357.4	493.3	592.2	670.5	710.1	974.2	1046.3	1105.2	762.3	796.8	834.7
INTEREST EXPENSE																				
Interest on deposits	1.5	6.4	14.0	23.5	35.0	47.2	59.5	75.5	95.5	116.6	145.1	174.7	211.1	243.9	272.2	301.4	330.0	358.6	387.3	415.0
Interest on B/C loan	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
TOTAL INTEREST EXPENSE	1.5	6.4	14.0	23.5	35.0	47.2	59.5	75.5	95.5	116.6	145.1	174.7	211.1	243.9	272.2	301.4	330.0	358.6	387.3	415.0
NET INTEREST INCOME	14.5	36.4	60.0	130.2	168.4	182.9	204.3	221.0	220.9	240.8	348.2	417.5	459.4	466.2	702.0	745.3	775.2	403.7	409.5	419.7
OPERATING EXPENSES																				
Branch operating expense	7.4	22.5	36.1	52.2	61.4	71.2	81.8	101.5	121.5	144.8	167.4	191.5	226.4	226.4	226.4	226.4	226.4	226.4	226.4	226.4
Regional operating expense	0.5	1.5	2.4	3.4	4.6	5.2	5.7	6.7	8.3	9.8	11.4	12.9	15.5	15.5	15.5	15.5	15.5	15.5	15.5	15.5
Head office operating expense	2.2	2.5	2.8	3.0	3.4	4.2	4.7	5.2	6.2	6.8	7.7	7.7	7.7	7.7	7.7	7.7	7.7	7.7	7.7	7.7
Branch depreciation	0.8	2.5	4.2	5.9	7.4	8.5	9.3	11.4	13.5	16.1	18.4	21.1	24.4	25.4	25.4	25.4	25.4	25.4	25.4	25.4
Regional office depreciation	0.2	0.5	0.8	1.2	1.5	1.7	1.8	2.2	2.7	3.2	3.7	4.2	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0
Head office depreciation	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Loan loss provision	1.8	6.4	11.8	17.2	22.2	24.4	25.7	25.5	14.4	10.4	5.4	17.0	25.7	32.3	33.6	34.0	34.0	34.0	34.0	34.0
Staff Training	0.1	0.4	0.4	0.7	0.8	1.0	1.1	1.4	1.8	2.2	2.3	2.7	3.2	3.2	3.2	3.4	3.4	3.4	3.4	3.4
TOTAL OPERATING EXPENSE	14.3	37.6	61.9	84.7	104.7	124.2	137.1	164.4	177.8	204.1	221.5	247.1	286.1	305.7	370.0	371.1	370.7	370.7	370.7	370.7
NET OPERATING PROFIT (LOSS)	0.2	2.8	26.1	50.5	57.6	62.7	67.2	57.4	45.2	35.1	23.1	12.5	-16.7	1.4	11.9	15.7	26.0	33.0	45.7	49.0

PROPOSED RURAL DEVELOPMENT PROGRAMME

1990 - 92

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Bangladesh Rural Advancement Committee (BRAC)  
66 Mohakhali Commercial Area  
Dhaka-1212, Bangladesh

## Summary

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- II. FRAMEWORK FOR PROGRAMME FORMULATION
- III. INSTITUTION BUILDING
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  1. Organization and Management
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## Budget

## SUMMARY

BRAC proposes to implement a Rural Development Programme in 1990-92 that will extend service to 1500 additional villages, and involve the formation of 3000 new village organizations with some 300,000 landless men and women as members. Achievement of these targets and conduct of associated development activities will require establishment of 30 new BRAC Area Offices and a total programme expenditure of Tk.577,701,223, roughly equivalent to US \$ 18.2 million (Approximately).

As in earlier programmes, the target group is the landless rural poor, with particular emphasis on women. The broad goal of the programme is to contribute to a more just and equitable society in which aware, knowledgeable and confident landless men and women join together in their own organizations for greater self-reliance in managing their own affairs, to influence the external forces which affect their lives, and to achieve sustained improvement in their levels of living.

In pursuit of these objectives, the major components of the programme are:

1. Institution Building;
2. Credit, Employment and Income Generation;
3. Development of Human Resources;
4. Central Support Services;
5. A Vulnerable Group Development Programme

To a certain extent, what is proposed is a geographical or horizontal expansion of activities successfully carried out between 1986 and 1989, with expansion of Central Support Services to match the increased volume of field activities. The Rural Development Programme

proposed for implementation in 1990-92, however, represents a further stage in the evolution of a programme that began in 1972 as a relief and rehabilitation effort, but quickly shifted emphasis to rural development and the implementation of a variety of separate projects and programmes, an approach which continued until 1986. In 1985, a three year programming cycle was adopted, and the 1986-88 programme integrated the formerly separate Outreach, the Rural Credit and Training Programme, and the Integrated Rural Development Projects into what is now known as the Rural Development Programme.

Four new features characterize the 1990-92 programme:

1. Adoption of a four year programming cycle;
2. The decision to phase out direct BRAC support to a given area after approximately four years of operation, thus releasing staff and resources for new areas;
3. As a consequence of (2), development of a new and largely self-supporting credit system (separate from the Rural Development Programme and this presentation) to meet the credit needs of villagers formerly served by the Revolving Fund Credit Scheme operated by BRAC Area Offices;
4. Inclusion of the new Vulnerable Group Development Programme (VGD).

The development of human resources underlies everything BRAC does, however two on-going and one new HRD programme have been isolated in this document for administrative and budgetary purposes. The Non Formal Primary Education Programme (NFPE) and the BRAC Training Programme - through the Training and Resource Centres (TARC) - will continue and expand. In addition, BRAC will establish a Management Development Programme (MDP). The basic purpose of the

programme is to strengthen the management capacities both within BRAC and outside in concert initially with existing development programmes. A primary focus of management development, therefore, will be management training for officials involved in various sectors of Rural Resource Management.

The Programme will be unique in that its basic strategy for management development will emphasize field based action learning. Its primary purpose will be training but it will have a field research component which will interact with the training activities. Courses, workshops and other traditional training methods will be developed from field experiences and will be offered only in response to recognized needs discovered in the field.

Implementation of the 1990-92 Rural Development Programme will be based on a foundation of solid accomplishment. While statistics do not adequately describe the nature of BRAC's work, they do provide an impression of the scope of achievements. By December, 1988, 4648 Village Organizations of the landless had been created, with a total membership of 251,000 people. Seventy per cent of the landless households in the areas served by BRAC were represented in the membership. Members of the Village Organizations had managed to save Tk. 55 million. A total of Tk. 118 million in credit was outstanding at that time, and an on-time repayment rate of 93.85% had been achieved. The 1990-92 programme will build and improve on these achievements.



## I. INTRODUCTION

### Nature and Purposes of Programme Presentation

This document serves to present the proposed Programme of Work and Budget for 1990-92 in the Institution Building, Credit, Employment and Income Generation and Development of Human Resources components of BRAC's core Rural Development Programme, the Central Support Services which underpin all of them. The work proposed is a horizontal or geographical expansion of the main activities successfully carried out in implementing the 1986-'88 programme, with the addition of the Vulnerable Group Development Programme and the Management Development Programme (MDP).

### The Setting for the Programme

#### 1. National

Bangladesh with a population of approximately 106 million, growing at 2.4% a year, and with an average income of less than 150 \$ U.S. per year is one of the poorest countries in the world. While reliable and current data are difficult to obtain, what are available suggest that some 70% of the people live in poverty (having less than minimum required levels of calories per day) and 50% are described as living in extreme poverty (having less than 85% of the established minimum). Adult literacy is about 29%, 40% for men and 19% for women. Other indicators of poverty such as life expectancy, infant and maternal mortality, education etc. portray a similarly dismal situation.

#### 2. Village

By whatever yardstick poverty is measured, the 85% of the nation's population living in rural areas is worse off. Just one figure tells the story-90% of that population lives in extreme poverty. Most of them still eke out an existence in agriculture

which holds three-fourths of the nation's labor force and accounts for half its G.D.P. Prospects for the poor to better themselves in the agricultural sector are bleak. Half of the land is owned by the top 10% of the farmers while only 2% is owned by the 10% at the lower end of the scale in terms of size of holding. Half of the rural dwellers are functionally landless, owning less than one half-acre, and possessing negligible assets of any kind. Unemployment averages about 40%. Those lucky enough to find a job manage to obtain about 185 days of employment per year, 115 in crop production and 70 in other related activities. The average daily wage of 30 taka (\$ 1 U.S.) barely suffices to support a family of three at the poverty threshold level of consumption expenditure; but the average size of rural families is 5.7.

A look to the future suggests the plight of the landless, barring massive policy changes and efforts on their behalf, will worsen. By the year 2000, the number of farms could increase from the current 10 to 15 million and the average size, fall from 2.3 to 1.5 acres; and small farms employ less labor than large ones. An additional 23 million people could become dependent on rural non-farm jobs or be forced to migrate to the city. Given their current levels of education and skills, the opportunity for productive employment in the cities is almost non-existent. The plight of the rural poor is a matter of increasing concern to government, many non-governmental and inter-governmental organizations. Numerous programmes, in either experimental or expansion phases are addressing these problems and, in some cases, successfully. But the proportion of those currently in need being reached is still negligible. A major effort is required to meet the even larger challenges of the future.

It is in this kind of setting, aggravated by the then just ended

struggle for independence, that BRAC came into being in early 1972, initially to operate as a relief agency but subsequently, to become a major player in the NGO community's effort to promote rural development.

### 3. BRAC the Organization and its programmes

The Bangladesh Rural Advancement Committee (BRAC) is a non-governmental organization, concerned and staffed by people dedicated to improving the lives of the rural poor. It was established in 1972 as a relief and rehabilitation agency, helping refugees and residents of war ravaged areas of Sulla, Derai and Banyachong upazilas survive and begin the process of reestablishing homes and the means of earning a livelihood. Before the year was out the need was recognized for an approach offering the possibility of long term impact and the emphasis shifted to community-wide rural development. It soon became obvious that the benefits of the community-wide approach would accrue mainly to the elites, the already well off, and the truly poor would receive little or nothing. This led in 1976 to adoption of the target group approach which is still followed today. The target group was defined as the landless poor or, those who earn more than half their livelihood from selling their own labor, with particular emphasis on the women members of the group.

By the end of 1987 BRAC had grown into a many faceted development organization with a staff of nearly 2500 people. Five categories of projects and programmes were being carried out: rural development; projects to generate funds for their own expansion (e.g. handicraft production and associated marketing centres (the AARONG shops); support services (e.g. training, research and evaluation, administrative and management services); Child Survival Programmes; and income generating enterprises (e.g. BRAC Printers). The Rural

Development Programme, BRAC's core programme, was reaching the landless poor through 56 BRAC Area Offices in 36 Upazilas. These Offices had succeeded in creating 4648 Village Organizations, 2554 for women and 2094 for men, with 251,000 members in 2450 villages. Through their own groups, supported by the BRAC Area Offices, large numbers of landless had by the end of 1987: received consciousness raising training in group discussions and in functional education classes (60,000 persons); received occupational and skills training (26,000); gained experience in managing their own affairs; mobilized savings (Tk. 55 million) and unutilized village resources to engage in employment and income earning, group or individual projects; and had received and effectively used individually or in groups, credit made available through BRAC's Revolving Fund Credit scheme (Tk. 272,000,000 of credit disbursed with a 93.85% on time repayment rate). Some 24,000 of their children had attended non-formal primary education classes oriented to their needs and, available in locations and at times fitting in with family work obligations. Very importantly, villagers were beginning to appreciate the importance of group/organizational strength in dealing with the village elite and the bureaucracy to influence decisions in their favour and to access government services. The net result of all of this was that hope was beginning to replace fatalism and, conditions of life in the villages were improving.

But BRAC today is more than the all important village level action just described. That action is supported by five Training and Resource Centres (TARC's) which train village leaders, staff for Area Offices and provide technical support and some types of inputs (fish fingerlings, for example) to village enterprises/projects. A Headquarters Research and Evaluation Division analyses problems

encountered, monitors and evaluates progress in implementation of field activities. Other Headquarters units provide administrative and management services and do so with a minimum of bureaucracy. There are no administrative levels separating Headquarters and the Area Offices. There are only 90 managerial staff members, 70 in the field and 20 at Headquarters. Four of the latter, designated Regional Managers and reporting to a Programme Coordinator, are directly responsible for servicing the 56 Area Offices now in operation.

The Rural Development Programme just described, in terms of field and Headquarters components, is complemented by cooperation with Government and inter governmental organizations (WFP, UNICEF, for example) in implementing large scale programmes to effect immediate improvement in the condition of large numbers of rural people. The Child Survival Programme (CSP) is an example, with two-thirds of the nation already having benefitted from implementation of the oral rehydration component. These programmes are similar in that they provide the opportunity for BRAC experience and facilities in implementing the landless poor targeted approach to be brought to bear and, hopefully, to influence the continuing operation of government programmes.

BRAC carries out, in addition to the Child Survival Programme, several other activities which do not form part of the programme proposal described in subsequent sections of this document. Of special importance for the long run success of the Rural Development Programme is the Rural Enterprise Project. It is through this Project that an effort is made to identify and develop technologies and enterprises offering greater potential for increased productivity and income than is the case with the small scale, low technology activities which comprise the bulk of current RDP lending programmes.

It is this kind of project that offers hope for BRAC to do more than bring its clients to a subsistence level of existence.

BRAC is registered as a non-governmental organization under the Society Act of 1860 and, also under the Foreign Donations Regulation Act 1978. As required by the Societies Act, BRAC was registered by a General Body (of 15 members in the BRAC case). The General Body elects a six member Governing Body to provide policy direction and oversight. In practice, the Governing Body delegates most of its responsibilities to the Executive Director whom it appoints.

#### 4. Experience in implementing the 1986-88 Programme

Two aspects of 1986-88 Programme implementation have influenced preparation of the 1990-92 proposals: results achieved in the villages; and changes in the format of programme presentation introduced in 1986-88.

The impressive statistics on accomplishments at the village level to date, recorded in the previous section on the BRAC organization and programmes, are to a considerable extent a reflection of what happened in 1986-88. These accomplishments serve to confirm the BRAC management view that the core Rural Development Programme, as it is now conceived and implemented, is ready for replication in a much wider area than now served. Further, it is believed that most Area Offices, after about four years of operation, will have carried the conscientization and institution building processes to the point where the Village Organizations can continue without BRAC support. To provide an alternative source for credit, formerly made available by the BRAC Area Offices during their approximately four year period of operation, steps have been taken to develop a new and largely self-supporting credit system namely the BRAC Bank Project.

In the 1986-88 programme the formerly separate programmes, Outreach (concerned with conscientization and institution building) and Rural Credit and Training (concerned with employment and income generation) were integrated. This move simplifies administration and should enable BRAC to move more rapidly into new areas. The chances of success in alleviation of poverty are enhanced, also, when these two essential components of the process are implemented together. The integration is retained in the 1990-92 presentation and complemented by the addition of the Vulnerable Group Development Programme and the Management Development Programme.

## II. FRAMEWORK FOR PROGRAMME FORMULATION

The Organisation's objectives and strategies establish the broad framework for programme formulation.

### Objectives of the Rural Development Programme

The ultimate objective of the BRAC Rural Development Programme is making a contribution to a more just and equitable society in which aware, knowledgeable and confident landless men and women are joined together in their own organisations to attain a high degree of self-reliance in managing their own affairs and in influencing external decisions to achieve sustained improvement in levels of living.

This objective is pursued mainly through three major component programmes and associated sub-objectives as follows:

- (1) **Institution Building:** Helping create, orient or strengthen the organizations constituting the institutional infrastructure needed for continuing progress in improving the lot of the landless through (a) preparing the landless rural poor in terms of awareness, understanding and motivation to create and manage their own organizations and, through them, to assert their rights in obtaining equitable access to resources and services and to influence the decisions affecting the quality of their lives; and (b) establishing links, working with, orienting and strengthening government departments and other organizations/institutions to better serve the needs of the landless rural poor.
- (2) **Credit, Employment and Income Generation:** Helping establish the economic base for a better life by making available credit, associated services and facilities to enable the landless to be employed and earn income through providing village services or, engaging in productive enterprises.



- (3) Development of Human Resources: Helping provide the educational foundation for sustained improvement in levels of living by assuring access for landless men, women and their children, to a minimum level of relevant formal or non-formal education or training.

Activities, targets and resources for achievement of these intermediate objectives constitute the content of the Programme of Work in each of these components of the rural development process. It may be noted that pursuit of these sub-objectives also, dictates work in the Central Support Services and in the Vulnerable Group Development Programme which is treated separately in the text.

#### The Strategies Which Guide Programme Formulation and Implementation

In 16 years of experimentation and search for effective ways of assisting the rural poor, BRAC has evolved some general strategies which help to establish what is done and how. Some of these strategies, which are reflected in the 1990-92, proposals are:

1. Concentrate on a specifically defined target group. For BRAC, this is the landless rural poor, those who earn more than half their livelihood by selling their own labour, with particular emphasis on women members of the group.
2. Undertake activities in areas where the target group is not yet served or, not well served by government or other non-governmental organizations. Within the past year this strategy has been modified through adoption of a two-pronged approach: initiation and implementation of BRAC's own intensive and comprehensive programme in the neglected areas but parallel, thereto, cooperating with government departments, inter-governmental and non-governmental organisations in implementing large scale, although non-targeted sectoral programmes. Through

such cooperation, BRAC seeks to influence the programmes to effectively serve larger numbers of its own target group, the landless poor.

3. Provide services on a temporary basis, with the aim of withdrawing when either the group served has achieved self-reliance or when a governmental or some other type of institution has been created, strengthened or reoriented and is in a position to assume responsibility. In this connection, the intervention period for a BRAC Area Office has now been established as an average of three years.
4. At any given time, operate some programmes which are experimental and innovative in character, seeking more effective and less costly ways of better serving the rural poor and their changing requirements.
5. Place special emphasis on mobilization of resources at several levels:
  - a. The individual, by providing the opportunity for development and realization of full inherent intellectual and physical capacities.
  - b. The village, by mobilizing savings of the villagers and identifying unused or underutilized resources such as roadside and canal side land, abandoned ponds, etc. which could serve as the basis for employment and income generation.
  - c. The level of government, inter-government, non-government, or private organizations to ensure that the landless have actual access to what should be available to them, that specified amounts actually reach the villages, and that projects designed by such organizations benefit the poor.

## The Programme Proposals

For purposes of convenience in presentation, the Rural Development Programme is broken into components: (1) Institution Building; (2) Credit, Employment and Income Generation; (3) Development of Human Resources; (4) Vulnerable Group Development Programme; and (5) Central Support Services. The classification is arbitrary in that activities under any one heading are likely to be relevant in achieving the objective(s) of another. This has led to full treatment of any given activity under the component where its impact is likely to be greatest and, then, making a cross reference in the treatment of other components where it has relevance. A further complication in presentation of the programme is the fact that certain BRAC activities having a major impact in the field of rural development - e.g. in health is not included as their funding is already secured. Accordingly, treatment of these important activities is largely confined to occasional mention.

### III. INSTITUTION BUILDING

#### Objective(s)

Helping create, orient or strengthen the organizations constituting the institutional infrastructure needed for continuing progress in improving the lot of the landless by (a) preparing the landless rural poor in terms of awareness, understanding and motivation to create and manage their own organizations and, through these, to assert their rights in obtaining equitable access to resources and services and to influence the decisions affecting the quality of their lives; and (b) establishing links with, orienting and strengthening government departments and other organizations to better serve the needs of the landless.

#### Background and Justification

The landless are illiterate, assetless, powerless, malnourished, dejected, exploited and completely dependent on the elite for jobs, credit and mere survival. Until the poor are conscientized to identify, analyse and understand the reasons for their poverty, exploitation and dependency and are able to perceive the need for both enhanced self-reliance and group action in effecting change and, get organized, their miserable state of existence will continue.

BRAC through its 16 years of experience in institution building, refined in implementing the 1986-88 Rural Development Programme, has evolved an effective approach to institution building which is now ready for spread to a wider area. Since institution building is the starting point and foundation for all BRAC activities, such spread is a critical element in implementation of the 1990-92 Programme. The significance of this observation is readily apparent, for example, in the case of the credit programme which is based exclusively on the

combination of the Area Offices and Village Organizations, both created by BRAC.

The activities required to prepare (conscientize) the villagers and to establish the institutions, the targets to be achieved, the major categories of inputs required and the costs to be incurred are the subjects of the section on activities.

#### Activities

##### Establish BRAC Area Offices

Establishment of an Area Office\* is currently BRAC's exclusive way to initiate field action. By 1992, 30 new Area Offices serving 1500 villages in 90 unions are to be established. Under the new strategy, to be adopted in 1990, each Office will operate for approximately four years at which time BRAC subsidised lending, conscientization and training services will end and the Village Organization will be considered as having reached the stage of self-reliance. Consideration is being given, also, to development of a self-supporting credit system which would provide credit to villagers when the BRAC initiated and subsidized programmes ceases to operate at the end of approximately four years.

Where the new Area Offices will be located has not yet been determined but the criteria to be applied in making the decision include: degree of poverty and landlessness; ease of communication; the law and order situation; availability of banking facilities; presence or absence of similar programmes operated by other NGO's or government; desirability of geographical spread; and the learning opportunity provided by operations in different environments.

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\* A BRAC Area Office will normally serve 50 villages with an average population of 65,000, comprising 11,000 households. Of the latter about 6,300 will be landless households and the target of BRAC attention. For detailed outline of an Area Office in each of its three years of operation, please see Table 1.

Each Area Office will have university educated staff consisting of an Area Manager, three general Programme Organizers (POs), Specialist Programme Organizer for non-formal primary education, an Accountant and a Cashier. All will be recruited from outside the area in which they will work and will receive 10 days of orientation training at a Training and Resources Centre (TARC). To share the workload and help prepare Village Organizations to handle their own affairs, BRAC will recruit local village level workers, Palli Shebok/Sebika (PS). Qualifications include the secondary school certificate. Each PS will be responsible for 5 villages.

The Area Office staff will be responsible for all of the activities involved in preparing for, establishing and ensuring successful functioning of the Village Organizations, separate for men and women, and for the federation of such organizations at Area Office or union and upazila levels. These activities are detailed in the next section on formation of Village Organizations.

#### Establish the Village Organization

Establishment of the Village Organizations marks the culmination and institutionalization of a number of activities and processes set in motion by BRAC intervention in the villages. It is the creation of the landless poor's own organization, the center piece of BRAC's Rural Development Programme, to provide for continuity in the fight against poverty and the struggle for increasingly improved levels of living. Most of the processes or activities involved continue, sometimes intermittently throughout the four year period of RDP's intervention and some must continue indefinitely. Many are undertaken simultaneously. Accordingly, the elements described below are not always in strict chronological order.

Introduction of the processes begins following a Programme

Organizer's (PO) visit to a village to identify the landless and to do an informal survey of their situation. Consciousness raising is a first and continuing order of business. In individual talks with the PO, in small groups, separate for men and women, and then larger ones, common problems are identified, their causes analyzed and the possible approaches to solutions are considered. Hope begins to replace resignation and people want to learn more about what they can do as individuals and in groups. Some begin to visit the BRAC office. Two or three are selected by the group to attend a five or six day consciousness raising course at a Training and Resources Centre (TARC). They return enthusiastic about what they have learned. More and more people come to group meetings so they too, can learn.

Within two or three months, group discussions are attracting 25 to 30 persons on a regular basis. It is time to begin formalizing the groups by adopting some operating rules and agreeing on some activities. A regular meeting schedule, usually once a week, is fixed. Members agree to begin a regular savings programme with each member saving each week one or two taka or, such other amount as the group may decide. An interest bearing group account is opened in the local bank. The need for group leadership is recognized, a 5-7 member management committee is elected, and the members are sent to a TARC for training.

Interest continues to build in what was learned by the persons sent away for consciousness raising training. One person is selected from each village to be trained as a teacher to conduct functional education courses consisting of two components: (a) consciousness raising and (b) literacy and numeracy. All group members take the former while literacy and numeracy training is taken only by those genuinely interested.

After about five or six months of discussion and training, the process begins of mobilizing local resources in addition to group savings. Members try to identify simple, low cost activities that can be financed, from the still modest accumulation of savings, to improve their economic situation. Three persons, for example, might be granted a loan to purchase a goat. Women will see possibilities such as in buying, husking and selling rice and, receive a small loan for the purpose. Individual or group loans are possible but with the limited funds and still fragile group cohesion, individual loans are more likely. Implementation of these small projects serves mainly as training for subsequent use of larger loans in more complex activities. The search is on for unutilized or underutilized village resources - land along canals or roadways, abandoned tanks which could be rehabilitated and used for fish production, the possibility of drilling a well and managing the supply and sale of water to farmers and, perhaps, even acquiring a share of khas land for planting or pasture.

By the time villagers start thinking about these larger schemes, a year of working together may have gone by. The group's own savings are seen as grossly inadequate. It is at this point that the BRAC's Revolving Fund credit scheme is introduced. Discussion here will be focused on the institution building aspects with consideration of how the scheme works left to the section on Employment and Income Generation.

The institutions involved in the provision of credit, apart from the local bank which serves as custodian of funds, are the BRAC Area Office as the lender and the Village Organization as the borrower. It is the latter that receives the loan funds, disburses them to individuals or small group borrowers, collects the repayments weekly



and, hands them over to BRAC on a periodic basis. Borrowers conduct their business with their own Village Organization. Another group angle of interest relates to loan security. BRAC revolving fund loans do not require borrower assets as security. What is required is that the 3-5 member group, within the Village Organization of which an individual borrower is a member, approve the loan for subsequent consideration by the Village Organization as a whole. Should the borrower default on loan repayment, none of the members of his/her small group would be eligible for a loan until repayment had been effected. This arrangement, barring natural disasters, offers strong security for a loan as is demonstrated by the fact that the BRAC credit scheme currently realizes a 93.85% rate of repayment on time. As regards institutionalization of credit arrangements, it is to be noted that a BRAC Area Office is a temporary player to be replaced at the end of approximately four years by a largely self-supporting credit system now under consideration.

In the second, third and fourth year of operation of a BRAC Area Office, it is income generating activities and the enabling credit operation which serve as the main means for strengthening the solidarity of the village groups. As noted above credit is available to an individual only as a member of a group and the nature of security is such that there is both a strong incentive for an individual to be a member of a group and strong pressure from his/her peers to be a responsible member. The incentive and pressure combine to create a demand for training in project planning, management, accounting and other human development fields as well as in the technical knowledge and skills to implement projects. Members come to appreciate that the skills, knowledge and cooperation of each and everyone are important in creating a strong group.

By the beginning of the third year, it is likely that a minimum of 50 to 60 percent of the landless in a village, men and women each in their own groups, will be regular participants in groups ranging in size from 50 to 100 members. Through experience and training gained by that time, and to be gained during the remainder of the third and fourth year, it is expected that the need for group action will be so strongly recognized and the leadership and solidarity so much in evidence that most Village Organizations will be able to carry on without BRAC assistance. The processes initiated by BRAC will have been institutionalized in the Village Organization, the most important element in the institutional infrastructure for furthering the interests of the landless poor.

Targets established for a first, second, third and fourth year Area Office, has been set in the light of past experience to be achieved in covering villages, membership, savings and lending as given in Table - I.

Table - I: Targets of a single Area Office in its First, Second, Third and Fourth year of operation.

Year	Village coverage	Village organization	Membership	Saving	Functional education	Non-Formal primary school	Credit disbursement/year end outstanding
Year-1	30	60	2400	150,000	40	15	612,000
Year-2	50	100	4500	575,000	120	15	1,858,000
Year-3	50	100	6000	1,150,000	40	15	3,832,000
Year-4	50	100	6000	1,750,000	--	--	6,457,000

#### Federation of Village Organizations

In the course of group discussion, it soon becomes obvious that many problems cannot be solved at the village level, or by one village

acting alone. Wage bargaining action, large scale economic activities and access to government services require a number of Village Organizations to act jointly and to bring pressure to bear at union and upazilla levels. This has led to grouping of Village Organizations served by one BRAC Area Office, or located within one union, to meet monthly and address such issues and to conduct negotiations with governmental or other authorities concerned. In a few instances, where BRAC has operated for some years, the Area Office or union level groupings are being federated at the upazila level. Further federation at both levels is to be encouraged in the 1990-92 period but neither targets nor geographical areas for such action have been established.

**Establish links and cooperate with government departments in implementing their programmes**

BRAC cooperates with government departments in implementing programmes that are directed to the total rural population, as contrasted with BRAC initiated programmes which are directed exclusively to the landless poor. Such cooperation, however, enables BRAC to make available its experience and facilities to government in reaching very large number of people throughout the nation more rapidly than possible through its independent action. It contributes to institution building in that it is a means of strengthening and reorienting government services in favour of BRAC's own target group, the landless poor. Such programmes are now in operation in the health field, through a very large programme not forming part of this presentation, and also, in the Vulnerable Group Development Programme which is described in a separate section.

#### IV. CREDIT, EMPLOYMENT AND INCOME GENERATION

##### Objective

Helping establish the economic base for a better life by making available credit, associated services and facilities to enable the landless to be employed and earn income through providing village services or, engaging in productive enterprises.

##### Background and Justification

The landless poor have traditionally depended mainly on jobs in agriculture to earn a living. With rapid population increase and changes in the structure of agriculture, employment opportunities do not match the number of new entrants into the labor force, to say nothing of the inadequacy of opportunities for present members. Projections by the World Bank indicate the situation will worsen in the decades ahead. Some 70% of the rural labor force will need to find jobs outside agriculture. Few of the landless poor have the education and skills required for industrial or productive services employment in the city. Opportunities outside agriculture, now available in the rural areas, are limited and mainly of subsistence sustaining nature. It is to creating opportunities in rural areas that this proposed programme is directed.

Employment and income generation play a significant role, also, in BRAC's own institution building efforts. Institution building does not progress in a vacuum. It occurs as people seek to organize to achieve specific goals which are important to them. High on the list of priorities is gaining the income to cover a family's basic needs for food, clothing and shelter. If the possibility is offered to achieve some early results to this end, interest and participation can be maintained in building the institutional base to serve similar needs in the future.

BRAC experience has produced some effective approaches to employment and income generation. A central feature of the approaches is extension of credit. It has been learned that the landless can be good credit risks with appropriately designed and implemented programmes and, also, that poor as they are they can make savings for their own betterment. Along with unutilized or underutilized village resources, these savings form the starting point for activities that generate jobs and income. The landless do need access to external credit, technical support and inputs for achieving other than very modest improvement in their level of subsistence. BRAC has evolved a system for providing this support. Based on experience gained, BRAC is posed for a considerable horizontal expansion of activities for employment and income generation to meet the needs of the assetless.

#### Activities

BRAC proposes to promote employment and income generation in the 1990-92 period mainly through expansion of its Revolving Loan Fund credit scheme. The expression credit is used here in the all inclusive sense of referring to the lending operation as such but, also, to the supporting actions which ensure its success - training of borrowers, mobilization of local resources, provision for supply of inputs, technical support, supervision and monitoring. Because of the critical importance of credit in the Rural Development Programme, the entire credit system is explained in some detail. The general explanation is complemented by discussion and examples of how credit is extended to particular enterprises or sectors to promote employment and generate income. Targets for lending in 1990-92 are provided along with the implications in terms of inputs and budgetary requirements.

The nature and functioning of the Revolving Loan Fund credit scheme\*

BRAC's credit operation, initiated as the Rural Credit and Training Project in 1979 and integrated into the Rural Development Programme in 1986, is directed to meeting the needs of the landless poor who are largely excluded from institutional credit and are forced to rely on relatives and money lenders, the latter of whom may charge interest rates of 100% or more. The landless do not have the assets to offer as the collateral normally demanded as security for a loan by institutional lenders. This is the environment in which BRAC, certain other NGOs and the Grameen Bank initiated lending operations exclusively directed to meeting the requirements of the rural poor and accepting group guarantees of repayment as collateral. By the end of 1988, BRAC had extended credit on these terms in the amount of Tk. 272,000,000 and had realized an on time, cumulative repayment of principal rate of 93.85%.

Currently, BRAC's credit facility takes the form of a Revolving Loan Fund (RLF), operated within the framework of the Rural Development Programme, designed to meet the credit needs of BRAC's landless group members. Loans realised are credited to, and form a part of the fund which is used for extending further credit. This revolving process (lending, recovering and again lending) ensures that credit facilities are available, eventually, to all group members for use in creating self employment and earning income.

The Revolving Loan Fund has as its objectives contributing to:  
(1) stimulation of employment for both men and women; (2) mobilization of unproductive or underutilized local resources (for example village ponds, unused government land); (3) stimulation of new kinds of rural

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\* This section is extracted from a paper entitled "RURAL CREDIT AND SAVING PROGRAMME OF BRAC - A CASE STUDY" By S. A. Karim, June 1987.

industries (for example seri-culture, which had previously been confined to only one part of the country); and (4) diffusion of appropriate technology and encouragement of more efficient uses of existing technology (for example, in fish culture, irrigation and horticulture).

Nine basic rules serve as guidelines for the granting of RDP loans:

1. The loan will be granted on a self-liquidation basis. Repayment of principal and interest must derive from the use to which the loan is put.
2. No loan is given for consumption purposes (with the exception of housing).
3. No loan is given to a borrower to buy land from another borrower who owns less land than he does.
4. Since poor people have competing demands on their income, loan repayment must follow receipt of the income.
5. Loans are given on margin. The borrowing group must contribute some of its own resources, thus ensuring that all members have a significant stake in the success of the venture.
6. No "collateral" in the normal sense is required, unless it is available from previous projects or group resources.
7. There will be continuous and intensive monitoring of the project during the life of the loan.
8. Priority in loans is given to projects which have a strong development component.
9. Priority in loans is given to projects with visible economic and social profitability potential.

**Processes for Sanctioning of Credit:** To be eligible for loans a group has to meet the following conditions:

1. It must have regular weekly meetings and make regular savings deposits.
2. It must have a bank account.
3. It must be able to manage its own finances and administration.
4. It must have savings equivalent to ten percent of the loan requested (as explained in the section on Institution Building. BRAC contends that every individual, no matter how poor, can save something and that such saving is essential to give a borrower a personal stake in the outcome of any project, mainly financed by a loan).
5. The members of the group must have completed functional education training.
6. It must have proved group cohesiveness.

The processes entailed in a newly formed Village Organization meeting these conditions normally take at least six months. In the early stages of the credit programme, a one year period was thought sufficient to create group cohesion but experience has shown that period can be shortened through more structured educational inputs.

Since loans normally require almost no collateral, a further requirement is that 10% of the loan amount is set aside. Five percent of this amount is deducted as savings and the other five percent as group tax.

**Loan Proposals:** Loan proposals are screened and approved by the groups (village organizations) during their weekly meetings. To have a valid meeting, at which a loan proposal is approved by the group, two-thirds of the membership must be present; and 75% of those



attending must approve the loan application. Participation and group responsibility are thus essential elements of the loan process.

After the group has approved the loan application, the BRAC Programme Organizer responsible for the group submits it to the Area Office Manager. If the loan is below Taka 5,000 it can be authorized by the Area Manager. Amounts greater than that, up to Taka 10,000 is authorized by the Regional Manager. A loan request upto Taka 40,000 is approved by the Programme Coordinator and loans over Tk. 40,000 requires the approval of BRAC's Executive Director.

**Types of Loans:** Loans are of three types in relation to duration: (i) short term, repayable within one year; (2) medium term, up to three years, and (3) longer term. The duration obviously depends on the nature of the scheme.

Loans can be given to individuals or to five to seven member sub-groups (or even larger, possibly involving persons from several VO's - a brickyard, for example) within a Village Organization. If the loan is to an individual within a sub-group it must receive the approval of that group before it goes to the Village Organization for final approval. For effective supervision of loans, a Management Committee of five to seven members, selected by all members, is formed within each Village Organization. The duties of the committee are to supervise all loans.

The types of projects funded by loans include (1) paddy, potato and other crop cultivation, primarily on leased land; (2) irrigation projects in which the landless own the tubewells and supply water to farmers; (3) paddy and oil seed husking; (4) cattle and goat rearing; (5) rural transport, primarily rickshaws and push carts; (6) rural industry including rice mills, brick fields, weaving, seri and eri-culture (silk production), and api-culture (bee keeping); (7) lease-of

market space; (8) petty trading; (9) fish culture; (10) poultry keeping; (11) vegetable and horticultural nurseries; and (12) food processing.

The smallest loans that have been given are Tk. 300, the largest Tk. 1,000,000.

**Interest Rates on Loans:** The prevailing interest rates in Bangladesh in the formal credit sector range from 16% to 36%. Research has shown that if the income generating potential of the scheme is high, borrowers do not feel that the payment of interest is unreasonable up to about 36%. When loans are numerous and small, interest rates lower than 16% do not cover the operating expenses and losses of the lenders. Technical training, supervision, monitoring and inflation all force the costs of loans higher.

BRAC loans are provided at an 16% interest rate, both to individuals and to groups. In addition, 5% is added as a group tax which becomes a common fund of the village organisation.

**Money Transfer Procedures:** Loans are issued in the form of cash by the RDP Area Offices to loanees in the presence of the members of the Management Committee. The Polli Sebok/Shebika of BRAC collect repayment from the loanees and deposit the money with BRAC Area Office.

**Technical and logistical support:** As BRAC has gained experience with the credit programme it has learned the various infrastructural constraints that surround income generation activities. A need for BRAC to develop technical and logistical support in the extension of credit became necessary as lending became more diversified. Most rural areas still lack the normal infrastructural support required for business activity. Assistance with such services is still relatively new in the Rural Development Programme and experimentation to

determine most effective and efficient approaches is on-going. The technical and logistical supports now being provided include:

1. Facilitating the supply of inputs. At the time of sanctioning a loan, RDP helps the group examine its input needs. If the required inputs are unavailable, the BRAC Area Office assists the group with procurement. In fish culture activities, for example, where a steady supply of fish fingerlings was not available, RDP helped some of the village groups to develop and maintain fish nurseries from which other groups are now supplied. Other inputs which the centres have been able to make available include improved seeds for vegetable gardening, seedlings of improved tree species, fertilizers, spare parts for machinery, etc.
2. Supplying necessary technical support. Borrowers may face technical problems for which they do not have solutions. For example, a leased paddy field may be attacked by a pest and the borrowers do not know which pesticide to use. The Area Office or the Programme Organizer will help them consult government agricultural officers or, BRAC's agricultural experts to find out the correct pesticide and, if necessary, will assist in procuring it. To respond to such needs RDP trains its own staff and develops village paraprofessionals in various fields, as for example, maintenance mechanics and operators for pumps and tubewells in the irrigation projects.
3. Facilities for warehousing and marketing. Warehouses with capacities for storing one hundred tons of grain each have been constructed in a number of the RDP Area Office compounds. These are used for storing both inputs and

produce. Such storage enables warehouses to take advantage of higher prices prevailing at different times of the year.

4. Special programme supports such as vaccination activities for livestock and poultry have been developed. Borrowers in livestock and poultry schemes were incurring losses due to diseases, and no adequate government infrastructure was available to supply needed services.

The organizational structure through which the Revolving Loan Fund operates consists of the Village Organization as the borrower and the BRAC Area Office as the lender. Both of these organizations and how they function have been described in the section of this presentation dealing with Institution Building.

How all of the procedures and conditions of lending and the services that support implementation of loans are applied in actual lending is described and illustrated, with some examples of sectoral/enterprise loans, in the following section.

#### Using the Revolving Loan Fund to finance employment and income generating activities and enterprises

The Revolving Loan Fund just described extends credit for four broad categories of activities or enterprises for generating employment and income: (1) village services such as household level processing, transport and petty trading which are required in villages throughout the nation; (2) productive enterprises such as poultry, livestock, horticultural and field crop production with resource requirements that make their conduct feasible nation-wide; (3) enterprises such as seri and eri culture, pisciculture or an activity such as provision of irrigation facilities which are location specific in terms of resource requirements; and (4) other enterprises/ technologies to be identified, developed and tested to make possible sustained increases in productivity, employment and income.

Lending for the provision of village services can bring immediate benefit to destitute borrowers, employment for a good number of days per year and, requires few or no skills beyond those normally possessed by villagers. Women can borrow money to buy paddy for husking, carry out the work, sell the rice and have an immediate income. Men who borrow to buy a rickshaw or push cart start earning the day the vehicle is received. Petty traders, men or women, are in business as soon as they receive the loan and purchase the raw materials, produce or household goods and begin selling. The disadvantages of all of these activities are that the potential for earning anything more than a bare subsistence level of living are not great and, for some, the possibility of becoming redundant due to introduction of new technology. An example of the latter is the introduction, already in some areas, of machinery to do the paddy and oil seed processing formerly done by women at the household level.

In the 1990-92 period it is estimated that 250,000 persons might benefit from loans for the provision of services and, the total amount lent might reach Tk. 725,000,000.

Poultry, livestock, agriculture and horticultural enterprises of some kinds and on some scale, are carried out by at least some villagers in all the nation's village. The technology employed may be largely traditional and the numbers of persons engaged, less than would be possible if training, credit and associated input supply and technical support services were readily available. Improved technology is available within the country to increase earnings from the conduct of these enterprises and the potential for increased income is greater than in the provision of services.

To encourage expansion in the number of persons engaged in such enterprises and to promote increased productivity, resources have been

earmarked in the 1990-92 budget to provide training for 89,600 persons.

Seri-culture, eri-culture, pisciculture, apiculture and installation of irrigation facilities require resources or conditions that are not universally available in Bangladesh villages. Certain of these such as seri-culture are traditional enterprises in some localities. Other areas where the food for the worms (mulberry trees or shrubs) can be produced need to be located and the technology introduced. Engaging in fish production requires a suitable body of water or plot of unused land where a pond can be dug, along with the introduction of technology and supply of fingerlings. Similarly, the possibility to engage in the installation of irrigation facilities and the sale of water to farmers does not exist in every village. Where the natural resource base exists, engaging in these kinds of enterprises/facilities can produce a more favourable income than either the provision of services or conduct of the enterprises common to all villages.

The estimated numbers of persons likely to benefit from loans in these areas in the 1990-92 programme period are 3400 in seri or eri culture; 2100 in pisciculture; 600 in apiculture. To prepare villagers to engage in these enterprises, budgetary provision has been made to train 3420 in seri or eri culture; 2100 in pisciculture; 125 mechanics in operation and maintenance of irrigation facilities and 600 in apiculture.

Because of the importance of agriculture, irrigation, sericulture, livestock, poultry and pisciculture in total lending for employment and income generation, lending for each of these enterprises/activities is described in the following sections.

**Agriculture:** Opportunities for the landless in agriculture are confined to earning wages, share cropping or leasing land for crop production. Loans are extended to individuals or groups to pay off mortgages, lease/rent land, establish horticultural nurseries or to pay for inputs in producing summer and winter crops including paddy, wheat, bananas, betel leaves, potatoes, vegetables and spices.

Identification of opportunities for investment is the primary responsibility of the borrowers, the small group and Village Organizations of which they are members. Since land needs to be rented or leased from others, the potential profitability of the proposed undertaking must be carefully studied. BRAC assists in preparing the feasibility studies and by providing skills and management training, technical advisory services and help with the procurement of inputs such as fertilisers, insecticides and seeds required in loan implementation. Loans may be granted for both fixed and operating costs, including post-harvest ware-housing charges where delay in marketing appears advantageous. BRAC monitors implementation of the schemes and provides continuing support, including any training needed, mainly through its Training and Resource Centres (TARC's).

**Irrigation:** Introduction of irrigation technology in agriculture in Bangladesh has invariably favoured the rich and ignored the poor. The purpose of BRAC's lending for irrigation is to make the poor the owners of irrigation assets and thus to enable them as well as landowners to benefit from the introduction of this technology into the community. Groups of villagers are given loans to acquire equipment and install tubewells, lowlift pumps and hand pumps. The landless Village Organisations manage the facilities and sell water to farmers. The Village Organisation management committee, or more commonly a separate irrigation scheme management committee is

responsible for ensuring proper installation and maintenance of facilities, arranging and finalising contracts with the farmers who purchase water, maintaining accounts and collecting water charges, either in cash or in kind. The borrowing group's leaders, that is the members of the management committee, discharge their functions with BRAC assistance which includes provision of credit, arranging skills and management training, helping with purchase of the irrigation equipment and provision of technical and management advice as needed. Beneficiaries of the programme are members of the Village Organisation, the labourers who find employment in installation and operation of equipment and the farmers who receive water.

**Sericulture:** BRAC's sericulture programme is essentially an income and employment generating activity for poor rural women. It is a family based cottage industry generating significant supplemental income for participating households which, in turn, supply cocoons or thread to a larger production process consisting of weaving, dyeing, block printing, embroidery and making of clothing and other cloth products. Employment is created for the growers of trees, the rearers of cocoons and all of the others involved in the chain of production described. A market for the final products is provided by BRAC operated Aarong shops.

Silk worm production technology is well known in certain parts of Bangladesh where it is traditional. BRAC is helping introduce sericulture in other ecologically suited areas. For this purpose, few additional service centres will be established to, among other things, produce eggs for distribution to the village rearing centres which are key components in the process of introduction. Such centres, operated by BRAC trained villagers, receive eggs from BRAC or government



## Livestock:

Livestock rearing is carried out in all RDP areas and involves both men and women members of Village Organisations in raising beef or milch cattle to earn a living.

BRAC provides training to rearers and ensures a regular supply of vaccines and medicines through para-veterinary workers. Each rearer is given a card on which the para-vet records vaccinations and visits. BRAC selects and trains a team of three para-vets per union (15000 people), preferably two female and one male. The initial training period is 45 days, followed by regular refresher courses given by qualified BRAC DVMS. The para-vets ensure regular vaccination in their areas and treat cattle. For this purpose stocks of veterinary medicines are maintained. Para-vets receive no salary and earn their living by charging fees for vaccinations and treatment provided to animals owned by cattle rearers.

Each para-vet will collect vaccine from BRAC stock or from government veterinary departments. In addition to doing vaccinations, para-vets will visit rearers and advise on feeding and management of cattle.

As of the end of 1987, Tk.12,758,000 or 17.33% of total credit disbursement had been extended for cattle raising. In the 1990-92 period, the programme is to be expanded as follows:

	1990	1991	1992	Total
Para-vets to be trained	200	200	200	600
Rearers to be trained	4500	4500	4500	13500

Artificial Insemination Centres: Each RDP Area Office will set up and operate an artificial insemination unit as a step towards upgrading local cattle breeds. A qualified and skilled para-vet will be selected and specially trained for one month to manage the unit and

provide service to cattle rearers on a fee basis. Semen will be collected from the District Livestock Office. The para-vets will do regular visits to ascertain the success of insemination and to advise on feeding and management.

**Poultry programme:** BRAC's poultry programme has a significant record of success in income and employment generation for rural women. It is a programme suited for implementation in diverse environments and thus, for wide-spread implementation. The programme is low cost, low risk, requires little skill and can be carried out simultaneously with other household work. Training, for potential poultry rearers (60,000 in 1990-92) and for village women who serve them as poultry workers / vaccinators (3000 in 1990-92) is the key component of the programme. Distribution of Department of Livestock (DOL) supplied vaccines, other veterinary medicines, eggs, chicks and cocks of productive breeds of poultry, complements training in making programme implementation possible. The major thrust of the programme is to train and prepare women to earn an income through involvement in one or several aspects of poultry rearing: (1) as a poultry worker cum vaccinator; (2) as a key rearer; (3) as a model rearer and (4) as a chick rearer.

Selection, and methods of training for the various types of involvement are as follows:

1. Poultry workers cum vaccinators - at least one woman (or more, depending on number of poultry rearers) is selected from each village to undergo six days of training by a Doctor of Veterinary Medicine (DVM) to learn inoculation/vaccination procedures, other aspects of disease prevention and control and, husbandry practices and, subsequently, to receive one day of refresher training each month for the two year duration of the programme.

2. Key rearer - every woman, participating in the programme, not trained as a poultry worker cum vaccinator is trained, initially, as a key rearer in one of two ways - (a) as one of 10 persons selected from each village, as the first to receive training and become a promoter and demonstrator, for three days of training by the DVM in scientific poultry husbandry practices for successful poultry rearing or, (b) for all others, training in the villages in groups of 25 by the Programme Organizers (POs) giving three days of training and three days of field work in sequence; and, subsequently, all key rearers receive one day of refresher training every two months for the two year duration of the programme.
3. Model rearers are selected, successful key rearers, given five days of specialized training by a DVM or senior PO and, subsequently given one day of refresher training every three months.
4. Chick rearers are selected, successful key rearers, given 10 days of specialized training by a DVM, including classroom instruction and work in a chick rearing unit and, subsequently, given two days of refresher training every three months.

It is considered desirable that productive breeds of poultry be used in the programme and that their introduction be through supply of eggs, chicks or, of cocks to upgrade local breeds. DOL supplies the chicks or cocks at cost price.

Priority attention is given to disease prevention and control. DOL provides the vaccines free of charge. The trained poultry workers cum vaccinators, who are not paid a salary, do the vaccinations and collect a fee of Tk. 0.15 to 0.25 per bird. Vaccines are distributed

to the workers in each village once a month to ensure a regular programme of vaccination.

**Pisciculture:** Pisciculture provides the opportunity to make productive use of otherwise unusable land, derelict ponds and other bodies of water to generate employment and income and, also to improve nutrition. Depending on the scale of resources available, the enterprise can be of household or group level.

Occasionally, small ponds are available to households. Normally, these households have the potential feed supply, also, in the form of compost that can be made from readily available vegetable waste, cowdung and poultry droppings. Larger ponds or unused sections of canals may be leased by groups which would make use of the same feed supply. Irrespective of whether the enterprise is household or group based, the essentials for success are the same: wise selection of the water source; soil testing; proper excavation of the pond and arrangement for water control; appropriate fertilization of the pond; good fish management practices; and a reliable market.

BRAC loans for pisciculture are made available on either an individual or group basis. In the case of group loans, the group will select a five to six person management committee to assume responsibility for distribution of work, control of funds and organizing technical support. The latter is provided by BRAC which, in addition to making loans available to pay for pond leasing and operating expenses, provides skills and management training and helps arrange inputs and, particularly, supply of fingerlings through village nurseries (600 additional to be established in 1990-92).

**Other enterprises/activities:** It is not possible to identify in advance all of the opportunities for productive lending that might

materialise during the 1990-92 period. Such opportunities will be extremely important in achieving the overall goal of the Rural Development Programme, that, is increasingly improved levels of living for the landless. Loans for provision of village services can do little more than help achieve a subsistence level of income. The possibilities for doing better than this improve with engagement in productive enterprises, both those that can be implemented almost everywhere and those suited only to specific areas. It seems likely, however, that the availability of natural resources, the potential for technological improvement and, perhaps, even access to markets will impose an early limitation on both numbers of beneficiaries and levels of income to be derived from these basically traditional enterprises.

In this setting, the search for productivity increasing but, hopefully, still labor intensive opportunities for investment assumes critical importance. Most likely such enterprises will be suitable for group, perhaps involving several villages, rather than the individual lending which pre-dominates at present. The task of identifying, developing and testing such enterprises is mainly the responsibility of the Rural Enterprise Project, mentioned under Central Support Services.

To be in a position to train in skills required for implementing any new enterprises, budgetary provision has been made for training 500, 700, 1000 persons in the years 1990 through 1992, respectively.

#### Targets for extension of credit through the Revolving Loan Fund in the 1990-92 period

Targets are based on assumptions as to: the number of BRAC Area Offices in first, second, third and fourth year stages of operation; average disbursements for a first, second, third and fourth year Office; and, availability of credit from an alternative source after

approximately four years of operation by the latter. The numbers associated with these assumptions are given in Table:

**Table-2:** Number of BRAC Area Offices in first, second, third and fourth year operation; loan disbursements per office.

	1990	1991	1992
<b>FIRST YEAR</b>			
No. of Offices	20	10	10
Disbursements Per Office	960,000		
<b>SECOND YEAR</b>			
No. of Offices	20	20	10
Disbursements Per Office	2,600,000		
<b>THIRD YEAR</b>			
No. of Offices	20	20	20
Disbursements Per Office	5,000,000		
<b>FOURTH YEAR</b>			
No. of Offices	20	20	20
Disbursements Per Office	8,140,000		

Should the pattern of lending characterizing the loan portfolio at the end of 1988 prevail, the 1990-92 portfolio would be described by characteristics and percentages as follows:

(1) Male-female disbursement ratio	53:47
(2) Individual-group loan disbursement ratio	83:17
(3) Short-medium-long term disbursement ratio	56:39:05
(4) By sector/prupose of lending, percentage disbursement	
(a) Small trading	31.71
(b) Agriculture	20.20
(c) Food processing	15.11
(d) Livestock	16.22
(e) Rural industry	7.92
(f) Rural transport	3.88

Loans during the 1990-92 period are expected to benefit 125,000 men and 125,000 women, either as individuals or as members of groups receiving loans.

## V. DEVELOPMENT OF HUMAN RESOURCES

Development of Human Resources underlies all BRAC Programmes and philosophies and is a fundamental tennet of BRAC's approach to development. It is a key element of programmes described in this document under the heading of Institution Building, Credit, Employment & Income Generation, and the Vulnerable Group Development Programme. Three discrete programmes, however, have been isolated for administrative and budgetary purposes under the specific heading of Development of Human Resources; Non-formal Primary Education, Training, and a program for the development of rural managers namely the Management Development Programme.

### 1. NON-FORMAL PRIMARY EDUCATION (NFPE)

#### The Objective(s)

Access for 90,000 poor children, 70% girls, in the 8-10 year age group to three years and 11-16 years age group to two years of non-formal primary education of such interest and relevance to needs and, offered at such times and places as to attract enrolment, make attendance possible and motivate completion of the course.

#### Background and Justification

In the nation of Bangladesh, only 60% of the primary school age group of children actually enrol in formal primary schools. Fifty percent drop out before completing the first year and only 20% complete the five year course. The literacy rate for the nation stands at 29%. For the children of the landless the situation is much worse in respect of all of these numbers. Most have never had the opportunity to enrol in school.

Various factors account for this unhappy state of affairs.. Budgetary allocations are inadequate, available resources are sometimes used inefficiently and teachers may be poorly prepared.



Particularly in the rural areas, there are further explanations - parents can not afford to send their children to school full time as their labor is needed in the field or home; curriculum content is oriented to city rather than rural environments and, to well-off rather than poor children; children of the poor do not get equal treatment; and poor and illiterate people do not see the need for schooling, particularly for girls.

Should all of the problems currently besetting primary education remain unaddressed, the one-third of the population now in that age group could reach maturity at the end of the century no better prepared for life, in educational terms, than their parents. As illiterate adults, their chances of escaping poverty would be negligible.

But the above situation need not come to pass. Primary education can be made relevant and attractive enough and scheduled in such manner as to attract and keep rural children in school. This has been demonstrated in experimental work initiated by BRAC in 1979, further developed since then and, continuing today. Through development of an innovative three-year curriculum for children 8-10 years of age and a two-year curriculum for 11-16 year age group, design, testing and evaluation of teaching materials prepared to meet identified needs and interests of children and, through organizing community participation, the quality of primary education has been improved and enrolment, including that of girls, is up.

Implementation of this new programme, labelled non-formal primary education, began in 1985 in 22 centres with 660 students. Today, the numbers are 705 and 21,240, respectively, and the demand for more centres is considerable. In addition to its obvious benefit to children, the NFPE fulfills a strongly felt parental need and is a

key instrument in building community solidarity. It is also a potentially important model with implication for eventual policy adjustment in national education priorities. The essential features of the programme, which will characterize the expanded programme in 1990-92, also, are eight in number:

- (1) **A relevant curriculum:** Curriculum preparation begins with the gathering of information about the learners, their perception, levels of cognitive development, physiological and psychological growth and their needs and, also, about their parents. The education system, existing schools and the community at large are surveyed so that the learners interests and problems may be understood within the context of the general situation. Armed with this information, educational specialists prepare curricula and instructional materials including books, teaching notes on techniques of teaching and, aids such as charts, cards, counting sticks etc.
- (2) **Community participation:** It is universally accepted that no development effort can be successful unless the beneficiaries participate in the processes of planning and implementation. Education for the rural people is no exception. BRAC has promoted two fora for community participation in the NFPE programme. Five-member Village Committees have been formed (one for each centre) comprising a community leader, two parents, the teacher and the Programme Organiser (BRAC Area Office employee) as convenor. The major responsibilities of the committees are to ensure regular attendance of pupils, improve physical facilities, maintain relations and co-operation between school and the community and to hold monthly meetings to resolve problems related to the school. A second forum for community

participation is the monthly meeting with parents and guardians of pupils where pupil's attendance and progress, including any problems that might be interfering with their studies, are discussed. These two fora keep the motivation of the parents and pupils high and have contributed, in considerable measure, to the success of the programme.

- (3) **Promotion of girls education:** Female literacy in Bangladesh is even lower than the unsatisfactory rate for males. As a matter of justice and equality but, also, for success in population control and reducing child mortality, promotion of female education is urgently necessary. The BRAC NFPE programme addresses this issue by attempting to enrol 70% girls in the NFPE centres and by recruiting as many female teachers as possible.
- (4) **Linkage with formal primary education:** On completion of the three year NFPE course, students are eligible for admission to formal primary school in class IV. The quality of instruction received by the first group of students to complete an NFPE three year course was such that 93% have been admitted to formal primary schools.
- (5) **Low drop-out rate:** A highly significant feature of the NFPE centres is the negligible drop-out rate, 1.6% compared to about 60% in government primary schools.
- (6) **Co-curricular activities:** Out of two and one-half hours of class time, 40 minutes are devoted to co-curricular activities such as physical exercise, singing, drawing, crafts, reading story books etc. Such activities not only add variety and interest but are important for overall development of the personalities of the pupils.

- (7) Home assignments: As most members of the pupils' families are illiterate they cannot help children with home work. Accordingly, the kind of home work assigned is that which the children can handle independently.
- (8) Vacations: Since NFPE considers long vacations detrimental to the educational process, the centres run for an average 280 days a year.

#### Activities and Targets for 1990-92

To meet the growing demand from villagers to open more centres, BRAC will expand its education programme for out-of-school children in the 1990-92 period by maintaining existing, and creating new centres as follows:

	1990	1991	1992
New: NFPE	500	500	500
Kishor Kishoree	500	500	500
Old: NFPE	880	1380	1000
Kishor Kishoree	726	500	500
	-----	-----	-----
	2606	2880	2500

Opening of the projected 3000 new centres will require activities as follows:

- (1) Conducting surveys to find the geographical areas of BRAC operations where the number of out-of-school 8-16 year olds is high and the need for a centre is most urgent.
- (2) Selecting, in the areas identified, 90,000, 8-16 year olds who have never been to school or who have dropped out, from the most disadvantaged families ( A particular effort will be made to select and enrol girls - up to 70% if possible).
- (3) Recruiting and training 30 Field Supervisors, each to be responsible for 50 centres, their teachers and assistants, the

Palli Sheboks (PS). Qualifications for recruitment include a bachelors or masters degree level of education. Orientation training will be given on appointment.

- (4) Recruiting and training 3000 teachers, 70% of whom must be female. Local residence and 9-10 years of formal schooling are required of candidates for recruitment. Each recruit will undergo 12 days of induction training at one of the five Training and Resource Centres (TARC's). A six day refresher course will be given the second year.
- (5) Preparing follow-up materials in the form of story books and a children's journal to enable students, from the second year on, to practice and retain literacy.
- (6) Renting 3000 houses/rooms to serve as class rooms. A single room comprising 240 square feet of space is considered adequate for the 30 students accepted in one class.
- (7) Supplying books, slates, pencils, charts and a blackboard, at BRAC expense, to all 3000 centres and the students.

The target for expansion of the NFPE programme in the 1990-92 period are summarized in Table - 3.

Table - 3: Targets for expansion of NFPE, by years, 1990-92

	1990	1991	1992
No. of schools in operation	2,606	28800	2,500
No. of students	78,180	86,400	75,000
No. of teachers to be recruited	1,000	1,000	1,000
Teacher training person days (15 days per teacher)	15,000	15,000	15,000
Teacher refresher courses, person days (11 days per teacher)	11,000	11,000	11,000
No. of supervisors to be engaged (1 for 50 schools)	20	20	20
School rooms to be rented	1,000	1,000	1,000

Management of the programme is entrusted to a Programme Manager, assisted by Regional Managers. Each Regional Manager, in turn, will be responsible for 10 field supervisors. As noted above, Field Supervisors each look after 50 centres. Head Office functions consist of policy making, financial administration, evaluation, research and technical support.

Looking further into the future, BRAC suggests that the NFPE programme provides a practical framework to make universal primary education in the nation a distinct possibility by the end of the century. Even though the unit cost of the BRAC programme is Tk. 500 as compared with about Tk. 200 in the formal primary education system, it is a bargain when the wastage due to drop-outs and repetition in the formal system are taken into account.

## 2. TRAINING

### Objective(s)

The objectives of the BRAC training programme, pursued through operation of five Training and Resource Centres (TARC's), are: (1)

design and implementation of appropriate training programs for raising awareness and developing skills of landless group members, for BRAC staff and staff of other government and non-government organizations; (2) development and dissemination of ideas, methods and technologies for socio-economic uplift of the poor; and (3) provision of continuous follow-up to training through field extension activities.

#### Background and justification:

BRAC's target group, the landless poor, are illiterate, unaware of the reasons for their situation, fatalistic in outlook and, exploited by the elite. They lack the knowledge and skills for productive employment. Those who serve them through BRAC, other non-governmental organizations, government departments or private institutions are often recruited from cities and unfamiliar with the situation of the poor in the villages. They need special training in how to work in that environment.

Since 1976 BRAC has been conducting training programmes to prepare villagers, as individuals and through group action, to overcome the understanding, knowledge and skills constraints to improving their lives. Orientation and in-service training programmes for the staff of BRAC and other organizations, pursuing the same or related objectives, have complemented training given directly to villagers. To ensure that the content and methodology of training are well suited to the needs of both villagers and staff, BRAC Training and Resource Centres (TARC's) are continuously conducting studies and experiments, developing and/or testing new technologies, and producing and distributing or arranging the supply of inputs. Once the trainees have returned to the villages or the posts of assignment, the TARCs' staff are engaged in follow-up visits to gauge the effectiveness of training and to provide technical support.

The TARC's experience in these areas - (1) training, (2) study and experimentation (development, testing new ideas and technologies) and (3) follow-up - has been positive. To meet the requirements of a considerably expanded Rural Development Programme and to respond to the training needs of other organizations, BRAC will increase the capacity of the TARC's in the 1990-92 programme period. The nature of the activities to be carried out in each of the three areas, the targets for training, and the major categories of inputs and associated budgetary implications for the programme period ahead are the subjects of the following section on activities.

#### Activities

**Training:** The content and methodology of training are derived from experience in the field, the class room and, from experimental/testing activities. Training courses, workshops, seminars, conventions and demonstrations are the vehicles for spreading knowledge and skills. In respect of general subject matter content or objective, TARC training is of two types: human development and management; and occupational skills development.

The aims of human development and management training are to create awareness of problems, increase capacity and skill to think, analyse and act, that is to enable the poor to gain confidence and know-how in initiating change to improve their living conditions. In pursuit of these aims, the TARCs offer specialized training courses to the village group members and development workers as follows: consciousness raising (awareness building); leadership development; planning and management; functional education; para-legal training; development communications; and development management.

Occupational skills training is provided to increase the capacity and skills of the poor to undertake economic activities. Acquisition



of such skills contributes to enhanced, economic well-being. Economic well being, in turn, strengthens the social position of the poor in society. BRAC has technical skills trainers in agriculture, pisciculture, poultry and livestock, bee keeping and seri/eri culture to design and implement such training.

Experimentation, demonstration and technical support: In addition to discharging the major function of training, TARCs are making efforts to develop and/or test technologies appropriate for application in the economic schemes undertaken by the landless. Examples include experimentation in Nilotica culture which has already proven its value in fish culture. In the field of agriculture, experiments were conducted with intercropping and intensive cultivation of certain crops. The results have been extended in the field programme. In recent years TARCs have developed and tested a feed mixture and method of poultry feeding which are ready for field application.

The TARCs establish contact with appropriate institutions to ensure input supply for field programmes. For example, TARCs arranges the supply of eggs, and chicks and vaccines for the poultry and livestock programme and, fingerlings for the fisheries programme. In addition to ensuring supply of inputs the TARCs, also undertake feasibility studies for new schemes which BRAC Area Offices will help villagers or village groups to implement.

Follow-up: by trainers is intended to help ensure the desired impact of training and to ascertain needs for modification of current, or the addition of new kinds of training. Development of human resources trainers pay periodic visits to their former trainees for these purposes. In the case of occupational skills development, TARC trainers and BRAC Area Office staff provide continuous follow-up in the form of: observation and review of the technical activities

(poultry, fisheries, agriculture etc.) carried out in the villages; meetings and discussions with village group members to identify problems and devise solutions; and, provision of needed additional training, material support (supply of inputs) and technical guidance. It is through follow-up measures, extension activities, that the trainers share responsibility with group members and BRAC Area Office staff in making the program a success.

Training targets have been established for 1990-92. Through the RDP, BRAC is now serving approximately 4648 Village Organizations (V.O.) with a total membership of 251,000. In the next three years, 3000 Village Organizations with a membership of 250,000 are to be formed. This will require the training of five members from each new group (V.O.) in leadership, planning and management. In total the number to be trained is 15,000 (men and women).

The TARC's will also train local level workers to conduct Awareness Building course with the village organisation. Each worker will conduct awareness building course with four village organisations for a period of nine month to complete the course. Participation in the awareness building part of the classes is compulsory for all villagers while only those who are genuinely interested undertake literacy and numeracy training, the latter estimated to be about 10 percent of the total. Awareness building training for all of the landless, men and women, is considered the absolutely essential starting point for bringing about improvement in their condition of life. All of them must know about the situaion in Bangladesh, the reasons for poverty, their own problems, what they can do as individuals to resolve them and what can be done only through group action. Participation in literacy classes can be optional for literacy is more a tool for the future than for immediate action. As

such, the appeal of literacy and numeracy and the willingness to devote time to their acquisition are likely to be greater among the younger members of the village groups.

Details of training in human development for villagers are provided in Table-4.

**Table-4:** Estimate for training of villagers in Human Development aspects of Institution Building, number of person by field of training, annually & total 1990-92.

Field of Training	1990	1991	1992	Total
1. Social Awareness				
Workers Training	1000	1000	1000	3000
2. Consciousness Raising and Leadership Development	2000	2000	2000	6000
3. Project Planning & Management	4400	4400	4400	13200
4. Basic Accounting	4400	4400	4400	13200
- Refreshers	4400	4400	4400	13200
	16200	16200	16200	48600

Targets for skills training for villagers to perform various functions or work in various sectors of production are given in Table-5.

**Table-5:** Estimated numbers of villagers to be provided skills training by function/task and/or sector, annually, and in total 1990-92

Function/sector	1990	1991	1992	Total
Poultry workers	1000	1000	1000	3000
Poultry rearers	20000	20000	20000	60000
Livestock				
Para-vets	200	200	200	600
Cow rearers	4500	4500	4500	13500
Irrigation mechanics	25	50	50	125
Irrigation management	100	200	--	300
Apiculture	200	200	200	600
Seri-culture				
Worker	20	--	--	20
Rearers	700	1000	1700	3400
Operators breeding and extension centres	46	106	181	333
Horticulture				
Nursery	200	300	--	500
Village horticulturists	4000	4000	4000	12000
Fisheries				
Village fish nurseries	200	200	200	600
Village fish farmers	500	500	500	1500
Miscellaneous skills	500	700	1000	2200
	-----	-----	-----	-----
				98678

Categories and estimated numbers of staff members requiring induction/orientation or in-service training in the 1990-92 programme period are given in Table-6.

**Table-6:** Categories and numbers of staff members to receive induction and in-service training, by year and in total 1990-92.

CATEGORY	1990	1991	1992	TOTAL
<b>1. Area Office Managers</b>				
Induction	25	25	25	75
In-service	25	25	25	75
<b>2. Programme Organisers</b>				
Induction	130	150	150	430
In-service	150	175	200	525
<b>3. Accountants</b>				
Induction	25	30	30	85
In-service	25	30	30	85

#### Inputs and Budgetary Requirements

The proposed expansion of the Rural Development Programme, meeting the needs of other BRAC programmes and of government and other organizations engaged in rural development will require an increase in the capacity of BRAC training facilities.

Implementation of the Institution Building Component of the Rural Development Programme, alone, will involve training of 48,600 villagers in various aspects of human development as detailed in Table 4. Skills training for some 98,678 potential beneficiaries of credit operations will be needed as detailed in Table 5. Finally, staff members - BRAC's own 685 will need to receive induction, refresher or specialized training in numbers indicated in Table 6.

With the expansion of the RDP and other BRAC programmes, demand for training of group members, members of local level committees under Child Survival Programme has increased. Besides, training needs of government and other non-government development agencies have also

gone up. With existing capacities BRAC training centres cannot even fulfill all present training demands. Future demand for human and skill development training is expected to rise in both BRAC and outside organisations. To meet increased training needs in future, BRAC is required to expand the physical facilities of the existing TARCs and to establish a new TARC during this phase.

The estimated capital requirements for expanded and improved training facilities in the 1990-92 programme period is Tk. 26 million.

Current operating costs for the TARC's are not included in the budget as they are covered by fees charged to BRAC programmes and outside organizations for training services rendered.

## 2.1 MANAGEMENT DEVELOPMENT PROGRAMME (MDP)

To provide more emphasis on management training BRAC plans to undertake a Management Development Programme (MDP) dedicated to enabling BRAC, outside BRAC and communities to manage their resources more productively, equitably, and sustainably. The basic purpose of the MDP is to strengthen management capability by providing management training to BRAC and non-BRAC organizational staff.

Prima foci for management development in the first years of the Programme will be the rural health care systems and livestock and fisheries resource management, as the various system entities work with rural people to upgrade their survival potential. The health system, through its governmental and non-governmental components, has set itself ambitious targets over the next few years including nationwide immunization, development of union level health complexes, population reduction, upgrading of traditional birth attendants, combatting malnutrition, blindness and other poverty diseases, preventing disease and death through improved sanitation and hygiene, and so on. To achieve these goals will require extraordinary

management capabilities on the part of health system managers as well as extraordinary participation on the part of rural people in managing their own health care.

Similarly, the livestock and fisheries sectors are important elements of the survival strategies of the rural landless and nearlandless and have set ambitious targets for growth and performance over the next plan period.

The Programme will be unique in that its basic strategy for management development will emphasize field based action learning. An initial strategy will be development of field laboratories which will be used simultaneously to develop professional staff capacities and to define specific opportunities for effective contributions by the Management Development Programme in support of improved local level management capacities. Courses, workshops, and other traditional learning methods will be used as adjuncts to field based learning and will be developed from field experiences and will be offered only in response to recognized needs discovered in the field.

Unfortunately, the majority of Bangladesh's 106 million people still remain untouched by the development strategies of the past two decades in health, livestock and fisheries as well as in other fields. The Bangladesh experience to date in many development programs has been one of frustration as delays and failures in implementation and failures in sustainability have often taken place. The gap between aspirations and performance seems to widen rather than narrow. Important lessons from this experience have been learned, however. One is the need for greater and more effective collaboration between government and private development agencies working in rural areas. Second is the need for an expanded cadre of rural managers who combine the administrative skills, strategic skills, historical perspective,

value commitment, and respect for the knowledge and abilities of the rural poor to provide the institutional leadership which effective development activities require. The Programme here is designed to assist in developing managers with the requisite abilities.

#### 2.1.1 The Management Development Programme

Since the Programme is intended to evolve through a field based learning process it will be flexible and will develop through experience. The programme development strategy is action based throughout, with a major emphasis on field laboratories and the study and documentation of successful experience. The following description of activities anticipated for the first three years is indicative of what the Programme will include.

Five integrated programme elements will be developed in logical sequence. The five elements are 1) Research, Documentation and Learning Materials Development, 2) Experimental Field Laboratories, 3) In-service Education, 4) Field Follow-up and Experience Sharing, and 5) Consultative Services to Other Organisations.

By the end of the first three years, it is expected that each of these five program elements will be well established as permanent, yet continually evolving commitments of the Programme.

#### Programme Element One -- Research, Documentation and Learning Materials Development

Field research, careful documentation of experiences in the design and implementation of programmes in the field, and use of research and documentation as bases for learning is the content of this element. During the first three years of research and documentation activities, an initial effort will be made to identify particularly successful examples of effective programmes and to identify and document the managerial and system factors that have led



to their success. The identification will be accomplished by a simple survey of informed government and NGO personnel. Those examples so identified, which investigation prove to be particularly interesting, will be documented to determine exactly what management systems and talents were involved, what was being contributed by each party to the effort, how collaboration was initiated and carried out, and any special circumstances which might bear on replication. These efforts will help to define proven potentials for effective management.

Much of the initial documentation activity will be concentrated in experimental field laboratories in the health system (explained in the next section) to be followed by work on livestock and fisheries resource management. These activities will include analysis of the resource management systems, and process documentation of field activities.

Research and documentation efforts will be specifically directed to production of materials useful in courses and workshops sponsored by the Programme. The findings from the documentation will be used as a basis for workshop and course subject content, for case studies to be used as primary teaching materials, and for directing further field study activities which the staff of the Programme or those learning at the Programme will undertake.

An important part of this element will also be the search for relevant management materials growing out of experiences in other developing countries -- books, articles and cases -- which already exist. When necessary they will be translated into Bengali. A library of materials, generated both from the Programme's own activities as well as from outside experiences will be built. .

## Programme Element 2 -- Experimental Field Laboratories

The field laboratory is the core of the learning process. The field laboratories will be local systems in which development programmes are being undertaken. In the selected laboratories the Programme staff will participate with government, NGOs and villagers in planning and implementing a programme. An important role of the Programme participants will be to carefully document management and field implementation processes and to feed back the observations for discussion by key participants to facilitate individual and Programme learning.

During the first three years of the Programme the health, fisheries and livestock work areas will provide the principal area for the experimental field laboratories. The government's immunization effort, for instance, will provide many potential field laboratory settings in which villagers, government health workers, and NGOs will be cooperating. The health system is currently undertaking, in collaboration with a number of NGOs, a national programme designed to immunize by the year 1990 every woman of childbearing age against tetanus, and to immunize every infant and child in the country against the six main killer childhood diseases. The aim of the government health system is not only to successfully complete a one time immunization campaign but to design and implement a system to continue the immunizations in the villages on a regular, systematic basis as new babies are born and new women reach child bearing age.

To succeed in the immunization effort the health system will have to activate all of its levels, particularly those at the upazila and union levels who are the most remote from the Programme. Also, required for the success of the Programme will be extraordinary understanding, collaboration and participation by village people.

Several NGO's are assisting the government in this effort and have developed a wide variety of different strategies. For example, CARE has made plans to assist the government by providing technical assistance and training in logistics and planning at national, district and upazila levels.

NGOs also have projects on fisheries and livestock, which are mainly implemented in cooperation with the Government livestock and fisheries department functionaries from the Upazila to the national level. Such projects are mainly for the uplift of the rural poor. BRAC organized village groups have been operating many projects on fisheries and livestock where cooperation of the Government is very crucial. For instance many derelict ponds have been brought under fish cultivation, large scale poultry and livestock (cow rearing, vaccination, medication and treatment) schemes have been taken up at the village level. There are now 20-25 thousand village women in BRAC areas, generating income through poultry rearing and vaccination programme. But inspite of all these projects it seems that there is a lot to do in upgrading the management of these programmes which will definitely make the schemes and projects more efficient and effective.

The above different NGO strategies on health, fisheries and livestock activities and other areas, as they are implemented (and others which may be discovered) will provide excellent learning laboratories. In such situations, activities can be observed and documented with special attention to those activities which seem to lead to effective system actions. In the BRAC situation, in addition to general documentation of what is effective and what is not, several upazilas can be selected as more active experimental laboratories.

In the laboratory upazilas various kinds of implementation strategies will be tried and their successes and failures documented.

An iterative process of implementation and self-assessment will take place. Attention will be given by the Centre staff during this process to help participants (health, livestock and fisheries officers at various levels, BRAC workers, and Village Health Committee leaders) to define relationships in support of both temporary and sustained collaboration.

A series of diagnostic and planning seminars and workshops will be held with health system officials based on the initial systems analysis and on the documentation and case materials as they are developed. Different groupings of participants would be involved depending on the different issues and concerns that arise. Out of these activities various task force groups might be formed to further develop and implement action plans.

To the extent that Government officials have found the documentation and learning from the experimental Upazilas useful, they might be receptive to the idea of holding a series of more intensive and comprehensive strategic planning workshops to examine ways of utilizing the learning on activities in other Upazilas and also, perhaps, to think about expanding the learning or the learning method to other activities of the health, fisheries and livestock management system. Out of the initial laboratory learning experiences it would be decided whether to expand to other intensive field sites.

Two key questions will focus the Programme activities in the laboratory upazilas: 1) how can local development workers and government officials structure their roles and activities within existing procedural and resource constraints to be more productive and responsive to the needs of the poor, and 2) what are the key needs and opportunities for reorientation of supporting policies, procedures, and administrative systems to allow and encourage significant

improvements in the performance of such officials in support of local development based on equitable distribution of those services and benefits intended to reach all the people, not just the more powerful.

Where work with regard to the first question reveals proven possibilities, attention will be given to the use of the Programme resources to support the communication of these possibilities to other officials throughout the country and to stimulating the necessary motivation. This might be through assisting in the development of appropriate training modules and the training of trainers for the institutions responsible for the career development and training of such officers (where such institutions exist) or it might provide the basis for courses to be offered by the Programme itself.

#### Programme Element 3 - In-Service Education

Beginning in the later part of year one or early in year two, special courses of one to six weeks will be introduced to meet the needs of managers from government and private voluntary agencies. These courses will acquaint participants with the management concepts and methods which have emerged as needing special attention, will strengthen their management skills and their value commitments, and will help build a basis for effective inter-agency cooperation. The targeting of these courses, as well as the definition of topics and development of teaching materials, will be directed to specific needs identified in the experimental laboratories, and detailed in the research and documentation efforts. They will be a primary instrument of the Programme for building a group of managers committed to achieving productive programmes. The first groups of managers will be from the health system and from NGO's working in health activities. The courses will be based on the management needs and problems identified in the immunization and other health programs. Subsequent

groups will be from the livestock and fisheries systems and from NGOs working in these sectors.

In the health system, alone, for example, there are over 100,000 employees, including some 4,000 officers having managerial responsibilities. Of these managers, approximately 2,300 are at district and upazila levels. Almost all are doctors with no management training. In the 17 districts to be covered by BRAC's Child Survival Program there are approximately 200 health system managers who will be actively involved, many of whom may be willing to participate in management development activities. Similarly, there are as many as 1,500 livestock and 900 fisheries officers working at district and upazila level. Also, there are some 450 active NGO's now working in Bangladesh. Of these over half are engaged in health, fisheries and livestock activities. The leaders of many of these efforts are seeking management assistance, also. To the extent that the health system learning laboratories, and the documentation of experiences in them, provides useful material for management courses, courses will be offered to help meet the need.

It is anticipated that the courses will incorporate a combination of campus based and field approaches. For example, a six week's course might be given in three, two week modules so that the government officials and NGO workers could continue their regular work assignments between modules and also could begin to apply some of their learning in practical situations. Another model might be formal course work alternated with field assignments especially designed to apply methods and concepts learned in the classroom. The core idea is action learning. Course participants will be visited regularly in the field by the Programme staff to appraise management progress and facilitate the application of learning to field situations.

The course contents and learning materials used will be based on experiences from practical work in the field and will be largely based on cases developed in the experimental laboratories. Relevant management literature and theoretical constructs and insights will be related to the field based cases. The courses will be intensive and the participation and study norms will be similar to those pioneered in the Harvard University international middle manager seminars in which the managers work in small teams to analyze difficult cases. Their schedule is demanding and rigorous, the learning is exceptional.

Each year more course work will be offered and by year four, the first longer term post-graduate educational opportunity for young managers who are preparing themselves for career advancement in NGOs or in government agencies may be offered. The structure and content of the courses in the "rural manager" programme will be determined by the needs and opportunities identified during the first three years of the Programme.

Examples of subject areas that will be included are planning with flexibility, financial management, effective supervision and motivation, project appraisal, rural structures and relationships, management of conflict, coalition building, rapid rural appraisal, participative decision making, performance and project evaluation, and monitoring. The length of the course will be from nine months to one year and will combine field and classroom learning.

#### **Programme Element 4 - Field Follow-up and Experience Sharing**

The fourth programme element will be several activities which might be referred to as field follow-up and experience sharing. By the third year a Newsletter will be initiated, which will serve as a vehicle for follow-up with those who have attended workshops and courses and for the sharing of experience among development managers

throughout various parts of the country. It will be targeted primarily to public and private agencies at district and local upazila levels, but will be distributed throughout Bangladesh to interested persons working at central and intermediate levels as well. It will provide broad dissemination of experiences learned in the laboratories, courses and related research. Development and application of improved management systems suitable to local administration will be documented in simple fashion to support easy replication. The Newsletter, will be published in Bengali and, if sufficient demand is indicated, in English.

The Programme faculty will also do personal follow-up activities with NGO and government managers who have worked together in the learning laboratories or who have attended workshops, courses or other Centre learning programmes. Follow-up will be done by personal visitation to work settings, and by small field based follow-up sessions of managers from neighboring areas.

#### Programme Element 5 - Consultative Services to other Organizations

Beginning and the end of year three, and drawing on experience in the field laboratories, supporting consultative and possibly field training assistance will be offered to other Organizations who are engaged in development activities in health, livestock, fisheries and other sectors. Help will be offered to them to develop the management policies, procedures, and staff capabilities to work effectively. The services will be made available selectively (within resource constraints).

Such consultative services could take several forms, for example, 1) organization development consultation in which a Programme faculty member works intensively in an organization for a short period (one to



three months) feeding back to the organization his or her observations, 2) a multi-component set of activities in which various related organizations working on community problems would hold joint planning meetings or workshops, or training sessions with the help of the Programme person, or 3) system analysis in which the Programme person would assist the organizations in analyzing their own systems and the interrelationships among related systems.

## 2.2 Development Plan and Summary of Proposed Activities by Years

The plan for the development of the Programme is to begin small, the faculty in residence the first year will be three persons, and an additional two persons will be in management studies programmes outside of Bangladesh. The faculty in residence will be supported by research assistants and administrative staff. They will be housed in rented facilities for the first year while permanent facilities are being constructed. The first year's concentration will be on setting up learning laboratories, pursuing field activities, developing cases and other learning materials, and beginning the building of a reference library of relevant management materials.

In the second year additional faculty and supportive staff will be added to make a strength of five professionals in residence and two additional persons in study programmes. The activities will be a continuation of the first year but additional short courses, workshops, and seminars will be added.

By the third year it is hoped that seven professional staff will be in residence. Activities will be expanded to additional learning laboratories, more workshop and course offerings and to first publication of the Programme Newsletter considered essential to facilitate a continuing relationship with participants and for sharing successful field experiences. By the end of this year a careful

evaluation of the progress made by the Programme in its first three years will be undertaken jointly with the donor agencies.

The following is a summary table of the activities planned for each of the first three years. The description given above and this summary are presented with the realization that since the undergirding philosophy and method of the Programme is experience based learning, the plan is not intended as a blueprint but is indicative of what is intended.

**Year One** (Faculty in residence: 3 professionals. At least two additional persons will be assigned in educational processes preparatory to becoming faculty members).

A. Two to three upazilas will be selected as "laboratory upazilas". The emphasis for research and documentation in these upazilas will be on the health, fisheries and livestock management systems.

B. Cases from the laboratory upazilas will be developed as learning materials.

C. Other learning materials based on the documentation from the laboratories will be developed.

D. By the middle of the year the first workshops and seminars to feed back and discuss the process documentation from the laboratory upazilas will be held. By the latter part of the year course modules which are responsive to needs which appear in the field will be developed.

E. Two to three courses will be offered to district and upazila health, fisheries and livestock managers and to health, fisheries & livestock managers from selected NGOs.

F. During the year faculty development activities will be emphasized.

G. A management library will be established and first acquisitions made.

**Year Two** (5 faculty in residence and 2 additional persons involved in preparatory educational processes).

A. Continuing work in the health system with system research and process documentation.

B. Further development of cases and other learning materials.

C. Workshops, seminars and short courses offered in response to health, fisheries & livestock system needs.

D. Faculty development will continue.

**Year Three** (7 Staff Professionals in residence).

A. Learning laboratories in other sectors will be identified and documentation work begun.

B. Cases and other materials development will continue.

C. Workshops, seminars, and courses of various lengths and subjects will be offered in responses to demands from the field.

D. Newsletter will be initiated.

E. Field followup of participants begins.

F. Continuing faculty development.

G. First major review of the Programme conducted jointly by the donor agencies and BRAC.

### 2.3 Professional Staff Development and Institutional Culture

It is important that the Programme develops and sustains a unique institutional culture consistent with its purposes. The professional staff will inevitably be the primary conveyors of this culture. This makes their selection and induction into the Programme particularly important. They must exhibit uncommon competence in their fields, discipline in their work habits, and commitment to the creation of a

just and more prosperous Bangladesh, based on local self-reliance and empowerment. Furthermore they must be willing to dedicate themselves fully to the work of the Programme. To avoid the distractions of outside consulting, salary levels must be adequate to compensate for the loss of external consulting and to attract top quality people, yet not so high as to attract those only interested in maximizing income.

The educational programmes of the Programme will be designed to instill a strong work discipline among participants and will demand the same of the professional staff. The use of participatory learning methods will clearly distinguish the courses from those of the universities with which most of its students will have been acquainted.

Early orientation and development of professional staff will be given careful attention. Those who come without formal management education will be sent abroad for appropriate periods to intensive courses of known international stature such as those offered by the Indian Institute of Management at Ahmedabad, and the Asian Institute of Management in the Phillipines, where they will be exposed to management and at least partially to some of the learning methods which will be used by the Programme.

Professional staff without prior experience in community level intervention will be provided with initial field experience in BRAC projects. All will be engaged in field work and analysis in the Programme's field laboratories.

#### 2.4 The Unique Nature of the Proposed Programme

The Programme will be a development institution rather than a conventional academic institution. Conventional academic institutions commonly exist as enclaves within which individual faculty members

pursue their individual teaching and research interests, and individual students pursue education leading to formal credentials. Their governance and management structures are primarily intended to insure the autonomy of the individual faculty member, control access to faculty membership, and set quality standards for acquiring credentials. The Programme for Development of Rural Managers will not be an academic institution in this sense. Rather it is a development centre which seeks to achieve intentional beneficial changes in its environment. The governance and management structures must support effective teamwork in pursuit of well defined goals through a mutually accepted strategy.

The Programme will be dedicated to an action based development strategy. While the Programme will learn from whatever individuals and institutions have knowledge and experience relevant to its purposes, it does not exist to transfer pre-packaged knowledge to Bangladesh from external sources. It will be deeply grounded in Bangladesh experience and aspirations. Its primary means for developing its own competence will be through engaging its faculty as active participants in social learning processes grounded in the rural reality of Bangladesh. Foreign management training will be used sparingly and selectively, as a supplement to, rather than a substitute for, such participation.

The Programme will have a social commitment. The Programme will exist to benefit people and the achievement of its purposes will depend on the skills and creativity of the professional staff who focus their attention on institutions, institutional capacities and committed individuals. Its aim will be to facilitate institution based learning processes through which Bangladesh can create

institutional settings and management actions appropriate to the reality and aspirations of rural people.

A key strategy of the Programme will be cadre building. The inservice educational programme and the followup and advisory activities will be designed to build concentrations of committed managers in certain agencies and programmes sufficient to support learning based institutional change processes. Intensive and sustained follow-up of participants will be provided. The Newsletter, Journal and special follow-up visitations and seminars will be important vehicles to serve this end.

Finding models for the Programme is difficult. There are a small number of management institutes in the third world which have undertaken to address the special needs of rural development managers. The methods and approaches they have developed are still highly experimental. The Programme being proposed here appears to be the first to be designed as a resource institute directed specifically and exclusively to the unique needs of rural development programmes which seek to empower the rural poor to take an active part in their own upliftment. It will be the first to have a staff and programme strategy based on social learning concepts.

## 2.5 Management and Staffing Plan

The Programme will have a professional staff supported by an administrative and services staff. The professional staff will include the Programme Director, faculty, research assistants, librarian and translators. Translators are required because almost all materials to be used with participants must be in Bengali. In order to provide trainees access to case or other materials from other developing countries or aspects of management literature published in other countries, translations into Bengali will be required. Research

assistants who will work with faculty members in the field laboratories are needed to assist with process documentation, and case fact gathering.

The professional staff and Programme activities will be supported by an administrative officer, clerical assistants, accountants and a small services staff of drivers, couriers and messengers. As activities of the Programme grow (seminars, workshops, and courses) the administrative and maintenance staff will be increased. By the second year when the Programme's residential facilities are completed and the professional staff and the Programme activities have enlarged, the requirement for administrative and service staff will grow concomitantly.

The following chart outlines personnel requirements over the three years:

### 3 Year Personnel Chart

	Year 1	Year 2	Year 3
<b>Personnel Staff:</b>			
Programme Director	1	1	1
Faculty	3	5	7
Research Assistants	2	2	2
Secretary	1	1	2
Typists	1	2	2
Logistics Manager	1	1	1
Guard	2	2	4
Driver	1	2	3
Cook and helper	1	2	2
	--	--	--
<b>Total:</b>	<b>13</b>	<b>18</b>	<b>24</b>
	==	==	==

## 2.6 Consultative Group

The Programme will establish a consultative group made up of carefully selected national and international experts on various aspects of management and management education. Experts with

experience in management, and in building learning institutions in the third world will be selected. The group will be small, 5 to 7 persons, and each individual will be of high caliber and international reputation. The purpose of the group will be to advise the Programme at crucial stages of its development and to review its activities. Members will visit the Programme at least twice annually the first two years, and once annually thereafter to observe developments and join with the director and professional staff in evaluation and forward planning.

## 2.7 Evaluation

Since the Programme's philosophy and operation will be grounded in the learning theory approach, continuous self evaluation of all activities will be the norm. Internal evaluation will be an ongoing process conducted through staff meetings, participant discussions, regular documentation of field activities, and participants evaluations at the conclusion of every seminar, workshop, and course.

A major external evaluation, conducted jointly by the donors and BRAC, will be held at the end of the third year. Annual evaluations will be done by the Research and Evaluation Division of BRAC.

## 2.8 Facilities

During the first year, the MDP will be housed in rented facilities in Dhaka. Spaces for offices, library, seminars, workshops and courses will be rented on a temporary basis while facilities are being constructed. One MDP training facility will be built in Dhaka.

The facilities will provide accommodations for 30 participants in field and will include seminar rooms, class rooms, library, common rooms, dining hall, canteen, garages, and offices. Thirty small, but adequate, private rooms will be provided for participants.



## VI. VULNERABLE GROUP DEVELOPMENT PROGRAMME

### Introduction

Large numbers of rural people receiving a better quality of service and, in a shorter space of time, through a joint effort of BRAC and government departments in implementing large scale sectoral programmes in critical areas such as health, employment and income generation; and, as a result of experience gained in such cooperation, future government programmes designed and implemented to better serve the needs of BRAC's own target group, the landless poor.

Poverty in Bangladesh is so pervasive and its consequences, so devastating that early and massive action is required on the broadest front possible. There is a need for all organizations - governmental, non-governmental and private to be brought together in an attack on poverty and for the positive experience of each to be made readily available to others. BRAC has achieved a fair measure of success in its programme specifically targeted to the landless. Much has been learned about how to conscientise, organize, train, extend credit to, and raise the incomes of members of this group. BRAC, recognizing the resource and other constraints to NGO action on a wide scale, has begun to share this experience through cooperation with government departments in implementing their programmes. Such cooperative programmes to be implemented in 1990-92 form part of this presentation: Vulnerable Group Development Programme. It is expected that the women by engaging in Poultry and Livestock Programme will be able to earn an income equal to the cost of the wheat received as monthly ration.

## Poultry and Livestock Programme

### Objective(s)

1. Creating income earning opportunities in household poultry raising for 89,440 poor women between 1990 and 1992.
2. Helping prepare Government Departments of Relief and Rehabilitation and Livestock for the efficient utilization of food aid and the provision of associated services and facilities in improving the lot of the poorest of the rural poor, the landless and, in particular, the women members of the group.

### Background and Justification

For some years the government has implemented a multi-donor food aid programme, the Vulnerable Group Development Programme (VGD), for destitute women. Each woman eligible to participate in the programme is entitled to a monthly ration of 31.25 kg of wheat. The intention that this ration should be used to help create self-reliance for the women was only partially realized due to the lack of relevant government experience and needed complementary resources. Women did eat better during the two years period when food aid was received but, were little better prepared for meeting future food needs.

In 1985, the BRAC Integrated Development Programme in Manikganj, sensing the possibilities of using the (VGD) wheat ration in a programme to improve the lot of the women, entered into a cooperative arrangement with the government implementing agency, the Directorate of Relief and Rehabilitation (DRR). The wheat ration was used as an incentive to motivate women to undergo skills training in embroidery, seri-culture, vegetable gardening and poultry rearing, along with literacy, health and nutrition education. Women did acquire skills and did put them to work in earning some income. It soon became apparent, however, that training in itself was not sufficient to make

a significant difference in the lives of the women. Out of this realization came the BRAC designed programme for Income Generation for (VGD) Women, focusing exclusively on poultry rearing and involving a cooperative effort of DRR, the Department of Livestock (DOL) and BRAC. The programme initiated in August 1987 will, by the end of 1988, have enabled 30,000 women to earn income from participating, in one way or another in poultry raising. The three parties involved are so satisfied with results to date that an expansion of the programme is planned for the period 1990-92. What is expected to be achieved, the activities to be undertaken, the targets, inputs and budgetary requirements and the mode of cooperation between the three parties are the subjects of the activities section which follows.

#### Activities

DRR, DOL, and BRAC will join forces in implementing an 18-month cycle programme to train and other-wise support VGD women in developing household poultry enterprises intended to generate sustainable monthly income, roughly equivalent in value to the 31.25 kg wheat ration. In the process, the three co-sponsors will learn from each other much that can strengthen their future programmes, whether independently or cooperatively implemented, to better serve the needs of the poor and, especially women.

The components of the programme are: training; distribution of eggs, chicks and cocks of productive breeds; supply of vaccine and disease prevention and control; savings and credit; and, follow-up support.

Training will prepare the women to earn income through involvement in one or several aspects of poultry rearing: (1) as a poultry worker cum vaccinator, deriving income of approximately Tk.150

per month from fees charged other village women for inoculation services; (2) as a key rearer and keeper of a flock of at least nine hens and one cock, providing an income potential of Tk. 150 per month; and, depending on subsequent success and experience, (3) as a model rearer operating a mini-farm of 20-30 hens and three cocks with a monthly income potential of Tk. 150; or (4) as a chick rearer raising 200 day old chicks to two months of age and selling them to realise Tk. 400 of income per month.

Selection, and methods of training for the various types of involvement are as follows:

1. Poultry workers cum vaccinators - at least one woman (or more, depending on number of poultry rearers) is selected from each village to undergo six days of training by a Doctor of Veterinary Medicine (DVM) to learn inoculation/vaccination procedures, other aspects of disease prevention and control and, husbandry practices and, subsequently, to receive one day of refresher training each month for the two year duration of the programme.
2. Key rearer - every woman, participating in the programme, not trained as a poultry worker cum vaccinator is trained, initially, as a key rearer in one of two ways - (a) as one of 10 persons selected from each village, as the first to receive training and become a promotor and demonstrator, for three days of training by the DVM in scientific poultry husbandry practices for successful poultry rearing or, (b) for all others, training in the villages in groups of 25 by the Programme Organizers (POs) giving three days of training and three days of field work in sequence; and, subsequently, all key rearers receive one day of refresher training every two months for the two year duration of the programme.

3. Model rearers are selected, successful key rearers, given five days of specialized training by a DVM or senior PO and; subsequently given one day of refresher training every three months.
4. Chick rearers are selected, successful key rearers, given 10 days of specialized training by a DVM, including classroom instruction and work in a chick rearing unit and, subsequently, given two days of refresher training every three months.

It is considered desirable that productive breeds of poultry be used in the programme and that their introduction be through supply of eggs, chicks or, of cocks to upgrade local breeds. DOL supplies the chicks or cocks free of charge.

Priority attention is given to disease prevention and control. DOL provides the vaccines free of charge. The trained poultry workers cum vaccinators, who are not paid a salary, do the vaccinations and collect a fee of Tk. 0.15 to 0.25 per bird. Vaccines are distributed to the workers in each village once a month to ensure a regular programme of vaccination.

A savings component has been introduced into the programme, reflecting BRAC's philosophy of mobilizing, and providing training in use of individual and local resources as preparation for use of external credits. Savings are deposited in a local bank with each (VGD) member given a pass book. Withdrawals may be made only for investment in the poultry enterprise. Unfortunately, the average 20 taka per month savings of the women are inadequate for investment in a poultry enterprise of sufficient scope to efficiently utilize their skills and experience in producing the desired level of income. Lack of credit has emerged as a major obstacle to achievement of the income objective established for the programme. It is anticipated that a

government loan fund, to be operated on the basis of BRAC experience, will become available and resolve this problem in the 1990-92 programme period.

To ensure that what is initiated in the two year programme cycle is continued, emphasis is placed on development of DOL and DRR capacities to follow-up with programme participants. Among the many indicators of satisfactory progress to be monitored regularly are sanitary conditions and health of birds, proper feeding, maintenance of the required flock size and productive breeds and, achievement of target income. Where problems are found, DOL and DRR will provide the services and facilities for their correction.

The respective responsibilities of DRR, DOL and BRAC in cooperative implementation of the programme are summarized below:

Livestock Department	BRAC	Relief and Rehabilitation Department
- Training	- Motivation	- Selection of VGD participants
- Supply of vaccines and veterinary medicines	- Organization - Training	- Wheat distribution - Supervision
- Supply of eggs, cocks and chicks	- Delivery of inputs - Savings and credit	- Follow-up
- Supervision	- Supervision	
- Follow-up		

BRAC staff required to discharge its responsibilities in the programme consist of a Doctor of Veterinary Medicine (DVM) assisted by three Programme Organizers (POs), to be assigned to each upazila.

Coordination between the three cooperating parties is assured through:

- (1) Monthly meetings of upazila level coordination committees, chaired by the Upazila Livestock Officer.

- (2) Quarterly meetings of the District Coordination Committee, chaired by the Deputy Commissioner.
- (3) Ad-hoc meetings between BRAC and ministry(ies) staff as required. The target for expansion of the eighteen-month cycle programme in the 1990-92 period is for coverage of 64 upazilas on a phased basis with the programme initiated in 32 additional upazilas in 1990, and 32 in 1991. What this expansion means in terms of numbers of women involved in various capacities is given in Table-4.

Table 4 : Expansion plan in terms of numbers of key rearers, poultry workers and chick rearers, by years and in total, 1990-92

Years of 18 months cycle	Key rearers	Poultry workers	Chick rearers	Total
1990	24,000	3,200	220	27,520
1991	27,000	3,600	360	30,960
1992	27,000	3,600	360	30,960
Total	78,000	10,400	1,040	89,440

#### Inputs and Budgetary Requirements

BRAC participation in this programme in 1990-92 will require professional staff as indicated below:

YEAR	DVM'S	PO'S	ACCOUNTANTS	SERVICE STAFF
1990	32	96	32	32
1991	32	96	32	32
1992	32	96	32	32

#### Livestock Development Programme

It is proposed that BRAC will cooperate with government in implementing a livestock programme, roughly similar to the poultry

programme. While details remain to be worked out, the main components of the proposed programme would likely be: (1) training of cadres as village based veterinary workers (VW) and as ward-based rural veterinary workers (RVW); (2) training of cattle rearers; and (3) organizing supporting vaccination, artificial insemination and credit services.

This programme is to be initiated after further experience is acquired in implementing the poultry programme. Budgetary provision is not included in the presentation of the Programme of Work and Budget for 1990-92.



## VII. CENTRAL SUPPORT SERVICES

Successful implementation of field activities requires, in addition to a qualified and dedicated field staff, effective central leadership, policy direction, and administrative services along with easily accessible and timely technical support, continuously adjusted to meet the changing needs of field action. Technical support services based at Headquarters (or in the case of training, in regions) are those that cannot be developed economically and at the desired level of quality at each and every field location. Currently such services are provided by Headquarters units or programmes as follows: the Research and Evaluation Division (RED); and the Rural Enterprises Project (REP). Following consideration of the overall organizational structure and management system, each of these are the subjects of treatment in succeeding sections of this presentation.

### 1. Organization and Management

The organization and management scheme for the Rural Development Programme needs to be seen in the context of the scheme for managing BRAC programmes and functions as a whole. BRAC's organizational structure as of mid - 1988 (and expected to be retained as implementation of the 1990-92 programme begins) is given in tabular form in Annex I and, as an organogram in Annexes II and III. All in all, the structure and management system are non-bureaucratic in character. A General Body and a Governing Body exist but, in practice, their functions are largely delegated to the Executive Director, whom the latter appoint. The Executive Director is thus the policy and management decision maker. Senior staff members, bearing titles such as coordinator, director, manager, leader (depending upon grade) are in charge of programmes, projects or functions and report directly to

the Executive Director. Each has a very small number of professional supporting staff. The total at Headquarters is only 100.

An organogram, attached as Annex IV, gives the Headquarters to village level scheme and the staff involved in implementing the Rural Development Programme. A Programme Coordinator, reporting to the Executive Director, is in charge. He is assisted currently by four Regional Managers stationed at Headquarters. With the expansion of the programme proposed for 1990-92, the number of Regional Managers will be increased to 6 and they will be posted to selected field locations. Each Regional Manager will be in charge of 10-12 BRAC Area Offices, the unit directly responsible for work in the villages. An Area Office will be headed by a Manager, assisted by three Programme Organisers (POs) with general responsibilities. An additional Programme Organiser is specifically assigned to the Non-Formal Primary Education activity. Programme Organisers in turn, are assisted by Palli Sheboks/Shebikas assigned to each Area Office. They are locally recruited with the expectation that they will remain in the villages to support the Village Organizations.

As will have been surmised from the above account, BRAC's administrative structure ends with the Area Office. Each Office is responsible for approximately 50 villages, in each of which two Village Organizations, one for men and one for women may be created. It is in creation of the Village Organizations - and the credit, training, resource mobilization and other activities which are developed around them - that BRAC makes its basic contribution to improving the lot of the landless. The processes have been described in the sections on Institution Building and, on Credit, Employment and Income Generation.

## 2. RESEARCH AND EVALUATION DIVISION (RED)

### Objective

Timely provision of the objective data and analytical information base for management decisions on programme content, design and modalities of implementation needed to ensure maximum impact and efficiency in improving levels of living of the landless.

### Background and Justification

The Research and Evaluation Division (RED), initiated in 1975 as a single employee service unit, has grown into a competent, professional research and evaluation division. Current staff comprises 13 professionals, including three Ph.Ds, and 10 tabulators at the Head Office and 50 field based research investigators.

The need for a research facility in BRAC derives from its very nature as an expanding and innovative organisation. Resource limitations demand that a continuing search be mounted for more effective and less costly ways to achieve the desired expansion. New approaches and new techniques must be conceptualized, applied in the field, analyzed and modified for wider application. RED has demonstrated its capacity to meet these needs through undertaking five kinds of studies:

- (1) Baseline/bench mark surveys - Information is collected from a particular area, before BRAC intervenes, on the pre-programme situation against which progress in subsequent implementation can be measured.
- (2) Monitoring studies - On-going programmes are kept under continuous review with the aim of providing management the information needed to make timely adjustment in any actions not proceeding according to plan.

- (3) Diagnostic studies - address particular problems identified in programme implementation, seek to ascertain causes and suggest solutions.
- (4) Impact-evaluation studies - analyse and assess the outcome of an intervention at a specified time(s) following completion of implementation.
- (5) Policy oriented studies - Particular situations are analysed from a management point of view to ascertain the extent to which policies are being implemented and the extent their impact is as expected.

By the end of 1987 RED had prepared a total of 136 reports and 30 studies were on-going. What is proposed for 1990-92 is the subject of the activities section which follows.

#### Activities

RED activities in 1990-92 will consist of studies of the types just described but, with a particular focus on three areas:

- (1) Implementation strategies: Studies will be initiated to assess the results of implementing the new strategy of phasing out BRAC Area Offices after approximately four years of support in a given area. This will involve development of a systematic approach to monitoring the Rural Development Programme. In addition, just how well the empowerment and institution building processes are working in practice will be the subject of special study.
- (2) The components of RDP: Tentative plans for diagnostic studies are to give priority to credit, education, poultry and livestock and irrigation. Since, however, RED is a support service, these plans can change as management perceives the need for study(ies) in particular areas.

- (3) Impact on the poor: Different economic schemes, proposed or under implementation, will be analyzed to determine their present, or likely impact on the poor. In addition, the institutional arrangements for implementing such schemes will be the subject of study as regards their effectiveness for the target group.

### 3. RURAL ENTERPRISE PROGRAMME (REP)

#### BACKGROUND

Given the rapid increase in landlessness in recent years and the slow growth in employment opportunities, BRAC has increased the size and coverage of its credit operation which is managed under its Rural Development Programme (RDP). Credit is made available on commercial terms to both landless individuals and to groups of landless to invest in income-generating activities - essentially, self-employment in a range of traditional activities such as cattle fattening, paddy husking, milch cow rearing, poultry rearing, petty trading and cottage industries. For many of these activities, returns to labour are low at less than Tk. 1 per hour worked. BRAC therefore recognised the need to complement its credit programme by making existing businesses more profitable and promoting new businesses among its landless constituency.

As a result, BRAC created the Rural Enterprise Project (REP) for 3 years from January 1986 to identify and promote new and improved businesses in both the farm and non-farm sectors. Priority areas for REP attention were identified as:

- agriculture;
- fisheries;
- forestry;
- livestock;
- agro-processing;
- textiles; and
- building materials.

REP then undertook a series of sectoral reviews, from which it was able to identify new business potential in these sectors. This led to a further round of market surveys and feasibility studies, after which a number of profitable new businesses were launched jointly by REP and interested BRAC landless groups. In each case, the groups provided some (occasionally, all) the investment funds as equity from own savings and as loans taken from BRAC's credit arm, the Rural Development Programme, RDP. The most successful new businesses established to date are:

Business	Number	Incremental Value Added (rounded off)
Carp nursery ponds	12	Tk. 32,000 (1986)
	16	Tk. 10,000 (1987)
Shrimp polyculture	9	Tk. 10,000 (1987)
	38	results due in June (1987)
Brickfield	1	Tk. 980,000 (1987)
Power tiller	1	Tk. 21,000 (1987)
	5	results due in June (1987)
Rice mill	1	Tk. 13,500 (1987)
		Tk. 12,000 (1988 - 3 months)

Several other promising new businesses are currently being worked on including:

waste silk spinning,  
mushroom culture,  
colour and light-fast dyeing.

REP is staffed by a Project Manager supported by specialist staff (currently, 7 - 2 in fisheries, 1 horticulture, 1 forestry, 1 mechanical engineering, 1 sericulture, 1 mushroom culture) and 2 economists. In addition, REP uses both national and regional trainers as subject matter specialists. Trainer assistance has been used in intensive shrimp culture, horticulture and livestock feeding. These staff and trainers are responsible for appraising new business ideas and helping groups set up new business by providing assistance in

business start-up (budgetting, marketing), technical and management training, and follow-up trouble-shooting.

Each new business goes through a project cycle of:

business idea ---> feasibility study ---> implementation plan  
formulation ---> implementation ---> monitoring ---> evaluation.

Within 12 months of the successful (i.e. profitable) establishment of a new business, REP prepares a Business Profile which is intended as an investors' guide to the business. Currently profiles are under preparation for ricemilling, power tillers and brickfields.

A more detailed description of REP's objectives, work programme, work methods, staffing and success to date is given in Appendix-V.

## 1. OBJECTIVES

REP's basic objective will continue to be to increase the long-term income - earning prospects of the landless in both farm and non-farm businesses. REP will expand and increase the number of new businesses developed previously and will develop further new businesses.

## 2. PROGRAMME STRATEGY

2.1 REP will investigate, test and demonstrate new or improved businesses, providing training, technical and management support to group organised by BRAC's RDP. The strategy will continue to emphasise:

- assessment of market potential;
- investigation of product/process requirements and available technologies;
- testing and adaptation of businesses at the users' level;
- trial production and marketing;

- preparation of extension tools and provision of training to BRAC groups.

## 2.2 REP will specifically focus on:

- expanding and increasing the number of new businesses established by REP during its phase one operation;
- identifying and developing a further round of new businesses;

More details are given in section 3.

2.3 During REP, there will be a series of 1/2 day and 1-day workshops organised by REP to provide information on the market opportunities, technology, and management and production economics of selected businesses. The initial round of businesses to be presented at separate workshops will include:

- shrimp polyculture,
- rice milling,
- brickfield,
- carp nursery pond,
- power tiller contract ploughing.

For each business, REP will prepare a business profile. Workshops will be held for both BRAC staff and outside agencies (Proshika, Grameen Bank, etc.).

2.4 As a follow-up to these workshop, REP will also organise a series of training courses for BRAC's field staff (particularly Area Managers (AMs) in project appraisal and market research. This will be organised by REP staff economists, using resource people where necessary from the Bangladesh Management Development Centre (BMDC) and the Institute of Business Administration (IBA).

2.5 REP will also develop business management packages covering accounting and book-keeping, cash control, stock control, quality control, marketing, production management, etc.



2.6 REP will be made more of a programme unit by:

- increasing opportunities for other programme staff (RDP, MIP) to work within REP on secondment;
- providing structured management training in project appraisal and market research;
- providing business related workshops, profiles and checklists;
- providing technical skill training.

2.7 Credit for expansion of new businesses and establishment of proven businesses will continue to come from RDP - BRAC's credit arm. But REP will supply loans or equity to businesses which are totally new and innovative (such as mushroom culture, dhurry making). REP will also continue to supply credit to women's businesses (nursery ponds, dyeing, shrimp culture) to help convince RDP not only that a new business is viable but also that women can successfully run such a business.

### 3. OUTCOMES

REP expects to have the following outcomes:

- expansion of existing new businesses
  - shrimp polyculture
  - power tiller contract ploughing
  - brickfield
  - ricemill
  - nursery ponds
- development of further new businesses
  - dhurry making
  - furnishing fabrics
  - baor fisheries
  - duck farming
  - forestry
  - intensive shrimp culture
  - silk waste spinning
  - mushroom culture
  - leather processing
  - tile-making
  - agro-services (spraying, threshing)
  - food processing (spices, biscuits, bakery)
  - low cost housing & latrine construction

- preparation of Business Profiles- ricemill (under preparation)
  - brickfield ( " )
  - power tiller ploughing ( " )
  - shrimp polyculture
  - carp nursery pond
- training        - 50 RDP Centre Managers in project appraisal and market research;
  - trainers and group members in management of existing and new businesses;
- workshops      - as for business profiles.

#### 4. STAFF REQUIREMENTS

REP will have a full-time professional staff of one Programme Manager (PM), 2 staff economists, 6 Senior Programme Officers (POs), 6 Junior Programme Officers (POs) 4 female POs, and 5 support staff.

POs would be responsible for:

##### Senior POs:

- |                        |                           |
|------------------------|---------------------------|
| shrimp culture (1)     | - recruited 1988          |
| baor fisheries (1)     | - to be recruited         |
| horticulture (1)       | - recruited 1987          |
| forestry (1)           | - recruited 1988          |
| building materials (1) | - to be seconded from MIP |
| sericulture (1)        | - seconded from MIP 1988  |

##### Junior POs:

- |   |                   |
|---|-------------------|
| textiles (1)                              | - to be recruited |
| agro-services and PTs (1)                 | - recruited 1987  |
| ricemills (1)                             | - to be recruited |
| mushroom culture (1)                      | - recruited 1988  |
| nursery ponds (1)                         | - recruited 1987  |
| agro-processing (1)<br>(food and leather) | - to be recruited |

##### Female POs:

- |                      |                        |
|----------------------|------------------------|
| ricemills (1)        | - all to be recruited. |
| shrimp culture (1)   |                        |
| mushroom culture (1) |                        |
| forestry (1)         |                        |

Provision has been made for rotating staff from other BRAC programme units. Currently, one field staff has been seconded to REP from the Manikganj Programme (MIP) to work on sericulture and another

staff from MIP will work in building materials - on brickfields, tile factories and low-cost housing.

REP has recruited several future POs as trainers (paid from REP's consultancy budget). After a period of induction, trial and assessment, the promising ones will be appointed as POs. By April 1988, this arrangement was being used for staff for agro-services (including PTs), mushroom culture, shrimp culture and forestry.

REP will recruit 4 female POs to "shadow" male POs and learn the technologies of ricemilling, shrimp culture, mushroom culture and forestry.

Staff will work in teams, typically composed of the PM who will manage investigation, research, action and evaluation undertaken by the sectoral PO and staff economist, with occasional inputs from outside resource trainers.

#### 5. MANAGEMENT

REP's PM will report directly to BRAC's Executive Director.

A REP review committee will meet twice a year to review REP's work programme and priorities, composed of membership drawn from BRAC's programme units (RDP, MIP, TARC).

#### 6. EVALUATION

There will be an in-house evaluation at 18 months and a final evaluation at 36 months by a team of External Evaluators. Evaluation criteria will be based upon REP achievements in meeting its expected outcomes and continuing to identify and develop further new businesses beyond those already set out in this proposal.

## 7. INPUTS

### 7.1 PERSONNEL

Budget provision is made for 3 years for 1 Project Manager, 2 Staff Economists, 16 POs as detailed in Section 4, and 5 support staff. According to BRAC's personnel policy, the budget is shown for basic salary, with additional provisions for fringe benefits (60% on basic salary - for rent, medical, conveyance, gratuity and provident funds) and for staff TA and DA (25% on basic salary - REP 1 TA/DA to salary was 23%).

### 7.2 PROGRAMME EXPENSES

A. **Trainers.** Provision is made for 54 months of technical and management subject matter specialists, with 36 months from national trainers and 18 months from regional trainers. 3 regional trainers will be recruited for periods of 6 months to develop programmes, production systems, staff skills, and training materials for:

- golda shrimp culture;
- forestry;
- sericulture.

Provision is made for:

National trainers	Tk. 25,000 x 36 months	=	Tk. 9,00,000
Regional trainers	Tk. 90,000 x 18 months	=	Tk. 16,20,000
			Tk. 25,20,000
			-----

B. **Trainers Travel and Housing:** Provision is made for travel and accommodation as follows:

Airfares	: 6 x Tk. 30,000	Tk. 1,80,000
TA/DA	: 18 months regional trainers	
(Dhaka)	3 months x 30 days x Tk.1,000/day	90,000
(Rural)	15 " x 30 days x Tk. 200/day	90,000
TA/DA	: 36 months national trainers	
(Rural)	36 months x 30 days x Tk. 200/day	2,16,000
		-----
		Tk. 5,76,000
		-----

C. **Experimental Project Materials:** Provision is made for the purchase of materials and equipment for use in controlled, pre-pilot project testing. These include plant material (seedcane, saplings, silkworms), raw materials (dyestuffs, cotton) and equipment.

Provision is made for Tk. 1,00,000 per year x 3 years (the level of expenditure by year 3 of REP 1).

D. **Extension Materials:** Provision is made for training aids - training manuals, business profiles - and workshops to promote these.

Provision is made for:

9 businesses                    x Tk. 10,000                    = Tk. 90,000

E. **Regional Travel:** Provision is made for 8 study tours to visit resource agencies, and other institutions running small business programmes. It is planned that the PM will visit both India and SE Asia (2 trips), 1 staff economist will visit India, the other SE Asia (2 trips); and 4 POs will visit India or SE Asia (4 trips). The budget is calculated as:

4 trips (India)                    x Tk. 30,000                    = Tk. 1,20,000  
4 trips (SE Asia)                    x Tk. 60,000                    = Tk. 2,40,000

Visits will be made to:

**India:** Anand Dairy, Weavers Service Centre Varanasi, Karnataka State Sericulture Board, Central Food Technology Research Institute, KVIC.

**SE Asia** People's Development and Community Association, FFRED-Forestry, AIT (Thailand), SEAFDEC- Fisheries, Technobank, PCATT, Filipinas Foundation (Philippines), Yayasan Dian Desa (Indonesia).

#### E. **Staff Training**

Provision is made for short-term, specialist training courses for REP staff. It is planned to send the PM, 2 economists and 6 Senior POs for regional training and 6 junior and 4 female POs for in-country training.

Budget provision is:

9 regional training courses x Tk. 80,000 =	Tk. 7,20,000
10 national training courses x Tk. 5,000 =	Tk. 50,000
	<u>Tk. 7,70,000</u>

Training courses will be in their relevant specialist subjects for the 16 POs and in small business promotion for PM and the 2 economists.

F. **PILOT PROJECT FUND (PPF):** Further provision to made for the Pilot Project Fund of Tk. 9,00,000 to be used by REP to establish pilot enterprises jointly with landless groups in order to field test new activities and means to organise the landless to undertake these activities. The pilot project fund will provide risk capital to underwrite pilot projects to promote new or improved activities among groups of BRAC's borrowers.

Recovery of this fund would be achieved by selling successful enterprises to participating landless groups (using their own fund & RDP credit) and recycling the fund into new activities.

#### 8. **TIMETABLE**

Support under this proposal will last 3 years from January 1990-December 1992.

Evaluations will take place in July 1991 and December 1992.

## VIII. DIRECTIONS FOR THE FUTURE

BRAC is an innovative organization in constant search of ways to achieve greater effectiveness and efficiency in serving the needs of its target group, the landless, rural poor. Through its in-house Research and Evaluation Division, discussions in the Governing Body and among staff members, ideas for change are generated and, subsequently, tested in field application. But BRAC, also, seeks to draw on experience from outside its own organization and environment. In the past two years, five reports have been prepared by individuals or teams of external consultants of widely different backgrounds, invited by BRAC to review and analyse present operations and to suggest directions for the future. What is learned through all of these means is considered by management and, as appropriate, applied.

Out of the constant search for improvement have come modest changes in day to day operations and major innovations or shifts in strategy. One of the latter, reflected in the Programme for 1990-92 is the planned conversion of RDP after an average period of four years of operation of an Area Office, into a self-financing BRAC Bank Project. The immediate challenge posed for BRAC is to develop and implement a comprehensive monitoring and evaluation system to keep implementation of this strategy under critical review, to test the validity of assumptions on which it is based and, to alert management to any changes needed to ensure continuing viability of the Village Organizations.

Monitoring of Village Organizations in the period following RDP withdrawal will help answer a broader question, "How fast can the programme of conscientization of villagers and formation of Village Organizations be spread while maintaining the quality of work needed to attain an acceptable degree of self-reliance for villagers as

individuals and as members of Village Organizations and Federations of the latter?" Can this be done in four years as now assumed, thus freeing BRAC resources for deployment in new areas?

Another issue is deciding on the general approach which constitutes best use of BRAC resources in achieving its goals for the landless. Two major approaches are now followed: (1) the basic Rural Development Programme centered on BRAC initiated and controlled conscientization and village organization processes; and, (2) the sectoral facilitation and strengthening programme (not constituting a part of this proposal) through which BRAC seeks to influence and strengthen the capacity of government departments to implement their programmes in ways which better serve the needs of BRAC's own target group, the landless rural poor. The two approaches are complementary and it is to be hoped that resource availability will permit continued application of both. Should this not be the case what would be the priority choice?

The truly major challenge for the future is how to assure the uninterrupted supply of investment opportunities of the kind needed for sustained increase in numbers of rural jobs, productivity and income. A point of exhaustion may be reached quickly - perhaps largely within the four year period of operation of a BRAC Area Office - in availability of unused or underutilized local resources, in application of improved technology to upgrade traditional enterprises and, even in local market absorptive capacity. The need emerges to look beyond the single village for resources, markets, a scale of operation to compete and, for new products and services. This is the challenge of the BRAC Rural Enterprise Project, a challenge that can only increase and require more attention and resources in the years ahead.



Another issue is how large an NGO can, become - resource and political limitations apart - before it begins to lose the inherent advantages, the very essence of an NGO - the idealism and dedication of staff associated with an informal, personal and democratic mode of operation; the absence of a time consuming and costly bureaucracy and thus the speed and flexibility in initiating and modifying programmes; the possibility to concentrate resources on experimental approaches in small areas in the absence of the kind of political pressure exerted on government to do something for everyone at the same time. Obviously there is no set answer to this question but it is one that merits continuing attention as expansion takes place.

All of the above issues come to the fore as an expansion of BRAC operations is considered - three hundred BRAC Bank (formerly BRAC Area) Offices serving 15,000 villages, around 20 per cent of the nation's total by the year 2002.

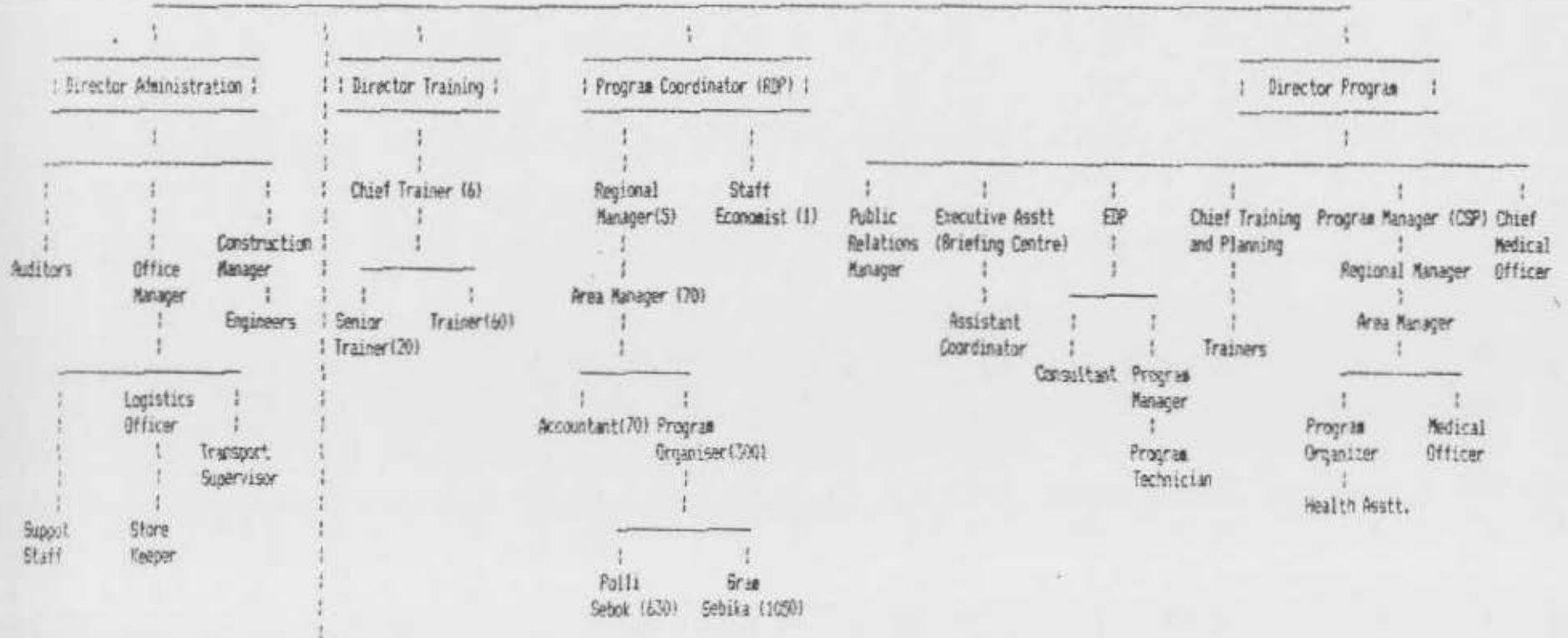
From all of the self and external examination of BRAC as an organization and its programme, two things are clear:

- (1) BRAC has established a well deserved reputation, at home and abroad, as an NGO efficiently and effectively serving a well defined and difficult to serve target group, the landless rural poor;
- (2) The need for doing the kinds of things in which BRAC has acquired highly valuable experience will continue to expand. Even with the combined and effective interventions by government, NGOs and the private sector, only a small proportion of those now in need can be served. The pressure of population growth on a fixed resource base will generate increasing numbers of landless and jobless far into the future.

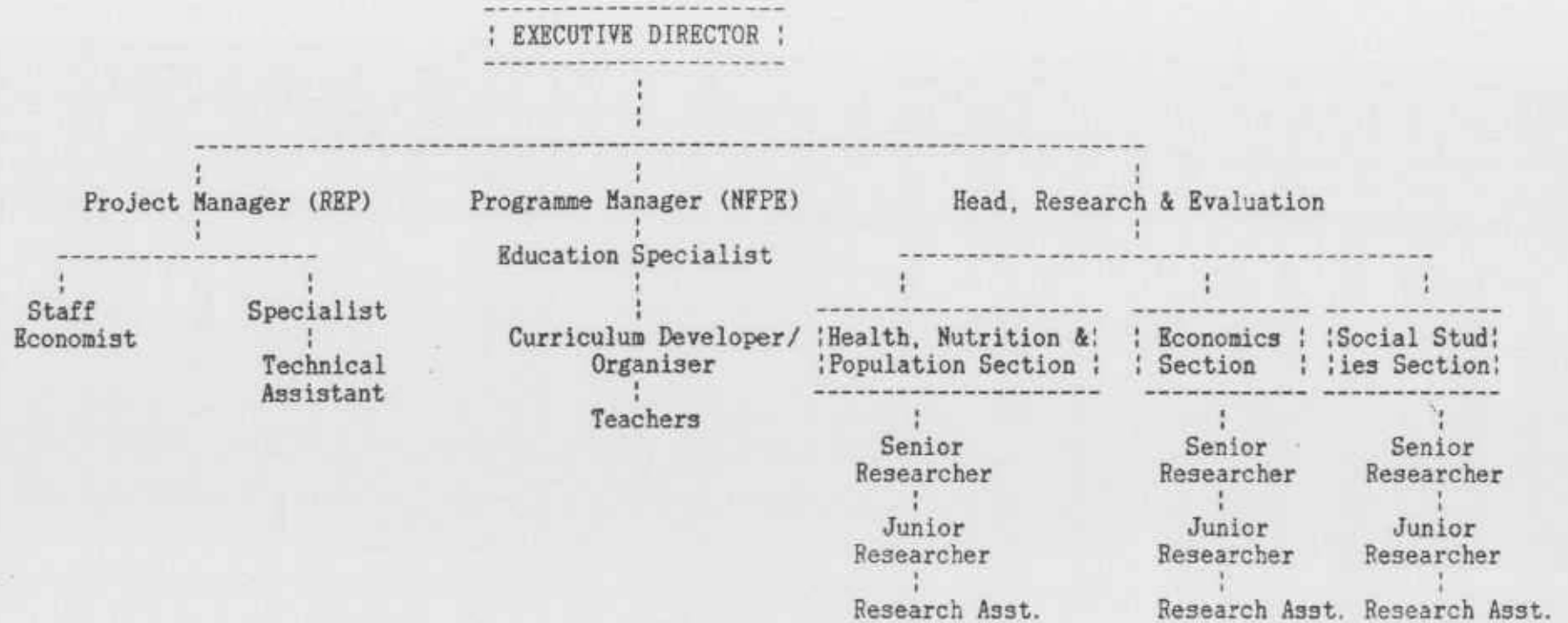
On the basis of BRAC achievements to date and its continuing openness to suggestions for change and adaptation, it can be predicted with some measure of confidence that BRAC management will find appropriate responses to the challenges ahead.

BRAC

Executive Director



BRAC



**BANGLADESH RURAL ADVANCEMENT COMMITTEE**

Organisational Structure

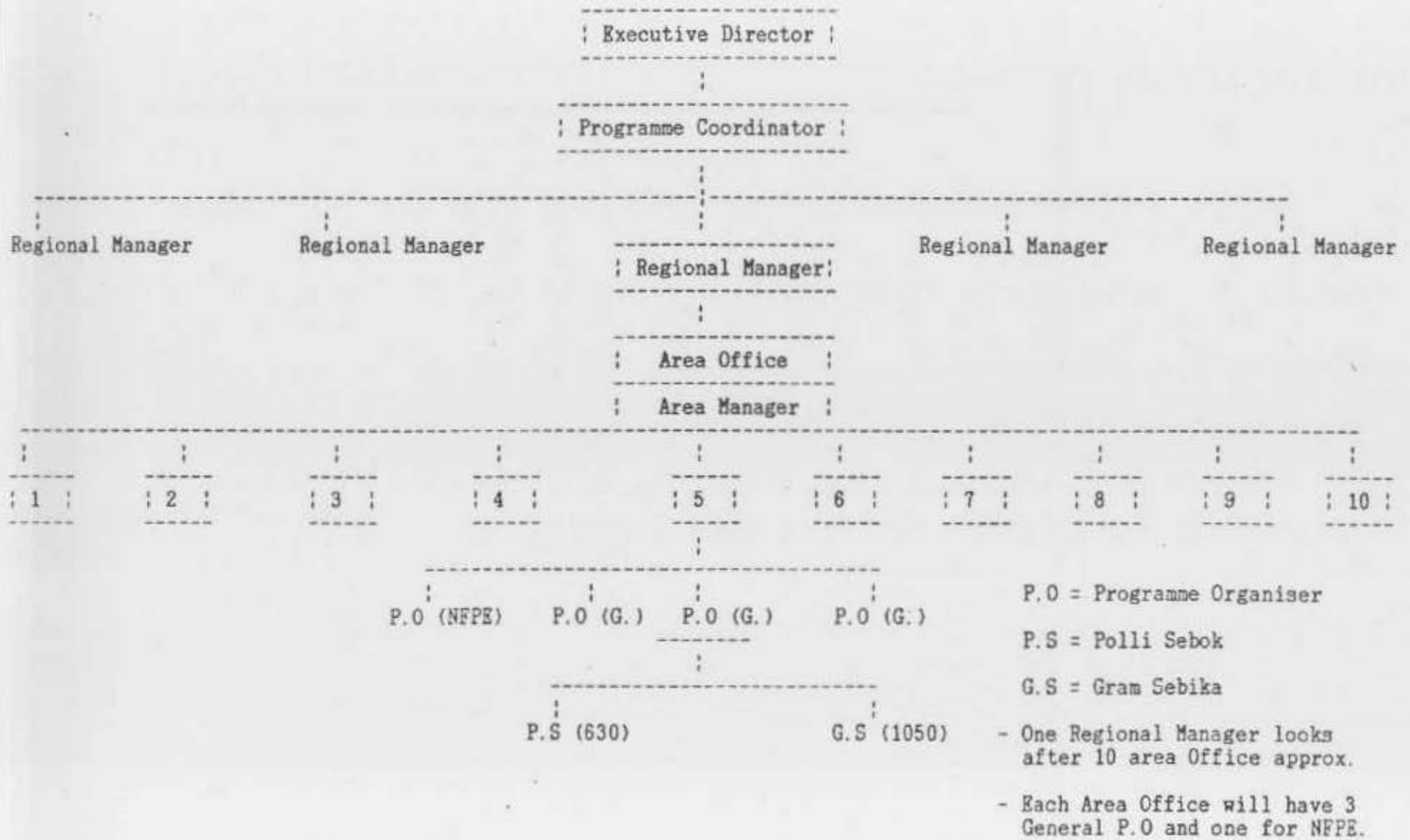
General Body

Governing Body

Executive Director

- |                                 |   |                         |
|---------------------------------|---|-------------------------|
| - Internal Audit                | } |                         |
| - Office Management             | } | Director Administration |
| - Govt. Relation                | } |                         |
| - Construction                  | } |                         |
| - Personnel Section             | } |                         |
|                                 |   |                         |
| - Training & Resource Centre    | } | Director Training       |
|                                 |   |                         |
| - Rural Development Programme   | } | Programme Coordinator   |
| - Rural Enterprise Project      | } |                         |
|                                 |   |                         |
| - Child Survival Programme      | } |                         |
| - Public Relation               | } | Director Programme      |
| - Briefing Centre               | } |                         |
| - Electronic Data Processing    | } |                         |
|                                 |   |                         |
| - Non-Formal Primary Education  | } | Programme Manager       |
| - Gonokendra, Publication       | } |                         |
|                                 |   |                         |
| - Accounts Section              | } | Chief Accountant        |
|                                 |   |                         |
| - Research & Evaluation         | } | Head RED                |
| - Aarong - Craft Marketing Shop | } | Manager                 |
| - BRAC Commercial Projects      |   |                         |
| BRAC Printers                   | } | General Manager         |
| BRAC Industries Ltd.            | } | General Manager         |

RDP



BANGLADESH RURAL ADVANCEMENT COMMITTEE  
RURAL DEVELOPMENT PROGRAM  
BUDGET: 1990 - 1992

NOTES TO BUDGET

1. A Common Program is one that every branch must do
2. A Sector Program is not common to all branches but is carried out in branches which are found suitable for implementation
3. A branch has a life cycle of 4 years.
4. Proposed number of operating branches:

	1990	1991	1992
1st year branch	20	10	10
2nd year branch	20	20	10
3rd year branch	20	20	20
4th year branch	20	20	20
	---	---	---
	80	70	60

5. Inflation rate applied: 10% compounded
6. Cost base : 1988 prices
7. H.O. Logistics & Mgmt. support includes cost of services rendered by head office program personnel (e.g. Program Chief, Regional Managers), accounts, audit, administration and other service department and the cost of transportation, supplies and establishment cost at H.O.
8. Interest income has been arrived at by applying 16% on the average balance, thus:

	Year end outstanding Tk	Average outstanding Tk	Interest Tk
1st year branch	612,000	306,000	49,000
2nd year branch	1,850,000	1,240,000	197,600
3rd year branch	3,832,000	2,845,000	455,200
4th year branch	6,457,000	5,144,000	823,100

9. 10 branches will be transferred to BRAC Bank in each year in 1990, 1991, 1992.

10. Non Formal Primary Education:

a) Number of schools in operation

	1990	1991	1992
New : NFPE	500	500	500
Kishore Kishore	500	500	500
Old : NFPE	880	1,380	1,000
Kishore Kishore	726	500	500
	-----	-----	-----
	2,606	2,880	2,500

- b) Teachers are given refresher course in the 2nd year of their recruitment.
- c) Books and supplies include text books, work books, slates, pencils, registers etc.
- d) Teaching aids and equipments include chalks, dusters, blackboards, class furniture, office furniture etc.
- e) Follow up materials include children's fiction and magazines.
- f) A Palli Sebak (Village level worker) will be facilitating the work of 10 schools.
- g) A field supervisor will supervise 50 centres.

11. Vulnerable Group Development Programme:

a) Team in operation:

	1990 Jan-June	1990 July-Dec.	1991
Old	32	--	32
New	--	32	--
	---	---	---
	32	32	32

- b) A team will operate for 18 months in a upazila. However 22 team now in operation and 10 teams to be opened in early 1989 will operate upto June 1990.
- c) Training will be imparted by the program staff i.e. the team leader and 3 program organisers.
- d) Inflation rate applied: 10% compounded.



BANGLADESH RURAL ADVANCEMENT COMMITTEE  
RURAL DEVELOPMENT PROGRAM  
BUDGET: 1990-92

	1990 ---	1991 ---	1992 ---	TOTAL -----
I. Common Program Cost				
A. Institution Building	12,302,400	12,855,524	10,662,109	35,820,033
B. Employment & Income Generation	7,409,314	8,539,563	8,405,837	24,354,714
II. Development of Human Resources				
A. Non Formal Primary Education	45,259,795	54,335,389	52,545,884	152,141,067
B. Development of Rural Managers	2,532,232	3,086,550	5,201,615	10,820,397
III. Vulnerable Group Development Program	12,339,532	13,823,047	15,479,871	41,642,450
IV. Sector Program Cost (Employment & Income Generation)				
A. Fishery	677,600	745,360	819,896	2,242,856
B. Irrigation	364,650	802,230	658,845	1,825,725
C. Apiculture	60,500	66,550	73,205	200,255
D. Sericulture	4,213,440	6,767,288	7,678,539	18,659,267
E. Other Skills	605,000	931,700	1,464,100	3,000,800
V. Branch Operating Cost	48,158,880	45,917,322	43,384,744	137,460,946
VI. Regional Office Operating Cost	2,864,400	3,150,840	3,465,924	9,481,164
VII. Staff Training & Dev.	1,433,124	1,431,091	1,681,812	4,546,027
VIII. Loan Fund Requirement	101,040,000	3,020,000	(18,580,000)	85,480,000
IX. Capital Investment Requirement	31,460,000	4,440,700	(173,030)	35,727,670
X. Program Infrastructure	11,529,100	22,272,470	24,511,696	58,313,266
XI. Rural Enterprise Program	4,611,697	5,071,536	5,578,690	15,261,923
XII. Research & Evaluation	2,142,488	2,362,860	2,356,516	6,861,864
Total: Taka	289,004,152	189,620,020	165,216,251	643,840,423
Less Net Interest Income	20,587,200	23,504,000	22,048,000	66,139,200
Net Requirement	268,416,952	166,116,020	143,168,251	577,701,223

I. COMMON PROGRAM COST	(Amount in Taka)			
	Year 1	Year 2	Year 3	
A. Institution Building				
1. Social awareness facilitation training				
1.1 Teachers Training - Tk.120 per trainee per day for 7 days (10,30,10)	8,400	25,200	8,400	
1.2 Refreshers Course - Tk.30 per trainee per day for 3 days (10,30,10)	900	2,700	900	
1.3 Education Materials Tk.500 (10, 30, 10)	5,000	15,000	5,000	
1.4 Teachers Salary - Tk.400 per month for 9 months (10, 30, 10)	36,000	108,000	36,000	
TOTAL A.	50,300	150,900	50,300	
2. Consciousness Raising & Leadership Development - Tk.120 per trainee per day for 6 days (50,150 Nos.)	36,000	108,000		
3. Project Planning & Management - Tk.40 per person per day for 5 days (50,75,75)	10,000	15,000	15,000	
H.O. Logistics and Management Support - 10% of 1 to 3	14,660	42,480	11,560	
Cost per branch	110,960	316,380	76,860	
	1990	1991	1992	TOTAL
Yr. 1 Branch (20,10,10 nos)	2,219,200	1,109,600	1,109,600	4,438,400
Yr. 2 Branch (20,20,10)	6,327,600	6,327,600	3,163,800	15,819,000
Yr. 3 Branch (20,20,20 nos)	1,537,200	1,537,200	1,537,200	4,611,600
Yr. 4 Branch (Nil)				
Total	10,084,000	8,974,400	5,810,600	24,869,000
Institutional Support to 4 year and above branches- Tk.25000 per branch x 40,60,80	1,000,000	1,500,000	2,000,000	4,500,000
H.O. Logistics & Management support - 10% of Inst. Support	100,000	150,000	200,000	450,000
Total	1,100,000	1,650,000	2,200,000	4,950,000
Inflation adjusted cost	12,362,400	12,855,524	10,662,109	35,820,033

B. Employment & Income Generation

1.0 Poultry

1.1 Poultry workers - Tk.50 per trainee per day for 5 days (30 & 20 Nos)	7,500	5,000		
1.2 Rearers - Tk.30 per trainee per day for 3 days (200,400,400)	18,000	36,000	36,000	

2.0 Livestock

2.1 Paravet - Tk.90 per trainee per day for 30 days (10 Nos.)	27,000			
2.2 Refreshers Course - Tk.50 per trainee per day for 5 days (yr.2, 1 course, yr.3 2 courses)	2,500	5,000		
2.3 Supplies - Tk.1000 per trainee (10 Nos.)	10,000			
2.4 Cow rearing/Beef fattening-Tk.30 per trainee per day for 7 days (25,100 & 100)	5,250	21,000	21,000	

3.0 Horticulture & Crop

3.1 Horticulture Nursery - Tk.745 per trainee per course (8 nos. each in yr. 2 & 3)	5,960	5,960		
3.2 Horticulture & Crop - Tk.50 per trainee per day for 4 days (100 Nos. each yr. 2&3)	20,000	20,000		
3.3 H.O. Logistics & Management Support - 10% of 1.1 to 3.2	3,075	12,746	8,796	
Cost per branch	33,825	140,206	96,756	

	1990	1991	1992	TOTAL
Yr. 1 Branch (20,10,10)	676,500	338,250	338,250	1,353,000
Yr 2 Branch (20,20,10)	2,804,120	2,804,120	1,402,060	7,010,300
Yr. 3 Branch (20,20,20)	1,935,120	1,935,120	1,935,120	5,805,360
Total	5,415,740	5,077,490	3,675,430	14,168,660

4. Skill training support to 4 yr & above branches  
- Tk.30000 per Branch x 40,60,80

H.O. Logistics & Management Support - 10% of Skill training support	120,000	180,000	240,000	540,000
--	---------	---------	---------	---------

Total	1,320,000	1,980,000	2,640,000	5,940,000
Inflation adjusted cost	7,409,314	8,539,563	8,405,837	24,354,714

## 11. DEVELOPMENT OF HUMAN RESOURCES

1. Non Formal Primary Education:	1st year school	2nd year school	3rd year school
<b>A. Teaching cost &amp; supplies</b>			
A1. Teachers Training - Tk.120x15 days	1,800	---	---
A2. Teachers refresher course - Tk.120x7 days	---	840	840
A3. Teachers workshop - Tk.20 x 8, 6, 6	160	120	120
A4. Teachers salary - Tk.400x12 months	4,800	4,800	4,800
A5. Learners Books & Charts	1,416	1,136	1,347
A6. Teaching aids & equipments	2,684	1,268	1,268
<b>B. School rent/maintenance - Tk.100 x 12 months</b>	1,200	1,200	1,200
<b>C. Organisation &amp; Supervision</b>			
<b>C1. Staff salary</b>			
C1.1 Field Supervisor - Tk. 22 x 12 months	264	264	264
C1.2 Program Organiser - Tk.175 x 12 months	2,100	2,100	2,100
C1.3 Travel & Transport - 30% of C1.1 & C1.2	709	709	709
C1.4 Office & Staff Accomodation	240	240	240
C1.5 Staff Training - 4% of C1.1 & C1.2	95	95	95
<b>TOTAL</b>	<b>15,468</b>	<b>12,772</b>	<b>12,983</b>
<b>D. H.O.Logistics &amp; Mgt. cost - 10% of Total cost</b>	1,547	1,277	1,298
<b>Total cost per school</b>	<b>17,015</b>	<b>14,049</b>	<b>14,281</b>
<b>Primary Education For Older Children:</b>	<b>1st year school</b>	<b>2nd year school</b>	
A1. Teachers training - Tk.120 x 15 days	1,800	---	
A2. Teacher refresher course - Tk.120 x 7 days	840		
A3. Teachers workshop - Tk.20 x 8, 6	160	120	
A4. Teachers salary - Tk.400 x 12 months	4,800	4,800	
A5. Books & Supplies	2,552	1,347	
A6. Teaching aids & equipment	2,684	2,238	
B1. School rent/maintenance - Tk.100 x 12 months	1,200	1,200	
<b>C. Organisation &amp; supervision</b>			
<b>C1. Staff salary</b>			
C1.1 Field Supervisor - Tk.22 x 12 months	264	264	
C1.2 Program Organiser - Tk.175 x 12 months	2,100	2,100	
C1.3 Travel & transportation - 30% of C1.1 & C1.2	709	709	
C1.4 Office & staff accomodation	240	240	
C1.5 Staff training - 4% of C1.1 & C1.2	95	95	
<b>TOTAL</b>	<b>16,604</b>	<b>13,953</b>	

D. H.O. Logistics & Management Support - 10% of Total Cost	1,660	1,395
Total Cost Per School	18,264	15,348

Yearwise cost for Non Formal Primary Education Program

	1990	1991	1992
1st year school	500x17,015 8,507,500	500x17,015 8,507,500	500x17,015 8,507,500
2nd year school	880x14,049 12,363,120	500x14,049 7,024,500	500x14,049 7,024,500
3rd year school		680x14,281 12,567,280	500x14,281 7,140,500
TOTAL	20,870,620	28,099,280	22,672,500
Inflation adjusted cost	22,957,682	34,000,129	30,177,098

Year wise cost for Primary Education for Older Children (Kishor/Kshori)

	1990	1991	1992
1st year school	500x18,264 9,132,000	500x18,264 9,132,000	500x18,264 9,132,000
2nd year school	726x15,348 11,142,648	500x15,348 7,674,000	500x15,348 7,674,000
TOTAL	20,274,648	16,806,000	16,806,000
Inflation adjusted cost	22,302,113	20,335,260	22,368,786
Grand Total	45,259,795	54,335,389	52,545,884

2. Development of Rural Managers

A. Programme Personnel cost

a. Basic salary

a.1 Faculty - Tk.10,000x12 months x (3,5,7)	360,000	600,000	640,000	1,200,000
a.2 Secretaries - Tk.4000x12 months x 1,1 & 2 Nos.	48,000	48,000	96,000	192,000
a.4 Typist -Tk. 3,000x12 months x 1, 2 & 2 Nos.	36,000	72,000	72,000	180,000
b. Fringe benefits - 60% of A1 to A4	266,400	432,000	604,800	1,303,200
c. Travel cost - 5% of a1	18,000	30,000	42,000	90,000
Total	728,400	1,182,000	1,654,800	3,565,200

## B. Maintenance and Service Staff:

### a. Basic salary:

a.1 Gaurds - Tk.2,000x12 months x 2,2,4 Nos.	48,000	48,000	96,000	192,000
a.2 Drivers - Tk.2,000x12 months x 1,2,3	24,000	48,000	72,000	144,000
a.3 Logistics Manager - Tk.3,000x12 months x 1 No.	36,000	36,000	36,000	108,000
a.4 Peons - Tk.1,500x12 months x 2,2 & 3 Nos.	36,000	36,000	54,000	126,000
a.5 Cooks & Helpers - Tk.2,000x12 months x 1,2 & 2 Nos.	24,000	48,000	72,000	144,000
b. Fringe Benefits (60% of a1 to a5 of B)	100,800	129,600	198,000	428,400
Total	268,800	345,600	528,000	1,142,400

## C. Recurring Expenses

### a. General expenses:

a.1. Stationery & Printing	100,000	150,000	200,000	450,000
a.2. Electricity	100,000	150,000	200,000	450,000
a.3. Telephones	50,000	80,000	100,000	230,000
a.4. Maintenance	50,000	200,000	400,000	650,000
a.5. Transport running cost - Tk.6,000x12 months x 1,2 & 3 Nos.	72,000	144,000	216,000	432,000
a.6. Rent (Office/Training facilities)	150,000			150,000
Total	522,000	724,000	1,116,000	2,362,000

D. Teaching Materials Development 100,000 150,000 200,000 450,000

E. News letter/Journal 0 120,000 120,000 240,000

G. Professional staff trg. - Tk. 1,300,000 per yr. for 3 years 1,300,000 1,300,000 1,300,000 3,900,000

H. H.O. Logistics & management support - 10% of A to G 291,920 382,160 491,880 1,165,960

Total 3,211,120 4,203,760 5,410,680 12,825,560

Inflational adjusted cost 3,532,232 5,086,550 7,201,615 15,820,397

Less Training Income 1,000,000 2,000,000 2,000,000 5,000,000

Total for Dev. of Rural Managers 2,532,232 3,086,550 5,201,615 10,820,397

## III. VULNERABLE GROUP DEVELOPMENT PROGRAMME:

Facilitation for Income Generation	1990	1991	1992	TOTAL
A1. Salaries & benefits				
A1.1 Team Leaders - Tk.5000x12 months x 32,32,32	1,920,000	1,920,000	1,920,000	5,760,000
A1.2 Programme Organisers - Tk.2800 x 12 months x 96,96,96	3,225,600	3,225,600	3,225,600	9,676,800
A1.3 Accountants - Nil	0	0	0	0
A1.4 Field Coordinators - Tk.7000x12 months x 2 Nos.	168,000	168,000	168,000	504,000

A1.5 Travel & Transport - 30% of a1.1 to a.1.3	1,543,680	1,543,680	1,543,680	4,631,040
A1.6 Staff Training - 5% of A1.1 to A.3	257,280	257,280	257,280	771,840
A1.7 Service staff - Tk.1200x12 months x 32,32,32 nos	460,800	460,800	460,800	1,382,400
A2. Training supplies to VGO cardholders - Tk.75 per person (15000,17500,20000)	1,125,000	1,312,500	1,500,000	3,937,500
A3. Stationeries & supplies - Tk.500 x 12 months x 32,32,32 nos	192,000	192,000	192,000	576,000
A4. Rent & Utilities - Tk.3000 x 12 months x 32,32,32 nos	1,152,000	1,152,000	1,152,000	3,456,000
A5. General Exp. & Maintenance - Tk.400x12 months x 32,32,32 nos	153,600	153,600	153,600	460,800
A6. Capital Expenditure				
A6.1 Furniture & Fixture - Nil	0	0	0	0
A6.2 Motorcycle - Nil	0	0	0	0
A7.1 Incubator	0	0	0	0
A7.2 Generator	0	0	0	0
A8 H.O. Logistics & Management support - Tk.10% of A1 to A5	1,019,796	1,038,546	1,057,296	3,115,638
Total	11,217,756	11,424,006	11,630,256	34,272,018
Inflation adjusted cost	12,339,532	13,823,047	15,479,871	41,642,450

#### IV. SECTOR PROGRAMME COST

	1990	1991	1992	TOTAL
A. Fishery	----	----	----	-----
A1. Fish Nursery - Tk.120 per trainee per day for 15 days (200, 200, 200)	360,000	360,000	360,000	1,080,000
A.2 Fish Culture - Tk.50 per trainee per day for 5 days (500,500,500)	125,000	125,000	125,000	375,000
A.3 Refreshers course - Tk.50 per trainee per day for 3 days (500,500,500)	75,000	75,000	75,000	225,000
A.4 H.O. Logistics and Management Support - 10% of A.1 to A.3	56,000	56,000	56,000	168,000
Total	616,000	616,000	616,000	1,848,000
Inflation adjusted cost	677,600	745,360	819,896	2,242,856
B. Irrigation				
B.1 Mechanics - Tk.120 per trainee per day for 75 days (25,50,50)	225,000	450,000	450,000	1,125,000

B.2 Irrigation Management-Tk.120x7 daysx200,100,200, nil	84,000	168,000		252,000
B.3 H.O.Logistics and Management Support-10% of b.1	22,500	45,000	45,000	112,500
Total	331,500	663,000	495,000	1,489,500
Inflation adjusted cost	364,650	802,230	658,845	1,825,725
C. Apiculture - Tk.50 per trainee per day for 5 days (200,200,200)	50,000	50,000	50,000	150,000
C.1 H.O. Logistics and Management Support - 10% of C	5,000	5,000	5,000	15,000
Total	55,000	55,000	55,000	165,000
Inflation adjusted cost	60,500	66,550	73,205	200,255
D. Seri/Eri Culture				
D.1 Sapling - Tk.1x800000,1000000,1000000 nos.	800,000	1,000,000	1,000,000	2,800,000
D.2 Chawki Centres - Tk.10000x46,106,181 centres	460,000	1,060,000	1,810,000	3,330,000
D.3 Reeling Machines - Tk.50000 x 10,20,0	500,000	1,000,000	0	1,500,000
D.4 SALARY AND ALLOWANCES:				
D.4.1 Progra Incharge - Tk.7000x12	84,000	84,000	84,000	252,000
D.4.2 P.O.(Sericulture)-Tk.5000x12x 6,8,8, Nos.	360,000	480,000	480,000	1,320,000
D.4.3 P.S.(Sericulture)-Tk.1200x12x30,40,40 Nos.	432,000	576,000	576,000	1,584,000
D.5 TRAINING				
D.5.1 P.E. - Tk.50x30 days x 20 Nos.	30,000			30,000
D.5.2 Rearers - Tk.20x30 days x 700,1000,1700 Nos.	420,000	600,000	1,020,000	2,040,000
D.5.3 Training Supplies - Tk.100 x 700,1000,1720 Nos.	70,000	100,000	172,000	342,000
D.6 TRANSPORT & TRAVELLING				
D.6.1 Motorcycle - Tk.45000 x 6,2 Nos.	270,000	90,000		360,000
D.6.2 Fuel & Maintain - 20% of D.4.1 & D.4.2	88,800	112,800	112,800	314,400
D.6.3 H.O. Logistics & Management Support- 10% of D.1 to D.5	315,600	490,000	514,200	1,319,800
Total	3,850,400	5,592,800	5,769,000	15,192,200
Inflation adjusted cost	4,213,440	6,767,268	7,678,539	18,659,267
E. Other skills training - Tk.500 per trainee per course (500,700,1000)	250,000	350,000	500,000	1,100,000
E.2 Supplies - Tk.500 per trainee	250,000	350,000	500,000	1,100,000
E.3 H.O. Logistics and Management Support - 10% of E.1 to E.2	50,000	70,000	100,000	220,000
Total:	550,000	770,000	1,100,000	2,420,000
Inflation adjusted cost	605,000	931,700	1,464,100	3,000,800



V. BRANCH OPERATING COST

	Per Month	Per Year
1 Manager	5,000	60,000
3 Program Organiser	3,700	133,200
1 Accountant	2,800	33,600
1 Cashier For 6 Months	2,500	15,000
9 PS	1,200	129,600
5 TA/DA	400	24,000
4 Transportation	900	43,200
Other costs	4,000	48,000
H.O. Logistics and Management support (10%)		48,660
TOTAL		535,260

	1990	1991	1992	TOTAL
1988 cost	535,260	535,260	535,260	1,605,780
No. of branch	80	70	60	
Rent for 20 branches	42,820,800	37,468,200	32,115,600	112,404,600
Total	960,000	480,000	480,000	1,920,000
Total	43,780,800	37,948,200	32,595,600	114,324,600
Inflation adjusted cost	48,158,880	45,917,322	43,384,744	137,460,946

VI REGIONAL OFFICE OPERATING COST

Regional Manager	12,000			
Auditor	5,000			
Service staff	1,200			
Rent	6,000			
Transportation	6,800			
Total/month	31,000			
Total for 7region		2,604,000	2,604,000	2,604,000
Inflation adjusted cost		2,864,400	3,150,840	3,465,924
				7,812,000
				9,481,164

VII. STAFF TRAINING AND DEVELOPMENT

	1990	1991	1992	TOTAL
1. Induction Training				
a. Area Manager (25,15,15)				
- Tk.140 per trainee per day for 15 days	52,500	31,500	31,500	115,500
b. Programme Organiser (75,40,40)				
- Tk.140 per trainee per day for 15 days	157,500	84,000	84,000	325,500
c. Accountant (30,20,20)				
- Tk.140 per trainee per day for 21 days	88,200	58,800	58,800	205,800
d. P.S (180,100,100)				
- Tk.140 per trainee for 6 days	151,200	84,000	84,000	319,200
Total	449,400	258,300	258,300	966,000
2. In-Service Training				
a. Area Manager (25,25,25)				
- Tk.140 per trainee per day for 12 days	42,000	42,000	42,000	126,000

b. Programme Organiser (150,175,200) - Tk.140 per trainee per day for 21 days	441,000	514,500	568,000	1,543,500
c. Accountant (25,30,30) - Tk.140 per trainee per day for 12 days	42,000	50,400	50,400	142,800
d. P.S. Accounting training (250,250,250) - Tk.140 per trainee for 6 days	210,000	210,000	210,000	630,000
Total	735,000	816,900	890,400	2,442,300
H.O. Logistics & Mgt. Support - 10% of 1 & 2	118,440	107,520	114,670	340,630
Total	1,302,840	1,182,720	1,263,570	3,749,130
Inflation adjusted cost	1,433,124	1,431,091	1,681,812	4,546,027

#### VIII. LOAN FUND REQUIREMENT:

Proposed outstanding at year end:

1st yr. branch 612,000 x 20, 10, 10	12,240,000	6,120,000	6,120,000	24,480,000
2nd yr. branch 1,858,000 x 20, 20, 10	37,160,000	37,160,000	18,580,000	92,900,000
3rd yr. branch 3,832,000 x 20, 20, 20	76,640,000	76,640,000	76,640,000	229,920,000
4th yr. branch 6000000x20	120,000,000	129,140,000	129,140,000	378,280,000
4th yr. branch 6,457,000x20				
4th yr. branch 6,457,000 x 20				
Total	246,040,000	249,060,000	230,480,000	725,580,000
Expected outstanding at year beginning	95,000,000	126,040,000	119,920,000	340,960,000
Requirement	151,040,000	123,020,000	110,560,000	384,620,000
Less : Sale Proceeds from Bank	50,000,000	120,000,000	129,140,000	299,140,000
Net Requirement	101,040,000	3,020,000	(18,580,000)	85,480,000

	1990	1991	1992	TOTAL
<b>IX. CAPITAL INVESTMENT</b>				
	Yr. 1	Yr. 2	Yr. 3	
Cost per branch				
Land	150000			
Building	700000			
Furniture	50000			
Fridge & Flask	20000			
Others	20000			
Total	940000			
1988 cost	940,000	940,000	940,000	
No. of branches	20	10	10	
Sub Total	18,800,000	9,400,000	9,400,000	37,600,000
Motor Cycle for POs	10,800,000	3,600,000	1,800,000	16,200,000
Total	29,600,000	13,000,000	11,200,000	53,800,000
Less: Sale proceeds to bank - Tk.613,000x10, 20, 20 branches	6,130,000	12,260,000	12,260,000	30,650,000
Net requirement for branch	23,470,000	740,000	(1,060,000)	23,150,000
Regional Office:				
Furniture	50,000			
Motor cycle	40,000			
Total	90,000	90,000	90,000	270,000
No of Regions	7	7	7	

Total for Region	630,000	630,000	630,000	1,890,000
Head office cost:				
Furniture & fixture	500,000	300,000	300,000	1,100,000
Computer extension	2,000,000	2,000,000		4,000,000
Telephone installation	2,000,000			2,000,000
Total for H.O.	4,500,000	2,300,000	300,000	7,100,000
Grand Total	28,600,000	3,670,000	(130,000)	32,140,000
Inflation adjusted cost	31,460,000	4,440,700	(173,030)	35,727,670

X. PROGRAM INFRASTRUCTURE:

1. Principal Management Training Centre:

	1990	1991	1992	TOTAL
a. Land & Land development	4,000,000			4,000,000
b. Building (Tk.650x20,000 sqft.)	2,200,000	10,800,000		13,000,000
c. Furniture & Fixture	1,172,000	2,032,000	1,016,000	4,220,000
d. Training & office equipment	409,000	775,000	400,000	1,584,000
e. Vehicles (1st year 1 No. car 2nd year 1 No. Jeep & 3rd year 1 No. Bus).	700,000	800,000	900,000	2,400,000
Total	8,481,000	14,407,000	2,316,000	25,204,000
Inflation adjusted cost	9,329,100	17,432,470	3,082,596	29,844,166

3. Training and Resource Centre

Land and Land Development			1,800,000	1,800,000
Building			8,000,000	8,000,000
Furniture and fixture			800,000	800,000
Training and Office Equipment			600,000	600,000
Vehicle			900,000	900,000
			12,100,000	12,100,000
Inflation Adjustement			16,105,100	16,105,100
4. Expansion of existing TARCs	2,000,000	4,000,000	4,000,000	10,000,000
Total	2,000,000	4,000,000	4,000,000	10,000,000
Inflation adjusted cost	2,200,000	4,840,000	5,324,000	12,364,000
Grand Total	11,529,100	22,272,470	24,511,496	58,313,266

XI. Rural Enterprise Programme:

	1990	1991	1992	TOTAL
A. Program personnel cost				
a. Salaries and benefits				
a.1 Economists Tk. 9,000 x 12 months x 2 Nos.	216,000	216,000	216,000	648,000
a.2 Senior Programme Organisers Tk. 6,500 x 12 months x 6 Nos.	468,000	468,000	468,000	1,404,000
a.3 Junior Program Organiser Tk.5,000 x 12 months x 6 Nos.	360,000	360,000	360,000	1,080,000
a.4 Program Organiser (Female) Tk.4200 x 12 months x 4 Nos.	201,600	201,600	201,600	604,800
a.5 Accountant Tk. 5,000 x 12 months x 1 Nos.	60,000	60,000	60,000	180,000
a.6 Driver Tk.3,000 x 12 months x 2 Nos.	72,000	72,000	72,000	216,000
a.7 Typist Tk.4,200 x 12 months x 1 No.	50,400	50,400	50,400	151,200

a.8 Office Assistant Tk. 4,200 x 12 months x 1 No.	50,400	50,400	50,400	151,200
a.9 Travel & transport 30% of a.1 to a.8	443,520	443,520	443,520	1,330,560
Total	1,921,920	1,921,920	1,921,920	5,765,760
<b>B. Programme Expenses</b>				
Trainers				
a.1 Local trainers Tk.25,000 x 12 months x 1 No.	300,000	300,000	300,000	900,000
a.2 Foreign consultants Tk. 90,000 x 6 months x 1 No.	540,000	540,000	540,000	1,620,000
a.3 Trainers travel, Housing	192,000	192,000	192,000	576,000
a.4 Experimental Project Materials	100,000	100,000	100,000	300,000
a.5 Extension materials	30,000	30,000	30,000	90,000
a.6 Pilot project fund	300,000	300,000	300,000	900,000
a.7 Foreign travel cost	120,000	120,000	120,000	360,000
a.8 Staff training	257,000	256,000	256,000	769,000
Total	1,839,000	1,838,000	1,838,000	5,515,000
<b>C. Recurring Expenses:</b>				
a1. Office rent Tk.2000 x 12 months	24,000	24,000	24,000	72,000
a2. Utilities & maintenance - Tk.1400 x12 months	16,800	16,800	16,800	50,400
a3. Office Supplies - Tk.800 x 12 months	9,600	9,600	9,600	28,800
TOTAL	50,400	50,400	50,400	151,200
H.O.Logistics & Administrative Expenses -10% of A to C	381,132	381,032	381,032	1,143,196
Total Rural Enterprise Programme:	4,192,452	4,191,352	4,191,352	12,575,156
Inflation adjusted cost	4,611,697	5,071,536	5,570,690	15,261,923

#### LOAN FUND INTEREST INCOME

Outstanding at year beginning	95,000,000	126,040,000	119,920,000	
Outstanding at yearend	246,040,000	249,060,000	230,480,000	
Total	341,040,000	375,100,000	350,400,000	
16% Interest Income on average outstanding	27,283,200	30,008,000	28,032,000	85,323,200
Less Loan Loss Provision				
(2% of total disbursement)	6,896,000	6,504,000	5,984,000	19,184,000
	20,587,200	23,504,000	22,048,000	66,139,200
NET INTERST INCOME	20,587,200	23,504,000	22,048,000	66,139,200