



INNOVATING

on

SOLID GROUND



RDP Phase IV 1996-2000



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RDP Phase IV 1996-2000**

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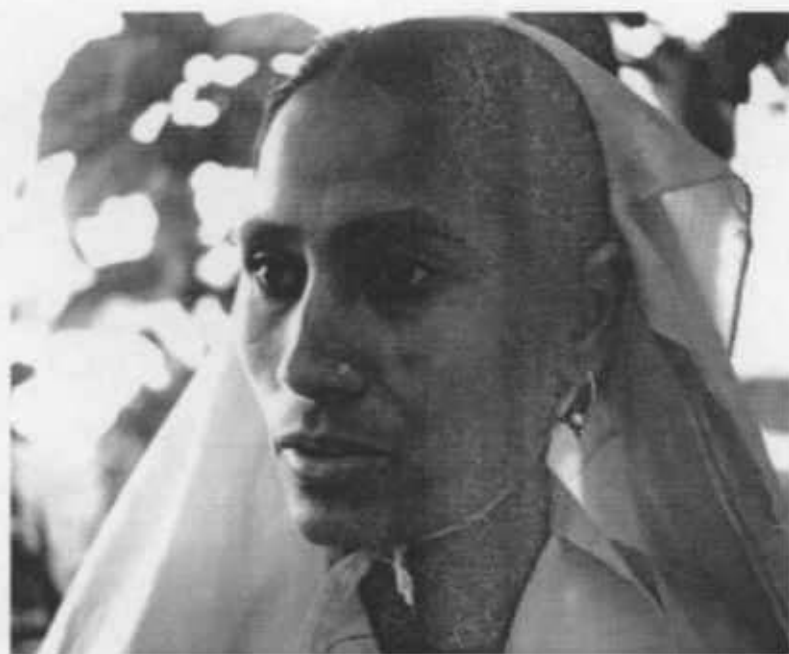
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# INTRODUCTION

and  
SUMMARY



## Introduction and Summary: From Resilience to More

The objective of BRAC is to alleviate poverty and as the largest indigenous development agency in the world, it is very important to elaborate on how BRAC looks at poverty and understands its reproduction processes. Poverty is a multi-faceted phenomenon and BRAC conceptualizes it using a holistic framework. BRAC strategies to address the problem of poverty is driven by a core belief- this is the belief that the poor are essentially resourceful and can turn their lives around given a pro-poor, enabling socio-economic environment. It is the absence of this enabling environment that reproduces poverty and negates the struggles of the poor in their efforts to break out of the net-the net of low returns, narrow market,



Figure 1: Causes of Poverty

vulnerability, exploitative structures, isolation and feelings of hopelessness and desperation. Getting the poor to count in the development process and constantly challenging ourselves to think and design innovative ways to bring them within its manifold is the essence behind our programme thinking and action.

BRAC works in a country where almost half of its population lives below the poverty line. Over the years our programmes have not only served an increasing number of the poor- we have also contributed towards strengthening their resilience against various forms of vulnerability and forces of downward mobility. Despite significant gains in outreach of development NGOs and microfinance institutions in Bangladesh in recent years, a significant portion of the poor and most of the chronic poor remain unsupported. The challenge now is one of deepening the poverty outreach of our programmes and removing the structural barriers that stand in the way of the poor in their struggles to better themselves. Thus, major challenges remain- both in terms of designing cost-effective outreach to those unsupported and experimenting with innovative development ideas to bring about greater transformative impacts in the lives of the poor. BRAC has and will continue to be a frontier mover and out-of-the-box thinker in facing up to these challenges.

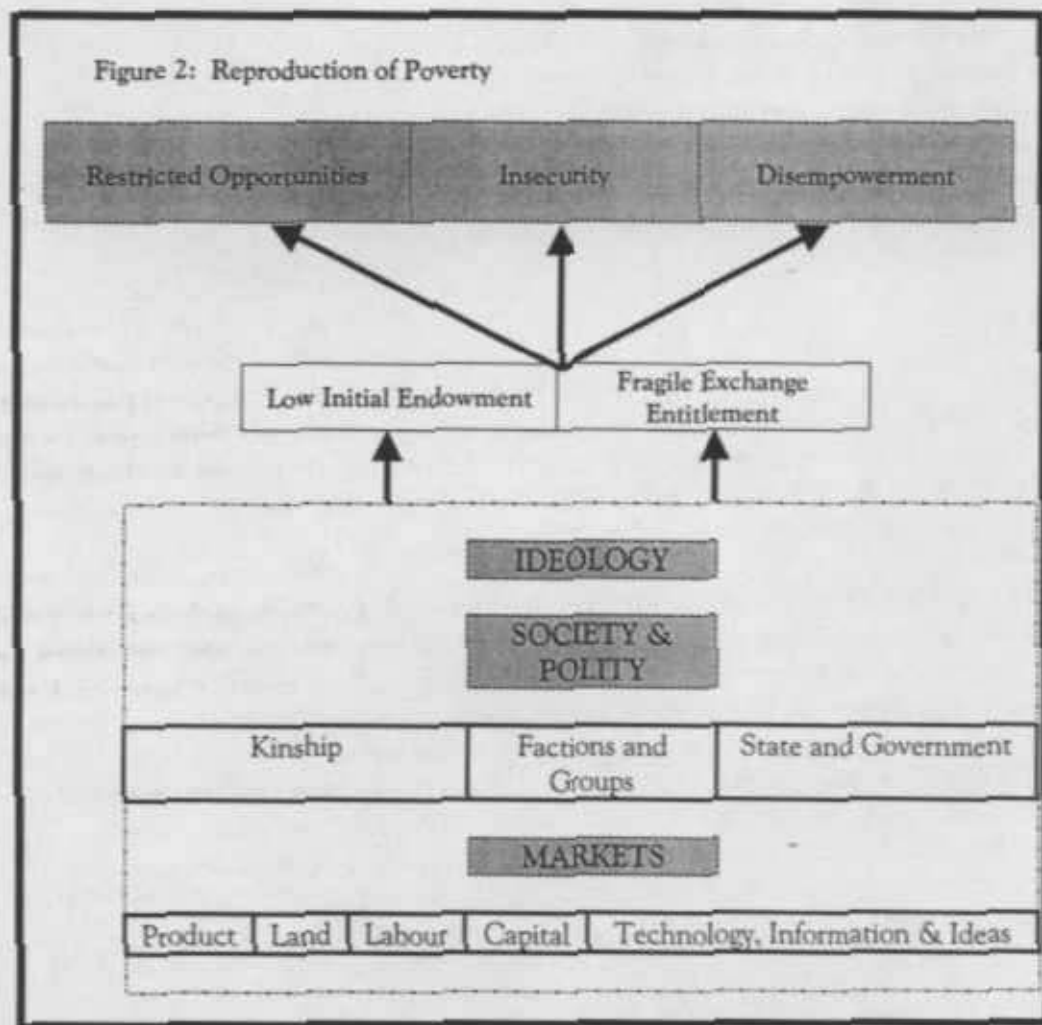
BRAC's effort at poverty alleviation began in 1972 following the country's Liberation War. Its experiences since then and its capacity to learn through experimentation always driven by its core mission, has created an organization flexible and responsive to the country's ever changing socio-economic realities. Although it began with a handful of people, their number has been increasing dramatically over the years.

At present, BRAC has a total staff of almost 60,000, out of which 25,00 are full-time staff while 34,000 work part-time. BRAC has also progressed from working in one area in Sylhet - Sulla - to covering all sixty-four districts in Bangladesh. At the field level, BRAC works out of 57 Regional offices, which in turn supervise the work of 430 Area offices dotted across the country. Through these offices, BRAC has



organised 102,527 Village Organisations to date with a total of 3.85 million members. It should not be forgotten that the majority (97.8%) of BRAC's members are women.

The power of BRAC's RDP not only lies in the numbers—nor in its ability to attain a massive scale. It lies in its vision and it is this vision that needs a good understanding in order to comprehend its complexity, vastness, strength and future challenges. The diagram below is an attempt to provide an abstract framework to facilitate such an understanding:



Poverty is denial of human rights and a consequence of multiple levels of constraints. Even more importantly, these constraints involve a complex set of interplay and inter-linkages. RDP believes that any poverty-centric vision needs to work along with and strengthen poor peoples' own agency to confront all of these constraints. This has been the vision behind RDP's thoughts and actions and with increasing experience and understanding of the poverty inter-linkages we will focus more innovatively on the gaps. For instance, the idea behind VOs as poor peoples' organizations to address the constraints of society and polity is now being rethought in important ways and more inclusive concepts such as that of the Polli Shomaj is gaining strength in our work. Knowledge of poverty reproduction that RDP has gained through its experience is now being leveraged to influence pro-poor policy by more systematic advocacy and more intensive partnering with the government. The poor are also constrained in the arena of information and ideas, ranging from technology gap to legal knowledge. These are also areas in which RDP has been and will continue to focus very strongly with new ideas and renewed energies. These new foci and the ways in which they relate and build upon our past experiences is highlighted in the Future Challenges section of this chapter. For now, let us turn our attention to the achievements, experiences and lessons of RDP Phase IV.

## RDP Phase IV: Innovating On Solid Ground

BRAC's Rural Development Programme (RDP) started in 1986. RDP was built by integrating two separate programmes, the Outreach, which concentrated on conscientization and Rural Credit and Training Programme (RCTP). RDP works with and for the disadvantaged rural population and especially women. The ultimate aim of RDP is to contribute towards a more just and equitable society in which the poor, by joining together in their own organizations, attain a high degree of self-reliance in managing their own affairs and in achieving sustainable improvements in their livelihoods.

RDP IV is designed to build on the strength of its women group members. RDP has left unchanged elements that have proved successful in the past, like forming groups, extending credit, providing training and technical support for income generation activities, awareness building, legal education, essential health services and special programmes for the very poor. BRAC has expected the following outcomes from the RDP IV programme. These are:

- The development of appropriate, effective and functional organisations of participating households.
- Self sustaining credit functioning
- Increased income and employment generation in poultry, livestock, fisheries, sericulture, social forestry and vegetable production.
- Increased knowledge and action by villagers with respect to their legal and human rights
- Increased income for the poorest women
- Improved health of participating households
- Improved organizational capacity of BRAC
- Improved efficiency of partner organizations

This phase ending report of BRAC's Rural Development Programme (RDP) covers the period from 1996 to 2000. The report reviews the programme achievements, evaluates them against targets set, analyses the various outcomes and impacts, draws lessons and identifies challenges for the future.

One of the major achievements of BRAC's Rural Development Programme has been its ability to scale up to reach a very large population. It has an amazingly wide range of interventions, such as microfinance,

skill training, enterprise development, education for children, health interventions, legal awareness and assistance, and institution building. The BRAC's greatest assets that BRAC is proud of is its ability to learn, experiment and innovate. This is driven by a constant probing and enriching of our understanding of poverty reproduction processes, its multifaceted linkages and the blockages that the poor face in their struggle to live a better life. This has meant that BRAC has been able to achieve scale while maintaining the quality of the inputs and services provided. This has always been a major challenge for NGOs. Scaling up small, successful programmes to reach a wider group though appealing, is often accompanied by major quality deterioration.

BRAC has now shown that it is not only possible to replicate the micro-finance and integrated rural development model nationally without any serious deterioration in quality, but also that it can be done cost-effectively. BRAC's microfinance programme has been operationally sustainable for some time now. This has allowed us to become increasingly self-reliant and use scarce donor resources for more innovative programme thinking and action. Not only that, despite its size, BRAC has maintained a flexible approach to programme implementation and the ability to respond quickly to the changing needs of the poor. Despite the scale of its operations, BRAC staff still have the time to listen to the poor and are very much in touch with the realities of the rural economy of Bangladesh. This has enabled the design and test of many new, smaller, pilot projects, such as a micro-health insurance scheme, or the establishment of legal clinics in BRAC Area Offices.

BRAC started its work with a focus on social mobilisation efforts to bring about changes in the socio-political fabric of the village community. These changes would ensure a more equitable distribution of resources that would give voice to disempowered sections of the population, such as the poor and particularly poor women. This is an area in which BRAC recognises that much work is left to be done. That is why, during RDP IV, BRAC put renewed energy into addressing social issues and barriers that prevent poor women's graduation from poverty and disenfranchisement.

This stems from a recognition of the fact that poverty does not simply involve a lack of economic or physical resources. Using a livelihoods approach, it becomes clear that lack of social, political and human capital are just as much responsible for making poor people vulnerable to shocks and stresses as the lack of financial capital and material resources. Therefore many of BRAC's social development interventions have attempted to build the socio-political and human capital of poor women through legal education classes, by making women aware of their political rights and responsibilities, and by encouraging them to participate in decision-making and political arenas by providing them with various forms of training and support.

One approach BRAC has taken to build the social and political capital of the poor is to help build and strengthen local level institutions of the poor. There have been various efforts throughout all phases of RDP to strengthen the VO in order to make it more than a service delivery platform. The Village Organisation has always been conceptualized as a forum for the poor, a meeting place where common concerns can be discovered and addressed as a group. The VO is also the medium through which BRAC promotes capacity building of its members, in other words, providing various inputs (credit, health, education, skill development, support services) to strengthen the various types of capital available to poor women, with the ultimate goal of empowering them socially and economically. It needs to be emphasized that BRAC, as a development organisation, does not focus on service provision as an end in itself. It focuses on poverty eradication and building the capacities of the poor. The VO is meant to create a group of women with leadership qualities, with the ability to change situations that discriminate against poor people and the ability to set an example on how women can take control of their lives to improve their situation.

It has, however, also become evident during RDP IV, that the VO on its own is much too small a unit to take up many of the challenges that the poor face. This has led to the setting up of Ward level federations called Polli Shomaj. This is the beginning of an attempt to bring together larger numbers of the poor to facilitate collective social action by them. Approximately 11,000 Polli Shomaj groups have been set up by the end of phase IV. Not only are Polli Shomaj groups working to make local government more accountable and responsive to the needs of the poor, Polli Shomaj members themselves are getting elected to local government. In the last local elections, roughly 1400 women from Polli Shomaj groups were elected as members of the Union Parishad.

## Microfinance: Breaking a Link in the Chain of Poverty Reproduction

BRAC's microfinance programme is now self-reliant. Over the last five years, BRAC's microfinance programme has experienced significant increase in loan disbursement, savings, portfolio growth, outstanding portfolio and average loan size. BRAC provides financial services through a range of programmes, each geared towards serving the financial service needs of a particular group of the poor—segmenting the market to provide the most appropriate mix of services. A typical RDP unit becomes self-reliant after 4 years and renamed as a unit of the Rural Credit Programme (RCP). RDP-RCP is geared towards providing financial services mostly to the moderate poor. The Income Generation for Vulnerable Group Development (IGVGD) programme provides financial services and other vital development services such as training and essential health care for the extreme poor. We have a programme providing financial services to the urban poor (BRAC Urban Poor) whose livelihood possibilities and constraints are quite different from that of the rural poor. Finally, we have recently added the programme to serve the financial service needs of the more entrepreneurial among the poor through the Microenterprise Lending and Assistance Programme (MELA) Programme. *At the heart of developing such a range of programmes is our understanding that the poor are not a homogenous group and all development services, including financial services, need to focus hard on these differences and design programmes appropriate to their needs, if they are to have an impact.*

By the end of December 2000, a total amount of Taka 36.7 billion has been disbursed and the outstanding loan is Taka 7,520 million through BRAC's RDP and RCP. Rural Trading and Poultry are the two sectors that continue to dominate the loans outstanding. Over 63% of the loans have been disbursed in these sectors since 1996. During RDP IV the two most dynamic sectors in terms of growth rate were poultry and fisheries. In 1996 the portfolio outstanding of the poultry programme was Tk. 540 million and in 2000 it was Tk. 1679 million and the portfolio outstanding of the fisheries programme was Tk. 111 million and in 2000 it became Tk. 462 million.

We have also been experimenting with a range of new savings products, which could help both the programme and our clients. We now have a savings-loans outstanding ratio of 45.2%—up by about 25% from what it was in 1996. This growth in the savings-loans outstanding ratio is even more encouraging if we incorporate the fact that during the last two years, our growth of new members and disbursement has been slower than usual.

We face a few challenges as well. Despite massive growth of microfinance, it continues to be relatively unattractive for a large majority of the very poor. We are seriously studying such non-participation. Part of the challenge is in finding cost effective ways to extend outreach to marginal and remote areas, where most of the very poor live. It is also important to design the right types of 'rungs in the ladder' that the very poor can use to get to the solid ground needed to benefit from microfinance. We also realize that designing the right types of financial products that are more protection-oriented, risk-responsive and



flexible could hold promise in the challenge of deepening the poverty outreach of microfinance. We are aware that this is a complex challenge and a host of factors need balancing. However, what is absolutely crucial is to keep the challenge alive in the microfinance discourse and programmatic thinking so that we are constantly driven in our efforts to build a more poverty-focussed microfinance.

Our operating efficiency has been on the decline and portfolio at risk on the rise. This presents a tension as one route for improving operating efficiency could be increasing loan volume and/or members per field staff, while the rising portfolio at risk figures warn us against rapid expansion. We are further reviewing these dynamics. It should however be noted that RDP microfinance has one of the best depth poverty outreach and our average loan size is pretty low. This is mostly because the pace with which we increase our repeat loans are much more cautious and responsive to the needs of the very poor clients of our programme. This is one important reason why our operating efficiency is relatively lower than other comparable microfinance institutions in Bangladesh. Dropouts have also been registering an increasing trend and we have analysed this pattern quite closely and expect that our new range of flexible and accessible savings products will arrest this trend.

Managing the risks associated with multiple membership has been another important challenge. This can undermine the very basis of our mission of poverty alleviation as it can lead to over indebtedness and create debt traps for the poor. We have taken steps for our staff to regularly discuss the potential difficulties of multiple membership with the VO members. In addition BRAC has been spearheading an initiative for NGOs working in the same area to exchange each others' membership lists so that staff can avoid recruiting the same person in more than one organization. This is a challenge that we will continue to discuss, research and search for innovative solutions.

We have along with BRAC's Research and Evaluation Division (RED) developed an elaborate impact assessment methodology to examine the impact of our programme on our members through a diverse range of impact indicators. The concern with the poverty impact of our programme lies at the heart of our mission. The third round of this assessment is currently underway and results should be available by September 2001. The second round of the Impact Assessment (IAS II) already had a panel survey and analysis that allows a very strong tool for assessing and monitoring poverty impact and understand the processes involved. The findings of the second round of the Impact Assessment Study are encouraging on several dimensions of poverty. We expect that this trend will continue and gain more strength in the future.

## **MELA Programme: Widening the Circle**

The option of self-employment is at times too risky especially for the very poor. Wage employment can create the conditions for many of them to take up self-employment and more rewarding entrepreneurial ventures later. Supporting micro-entrepreneurship by removing the capital bottleneck can be an effective strategy for contributing towards creating a more vibrant local economy. This can in turn benefit the poor through employment and consumption linkages. This is the conceptual underpinning behind our Micro Enterprise Lending Assistance (MELA) Programme, which aims to provide working capital credit to existing microentrepreneurs who want to scale up. Both members of our village organizations who show an entrepreneurial drive and microenterprises of non-members in our working area are considered as the target market for this programme. The rationale behind including RDP non-members for this programme has been driven by two considerations. One is to ensure that we have enough clients to make the MELA unit's operations viable- the number of RDP clients who would be suitable for this programme might not

be enough. The second reason was to further strengthen the consumption and employment linkages to benefit the poor, by supporting a larger and more varied range of enterprises.

MELA was introduced through 10 branches of RDP in 1996. At the end of December 2000, MELA has been introduced in 104 branches. The total number of borrowers in this programme stood at 14,522 in the year 2000 with an average loan size of Tk. 47,880. The highest three disbursement have been in grocery-stationary (25%), cloth business (11%) and rice processing (7%). The quality of the portfolio of the MELA programme is pretty good with a loan overdue as a percentage of loan outstanding ratio of 3.74%. Enterprises having quick turn over of capital tend to have better repayment performance. On average 31% of the loans made during the period from 1998 to 2000 have been made to repeat borrowers.

A total of 17,619 jobs have been created since the MELA programme was introduced. The sector-wise employment effect suggests that the average employment effect is 1.24 implying that on average the MELA sectors had positive employment effects. The handloom and the service sector were the two top sectors in terms of employment effects, 2.4 and 1.7 respectively.

The concept behind MELA is a relatively new one for the microfinance industry in Bangladesh. The lending technology needed for this market is fundamentally different from the conventional microfinance methodologies and there could be a need for other non-financial assistance such as business development services for greater impact. Not much expertise or prior knowledge exists in Bangladesh in serving this market. Though we have been working hard to design a lending technology and products that are suitable for this market, we need to focus more strongly on developing certain skills of our MELA staff in understanding and assessing micro enterprises and the market. We are also aware that the monitoring and evaluation tools for this programme will need to be relatively sophisticated. We will continue our work on these aspects in the coming years to create a solid foundation for expansion.

## Employment and Income Generation Programmes: Strengthening The Possibilities

While BRAC believes that micro-financial services are necessary to help break the cycle of poverty, it places equal importance on micro-enterprise development services to maximize the return poor people obtain. Unlike standard business development programs, which offer some mix of generic training and marketing services, BRAC has developed an integrated sector-specific approach to enterprise development for the poor. BRAC has identified six sectors in which large numbers of low-income women can be productively engaged at or near their homes: poultry, fishery, livestock, sericulture, agriculture, and agroforestry. For each of these sectors, BRAC has developed an integrated set of services, including: training in improved techniques; provision of improved breeds and technologies; on-going supply of technical assistance and inputs; monitoring and problem-solving as needed; and marketing of finished goods.

Each of these sector programs involves large numbers of rural women. As of December 2000, BRAC was supporting over 1.1 million women in poultry rearing, fish farming, and vegetable cultivation; 200,000 women in livestock rearing; 20,000 in agroforestry; and 10,000 women in silk rearing. In addition to these large numbers women engaged in primary production, BRAC has trained and deployed significant numbers of other village women to provide necessary inputs to the sector programs: over 42,000 village women have been trained as poultry vaccinators; another 73 work in BRAC's poultry hatcheries and poultry feed factory; over 3,000 serve as para-vets for the livestock program; 8,000 rear saplings in BRAC's horticulture nurseries; and 110 work in BRAC's seed factory.



BRAC's poultry programme, for example, demonstrates how an integrated package of sector-specific training, input, and marketing services can enable large numbers of poor, landless women to participate in productive economic activities. Through a mix of BRAC, government, and private hatcheries, the programme supplies more than one million day-old improved breed chicks each month to village women who raise these chicks until they are three months old. The chick-rearers in turn sell the three-month old chicks to women throughout the country trained in various aspects of poultry rearing. A cadre of over 42,000 village women provide vaccinations on an on-going basis in over 50,000 villages. Another network of village women sell balanced feed produced at BRAC's poultry feed mills to the poultry rearers. While most poultry rearers sell eggs within their own villages, a network of egg collectors buy eggs from the poultry rearers to sell in local markets. As of December 2000, a total of nearly 1.5 million village women were engaged in the poultry programme as hatchery workers, chick and poultry rearers, poultry vaccinators, feed sellers, and egg sellers.

BRAC's poultry programme also illustrates how a development partnership between a development NGO and Government can work. On the one hand, BRAC uses day-old chicks, vaccines, and other inputs produced by the GoB and, in the process, has put pressure on the GoB to increase its capacity to produce these inputs. On the other hand, BRAC jointly delivers poultry services under several GoB programmes, including the Poultry for Nutrition programme, the Participatory Livestock Development Programme, and the Income Generation for Vulnerable Group Development (IGVGD) programme. Such collaboration have been initiated with the GoB in other sectors too, such as in the case of fisheries and the attempt to develop better quality breeds.

In addition, BRAC supports a range of other non-farm enterprises for women. As of December 2000, BRAC has helped over 42,000 rural women take on non-traditional roles by running grocery stores, tailoring shops, restaurants and laundry businesses. During RDP phase IV, 64 new business enterprises were taken up, and out of this 62 proved to be very successful. Twenty-six of these businesses are now fully run and managed by VO members and no longer require any BRAC supervision.

## **The Social Development Programme: Strengthening Women's Socio-Political Assets**

BRAC has adopted very different approaches to social development and social mobilisation over the years, and has constantly reviewed and re-assessed its links to the delivery of economic inputs such as credit. From its varied and vast experience, BRAC has come to conclude that

- Economic and social development are mutually reinforcing processes
- Achieving both social and economic empowerment of the poor involves an appropriate mix of economic and social strategies
- The poor need to have the support of local organisations and a relatively secure economic base in order to challenge and change existing social, economic and political structures.

In 1996, at the start of RDP IV, the Social Development (SD) programme concentrated almost exclusively on building the legal awareness of VO members. BRAC felt that the first step to empowering poor rural women was to make them aware of their legal rights. It soon became obvious, however, that simply knowing their legal rights would not ensure that poor women's rights would be respected or be enforced by them. Other people in the community, such as the men, or influential people and leaders, also needed to be aware of poor women's rights. They also had to be motivated to try and implement these laws.

BRAC therefore designed and developed new interventions such as the popular theatre, to try and disseminate certain social messages in the community and to mobilise public opinion against certain illegal and unjust practises such as corruption, domestic violence, illegal divorce or under-age marriages. These drama performances have proved to be one of the most effective, innovative and popular ways of addressing very sensitive social and political issues. In addition, we have organised nearly 5,000 workshops across the country with local community leaders to familiarise them with the existing laws protecting the rights of the poor and of women, and to win their support in ensuring the implementation of these laws within the community.

It became clear that while attitudes and existing social practises need to be gradually changed, many women need immediate assistance with their problems. It is in response to this need that BRAC's SD staff started two new interventions – the legal clinics operating in 14 regions by the end of the year 2000 and a formal mechanism to deal with cases of severe violation of human rights. In both cases, BRAC has established a very successful collaboration with other NGOs. Ain O Shalish Kendra (ASK) is providing BRAC with technical assistance (i.e. legal expertise) to help it run its legal clinics, which provide free legal advice and services to VO members. BRAC has also been working with the Acid Survivor's Foundation (ASF) in order to ensure that acid victims get appropriate medical care and legal assistance.

In the long-term, BRAC wants poor people, and particularly poor women, to address their socio-political concerns and articulate their needs in various arenas on their own, or through their own organisations, rather than depending on the mediation of NGOs. Many of the problems that poor women face, such as gender discrimination in the household or in the work-place, or corruption of local government and leaders (*matbaars*) will require BRAC VO members to engage in social action to bring about meaningful change.

It was in order to promote and facilitate organised social action that BRAC decided to start building federations of poor women's groups once again. This strategy is based on the simple premise that there is strength in numbers and that BRAC can put its extensive grassroots network to good use through the Polli Shomaj. In many areas, these groups have played a leading role in lobbying the government to ensure poor people's access to common property resources such as khas land and ponds, or fair distribution of government benefits such as VGD cards and old age pensions. They have also acted collectively to stop cases of illegal divorce, polygamy, under-age marriage or the misappropriation of resources in the community.

## **The Essential Healthcare Programme: Using The Power Of The Community For Health Right**

Prior to RDP IV, the healthcare programme had not been given due importance in BRAC's programmatic interventions. This was despite the fact that most research findings and the experience of most NGOs in Bangladesh pointed to the fact that ill-health was the most common cause of income erosion among the poor and one of the most likely reasons for loan defaults in microcredit programmes. During RDP Phase IV BRAC focused its energies on designing and scaling up a health programme that would complement the services provided by the government, operate at the community level to reach poor people and women in particular, and at the same time be cost-effective. It seems fair to say that the EHC programme has not only done all the above, it has even managed to pilot several new programmes which try to

respond to new demands created by emerging health issues such as HIV/AIDS, tuberculosis control and arsenic contamination of water.

The main feature of the EHC programme is the role played by the Shasthya Shebika, the community health worker who is responsible for making health services and products easily accessible to all community members. Findings from a background paper written for the third impact assessment study of RDP carried out by the Research and Evaluation Division (S. Begum and R. Hannan, BRAC RED, 2001) show that the Shebika has been able to reach a large section of the community, irrespective of their class, gender or membership of any NGO. She has made it possible for women and adolescent girls in particular to discuss and seek advice with regards to reproductive health issues without feeling embarrassed or shy.

The Shebika's work is multi-faceted. She provides information on various health issues and encourages certain health practises. She provides information on where people can get treatment and health services (such as immunisation for children) and refers serious cases to secondary and tertiary clinics. Finally, she is able to earn some money through the sale of various health products, such as pills, condoms, sanitary napkins, delivery kits and latrines. Delivery of these essential health products through the Shebika, who is perceived as a part of the community, makes these products much more accessible.

A major achievement of EHC during RDP IV has been its ability to scale up the programme while finding an innovative way of making it cost-effective. Cost recovery was made possible by the sale of BRAC health products, and this also provided a monetary incentive for Shebikas to carry out their work. It should be pointed out that considering the wide range of services provided through EHC (preventive and curative care, referral to government clinics and sale of products) and the large number of people it caters to (both BRAC members and non-members), the cost of 20 Tk per VO member is extremely cost-effective. EHC has also been thinking about the long-term sustainability of its programme and predicts that within another five years, the programme should be able to generate its own funds from the sale of health commodities.

New areas of expansion for EHC during Phase IV were providing pregnancy-related care and working on tuberculosis identification and treatment at the community level. In addition, EHC piloted programmes to develop an HIV/AIDS awareness package, methods to test water for arsenic contamination and identification of alternative sources of water, and micro health insurance schemes.

## **IGVGD Programme: A Ladder For Those Left Behind**

An obvious yet often over-looked aspect of most poverty focussed program design is that the poor do not constitute a homogenous group. Within the ranks of the poor lie groups with low assets, less employment opportunities, greater consumption deficits and greater vulnerability to periodic economic and social shocks. Several studies on categorizing the group of people living below the poverty line broadly suggests that about 5% of the population in Bangladesh are destitute, 31% ultra-poor and 17% moderate poor. Of the non-poor, about 20% can be categorised as vulnerable non-poor or 'tomorrows poor'. Detailed estimates also suggest that roughly half of those living below the poverty line live in absolute poverty. Yet despite a phenomenally rapid growth of outreach of the microfinance industry in Bangladesh it tends to fail a significant proportion of the poor and especially those living in extreme poverty. The second round of Impact Assessment Study of BRAC's Rural Development Programme (RDP) carried out by BRAC's Research and Evaluation Division based on a nationally representative survey for instance finds that 41% of the eligible poor did not participate in any NGO activities.

Microfinance though a very effective and powerful poverty alleviating instrument, it is not suitable for all categories of the poor. For those trapped in chronic food insecurity with no asset base to protect themselves from the myriad web of shocks, using microfinance to create a more sustainable and positive livelihood could be ineffective and sometimes counter productive.

In the process of thinking about the challenges of including the hard-core poor within its programmes in a way that is cost-effective yet goes beyond mere transfers, BRAC in 1985 approached the WFP for food assistance under its Vulnerable Group Feeding (VGF) programme to implement a new model for 750 VGF card holders. These women were organised into groups and provided with skill development training in the areas of poultry, sericulture, embroidery, health, nutrition and functional literacy. In addition to training, BRAC provided a package of basic health care services and intensive follow-up and supervision to the participants during the 24 months of WFP wheat transfers. We were enthused to find that the food assistance combined with BRAC's development package enabled the VGF women to earn cash monthly income equivalent to the value of the wheat ration they received- our inputs into what was essentially a hand-out programme was clearly adding tremendous value. In 1987, following the success of this pilot programme, BRAC, Directorate of Relief and Rehabilitation (DRR) and Directorate of Livestock Services (DLS) joined forces to scale up this transformed VGF programme. Reflecting the new notion of moving beyond charity to create sustainable livelihoods, the programme was renamed as Income Generation for Vulnerable Groups Development IGVGD Programme. In 1989, just two years after the creation of the IGVGD, we realized that we could further strengthen and make the process of positive changes experienced by most our (IGVGD) members more sustainable if we also provide credit support to them. By 2000, we have 1,384,784 members spread across 914 thanas in Bangladesh. A large majority of them later become regular clients of our and other microfinance programmes. We have until the year 2000, provided training to 1,206,157 VGD cardholders and disbursed loans worth Taka 2,182,323,404 to 836,232 borrowers.

## Funding Sources for RDP Phase IV

RDP Phase IV was funded through a combination of income generated through various projects undertaken by BRAC as well as through grants obtained from donors. Fifty three percent of the total budget for RDP IV was provided by BRAC's own project income. The remaining budget (47%) was covered by donor funds (41%) and bank loans (6%). The contributions made by each donor agency towards the total budget of RDP IV are summarised below:

Project Financing: RDP Phase IV	Taka	%
1. Project Income	2,906,535,664	53%
2. Grants		
2.1 European Community	741,389,919	14%
2.2 NOVIB/DGIS	676,479,288	12%
2.3 DFID	523,459,950	10%
2.4 AKF/CIDA	325,668,570	6%
Total Grants	2,266,997,727	41%
3. Bank Loan	301,400,000	6%
Total	<u>5,474,933,391</u>	<u>100%</u>



## Future Challenges

The end of BRAC's Rural Development Programme is an ideal time for reflection- to assess what has been achieved in the fight against poverty, revisit old questions and assumptions; ask new ones and renew our energies to take on future challenges. The future and strength of BRAC is intrinsically intertwined with the transformations we manage to bring about in the lives of the poor in Bangladesh.

While there is no doubt that many very innovative and ground-breaking models have been developed in Bangladesh to address different aspects of poverty over the last thirty years, 30% of the population, or 36 million people live in abject poverty and are categorised as ultra poor. Neither government nor NGOs have reached this segment of the population. This suggests that all programmatic interventions to date have not been appropriate for this group and could not meet their requirements. The challenge now is to include this group in the development process underway in the rest of the country – to design and refine programme interventions and tools that will, firstly, reach them, and secondly, help them graduate out of ultra poverty. This is what BRAC will focus on and attempt to do in the next five years through a more intensive and varied set of social development instruments.

The other area in which BRAC has identified a gap after twenty-five years of RDP is in addressing many of the social, political and institutional constraints that hamper the poor's attempts to improve their situation, or in other words prevent the creation of an enabling environment. These constraints are affecting all categories of the poor and are relevant for both existing VO members as well as for the ultra poor. These constraints mean that however effective BRAC's programmes are in terms of building poor people's resource base (material, human as well as social), they will not be able to graduate out of poverty or ultra poverty. Therefore BRAC is increasingly realizing that it has a major role to play in helping to remove some of the structural barriers that keep poor people poor.

There are three main strategies that BRAC plans to use in order to address these structural constraints in the future. One is to build strong platforms of the poor starting at the community level that will allow and ensure that poor people are able to articulate their demands and fight for their rights. BRAC has already started work in this area during Phase IV with the establishment of the Polli Shomaj groups. This emphasis on social mobilization and social action through strong people's organizations will continue in the future. There are also plans to federate BRAC groups at the Union and eventually at the Thana level in the next five years, so that the poor can influence higher tiers of the local government structure and exert greater strength as larger groups.

Two, BRAC will work to address the technological divide that traps the poor within a low level equilibrium. BRAC will look innovative ways to introduce new technologies to buttress the efforts of the poor and get them involved in higher return activities. BRAC has been working hard on this frontier challenge during this phase and this will continue to be a core focus of our programmes in the future. For example in RDP phase IV, BRAC has been experimenting with high breed poultry, to increase yield per layer and to reduce mortality. Or in the fisheries sector, BRAC is about to set up a Brood Development Project in Sreemongol. The objective is to develop a high quality breed of fish capable of laying high quality eggs. This work is being done in collaboration with the Bangladesh Fisheries Research Institute.

Three, we will focus on doing advocacy work to bring about changes in policies, institutions and the processes involved in poverty eradication work. The knowledge of poverty reproduction and processes have a close bearing on the ways in which policies are advocated and made, and BRAC has a wealth of experience in the former. We have also often been involved in various advocacy campaigns, but we now

recognize the need for and importance of a more structured advocacy strategy where it can push for certain changes at policy level, advocate for changes in the way policies are implemented at the local level, and use its vast experience and knowledge to disseminate information about best practices in the field of health, education, micro-finance or enterprise development for example.

Indeed, this is an agenda of great ambition. However, a big push along a diverse range of frontiers is needed and we are committed to face the challenge with all our strength and experience.

For an organisation like BRAC, with the double advantages of having a wide-reaching network at the field level as well as well-developed linkages with other major development actors both nationally and internationally, even a few successful interventions in the areas mentioned above could have a large cumulative and multiplier effect.



# CHAPTER ONE

## Village Organisation (VO)



# Chapter One

## Village Organisation (VO): Our Link With The Poor

### Background

In order to bring the rural poor into the mainstream of development, BRAC focuses on institution building as a strategy of inclusion. BRAC believes that a common platform that is created and owned by the poor themselves is a crucial prerequisite through which the poor can make themselves count in the development process. The VO is an association of the poor, landless people who come together with the help of BRAC to try and improve their socio-economic position.

As of December 2000, BRAC had organized its 3.8 million members into 102,527 village Organizations in over 60,000 villages across the country. BRAC's micro-finance staff meet with each VO once a week to discuss and facilitate credit operations. BRAC's social development staff meet with each VO once a month to discuss various socio-economic and legal issues that impact their lives. In addition, BRAC's health staff meet with the VO once a month to discuss health issues.

The VO is set up to:

- Develop a structured organisation of the rural poor with particular emphasis on women's participation.
- Strengthen the capacity of the poor for sustainable development.
- Enable the rural poor to participate in the national development process.
- The VO is also the link between rural people and BRAC.

BRAC's approach to social and economic development of the poor, especially women, involves four interrelated strategies: service delivery, institution building, public sector mobilization, and wider social mobilization. The VO plays a central role and is often a starting point for all these strategies.

BRAC's core approach and competency is the delivery of health, education, micro-finance, and micro-enterprise services on a large scale to the rural poor, primarily women. It decided to train local women cadre to help deliver these services and organize local groups to receive the services. As a result, BRAC's service delivery contributes to building local leadership and local organizations.

To receive services, BRAC organizes its members into various village-level groups or fora: peer groups for micro-finance, classes for legal literacy training, health fora for preventive health education, and parent's associations for overseeing primary schools. Most participants in these various groups belong to the village organizations (VOs). Each VO is also asked whether it would like to receive legal literacy training and, if so, interested members contribute Tk. 10 each (matched by BRAC) to pay the legal literacy trainer for the 30 two-hour sessions.

To help deliver services, BRAC trains village women to become para-medics, para-legals, para-vets, and other types of para-professionals: over 50,000 village women, selected from BRAC-organized VOs, have been trained and are currently deployed to provide health, legal, veterinary, agricultural, and other services to BRAC members and other villagers. Another 35,000 village women, have been trained and

are serving as teachers in the 35,000 BRAC primary schools. In total, over 90,000 village women have acquired skills, gained mobility and status, and assumed leadership roles.

With regards to institution building, the VOs are the primary people's organizations that BRAC seeks to help establish and strengthen. While each VO is constituted of several small peer groups that vet applications and provide group guarantee for BRAC loans, all members of each VO are expected to meet once a month to discuss social issues and problems. BRAC's legal literacy, popular theatre performances, and other inputs are designed to raise the social awareness of the general members of the VOs. Through leadership training and community dialogues, BRAC seeks to develop leaders from among the poor, especially women, who will lead the way to collective social action and collective bargaining at the ward and union levels.

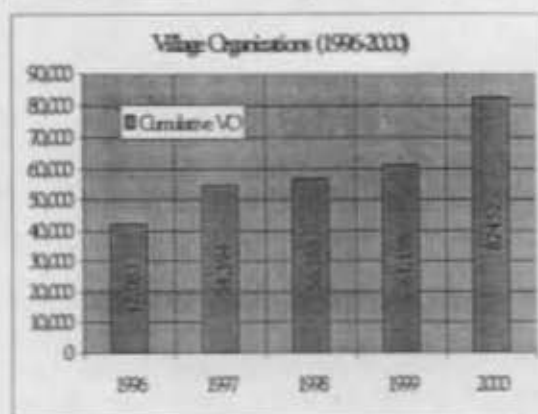
## Implementation Process and Management

Before an area office (AO) is established, the local staff identify the target population of the area by carrying out a door-to-door survey. Generally, the target area covers a 10km radius from the AO. The knowledge gained through this is important not only for effective targeting of the poor, but also to understand the poverty dynamics of the area and stimulate creative thinking to design new interventions. Most of our programme innovations are sparked off through this process.

RDP implements its microfinance programme through the VO. A VO starts operating by the time it has 20 members. The first step is to learn about and implement the '18 promises'. The members promise to help each other, be involved with productive activities for the benefit of their families and to take advantage of BRAC's services and abide by its rules. These promises help the VO members create a sense of solidarity and remind them of the changes they can achieve in their own situation. BRAC also conducts an orientation course for the VO members to familiarise them with the services that BRAC offers.

Each VO has a management committee consisting of a chairperson, secretary, cashier and small group leaders. To facilitate microfinance activities, the VO members form small groups of five within a VO. The small group leaders head these small groups. The small group leaders ensure regularity in weekly meeting attendance, savings deposit and loan repayment. They also decide who can borrow and when, and select participants for the Employment and Income Generation (EIG) activities. The small group also provides the peer support and encouragement needed by the poor to participate in various new activities.

Graph 1.1: Cumulative VOs (1996-2000)

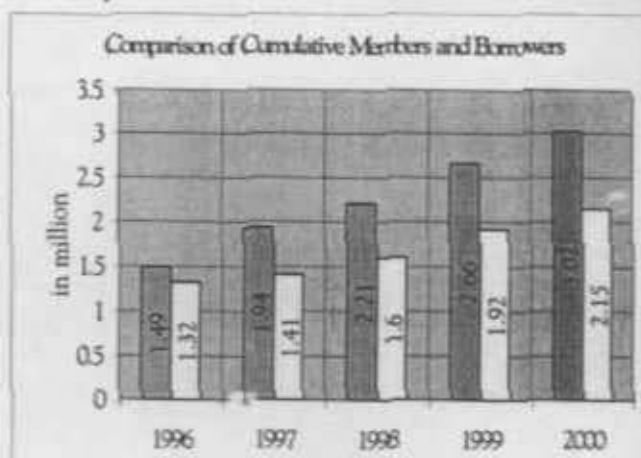


Creating structures of democratic accountability within the VO is important not only to manage the VO's dealing with BRAC, it also allows the poor to understand the power of being organized. A VO meets weekly in a particular place and time. VO members can start applying for loans by the 8th week of their membership. A prerequisite to obtain a loan is the ability to deposit savings on a regular basis. While the individual is ultimately responsible for the repayment of his/her loan, the small group acts as a collective problem-solving unit, providing both pressure and support to ensure that the loan commitment is honoured.

Graph 1.2: Comparison of Cumulative Members and Borrowers

The selection criteria of target people to form a Village Organisation are:

- Widowed or divorced women with children are given priority.
- They have to be aged between 18-54 years.
- Must be landless or own less than half an acre of land, or sell manual labour for survival.
- Permanent resident of BRAC working area for at least 5 years.
- Cannot be affiliated with any other NGO.
- Must be physically able as physically handicapped person will have difficulty taking up income generating activities.



## Components

### Weekly Meeting

The weekly meeting is held on a fixed day of the week at a designated place and time in the morning. These meetings are used for savings deposit and loan repayment, as well as for the selection of borrowers.

### Issue-based Meetings

Once a month, VO members meet for an issue-based meeting. It is a forum in which members discuss contemporary social, economic and political problems effecting their lives. The meetings, conducted by a Programme Organizer (PO), are not restricted only to the VO members; their spouses are also encouraged to participate which allows the building of common understanding of issues affecting the household and the community. It also encourages people to think of common strategies they can take to address any problems.

The purpose behind holding an issue-based meeting is to enable VO members to firstly identify the main problems and secondly to understand the causality and encourage them to think collectively of possible solutions. It helps them to gain confidence to confront problems such as domestic violence, oppression, injustice, land inheritance problems, lack of social status, violence against women, polygamy, dowry payments, illegal divorce, timely payments of work, rights to khas land. Every year, villagers face a variety of health problems such as diarrhoea or dysentery. Many of these health problems could be mitigated if the people could mobilise to ensure had access to safe drinking water and proper sanitation.

### Training

Enabling sustainable transformation in the lives of the poor is our overarching goal. Towards this end, BRAC emphasises capacity building of the VO members and provides training for skill development. In phase IV a number of courses have been developed and/or modified for this purpose. RDP offers an orientation course on organisation building and credit discipline to VO members, when they join a VO.

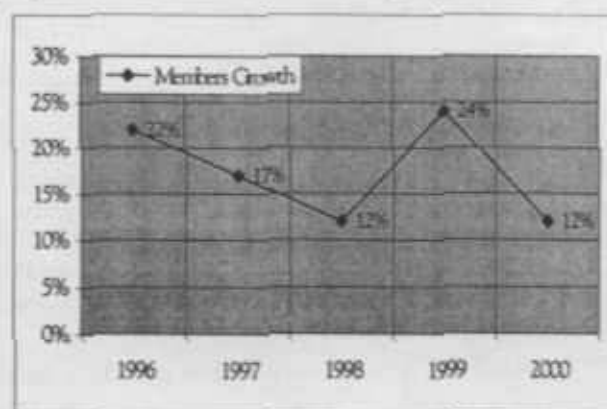
We are committed towards providing quality training for the capacity building of our members. However, we are also mindful of the fact that to be successful, we need to be able to combine quality with massive outreach. For this, BRAC staff such as the PO receives 'training of trainers' (TOT) in our Training and Resource Centre (TARC). They in turn conduct field level training with field level workers who provide the training to our VO members.

Table 1.1: Training of VO members

Name of the Training	Number of members trained	Purpose of the Training
Occupational skill development	1,060,257	Providing technical and managerial skills to VO members in different income generating activities such as poultry, livestock, fisheries, social forestry, agriculture extension, sericulture etc.
Orientation Workshop	249,480	To create general awareness about the rules and norms of VO formation.

## Major Achievements

Graph 1.3: Members Growth Rate (1996-2000)



During phase IV a total of 32,770 VO's were set up, which is much higher than the set target. This means that a greater number of poor people were able to come under the coverage of our development programme than expected.

At the end of phase IV, 90% of the members have more than 2.5 years of membership and have had cumulative loans of over Tk. 7500. On average 78% members attended issue-based meetings regularly. Their husbands, or other male relatives accompanied 25% of the members.

At the end of year 2000, there are 330 AOs and the total number of VO member stands at 3.85 million. On an average there are 9,112 members under each AO. The average number of member under each AO has increased suggesting that we are reaching more people living within the AO catchment area.

BRAC realized that the coverage of its catchment area was concentrated within the area around the AOs. Most NGOs working in an area also tend to be clustered around the main town, leaving the peripheries relatively unserved. However, Remoteness is closely linked to forms of chronic poverty. In an effort to reach out more extensively and serve the peripheries and remote area, BRAC has introduced outposts--- these are attached to the nearest AO. The total number of outposts at the end of RDP IV was 544.

### Summary of Significant Changes

- The coverage of an AO has been changed to within 8-10Km radius from 10-12Km radius. The reason for reducing the coverage area is to cover more rural poor people intensively within the respective region and to attain maximum outreach.



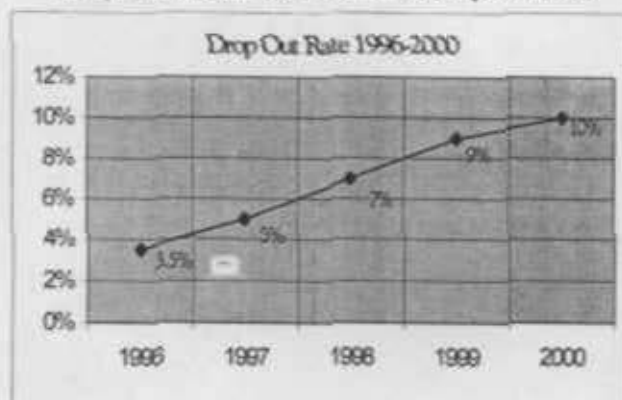
- To bring villages in remote areas under RDP coverage, outposts were established under supervision of the nearest AO.
- All the training courses for the VO members were held at the respective AOs instead of in the TARCs. It was inconvenient for the VO members to go to TARCs for trainings, as they had to spend a considerable amount of time away from home. Therefore, RDP decided to conduct training of VO members by the PO at the field level.

## Challenges

- The drop out rate for BRAC members is increasing every year. The acceptable drop out rate is 5%, as drop outs not only adversely affect BRAC's move towards self-reliance within the shortest possible time, but in many circumstances may also signal that our members are not achieving the impacts that we expected. Several studies conducted by BRAC's Research and Evaluation Division (RED), find that many poverty impact indicators are closely related to membership length and members continuing with our programme.
- In Phase IV we found that many of our members were involved with several NGOs at the same time. This was a major issue for BRAC because it is supposed to include only those who are not involved with other development agencies. According to the Second Round of RDP's Impact Assessment Survey (IAS) the amount of overlapping for BRAC members for Bangladesh as a whole was about 10%. There will be significant variation in this figure between regions and in some regions this figure will probably be considerably higher.
- While multiple membership is not always a problem, in many cases it can lead to difficulties both for BRAC and the families involved. Since BRAC members are very poor and their loan utilisation capacity is severely constrained by a multitude of factors. Though many taking loans from several sources do so with the hope of scaling up their business, the risk of failure is often very high and for the poor, the consequences can be devastating. Problem arises when they fail to meet the loan repayment schedule of the various NGOs. Loan mismanagement may ultimately lead to greater indebtedness for poor households rather than any economic improvement thus defeating the whole purpose of credit programme.

For BRAC, such overlapping with other organizations might result in increased default and weakening of traditional repayment incentives. To resolve this overlapping issue, BRAC staff regularly discuss the potential difficulties of multiple membership with VO members. In addition BRAC has been spearheading an initiative for NGOs working in the same area to exchange each others' membership lists so that staff can avoid recruiting the same person in more than one organization.

Graph 1.4: Each Year Members Drop Out Rate







## CHAPTER TWO

### Microfinance Programme



## Chapter Two

# Microfinance Programme: Breaking a Link In the Chain of Poverty Reproduction

### Background

Lack of access to reliable financial services is an important constraint for the poor in their efforts to lift themselves out of poverty. Intervening in this market with a view to democratizing access to capital and other financial services that the well-off take for granted is an important step towards removing a crucial stumbling block hindering the poor's effort to improve their own socio-economic conditions.

The goal of BRAC's microfinance programme is to provide banking and other services to the poor, which are specifically designed to meet their particular needs. The objectives of the microfinance programme are:

- To make credit available to poor women, especially in rural areas
- To provide credit at a reasonable price
- To involve poor women in income generating activities through providing credit provision
- To promote economic development of the country by increasing the income level of the rural poor.
- To operate self-sustaining credit activities.

The view that poverty is reproduced in a major way through capital market imperfections was recognized by BRAC from its early days. We first experimented with credit in 1974, by giving loans to small groups to allow them to get involved with different income generating activities. For the next few years BRAC experimented with different approaches, and assessed the usefulness of credit inputs in the lives of the poor.

In 1979, BRAC launched two separate programmes. The outreach programme mobilised the landless to use their own resources and obtain support from the local government to improve their lives. Secondly, the Rural Credit and Training Programme (RCTP) organised landless groups, provided them with training, credit and self-employment opportunities. The Rural Development Programme (RDP) was formed in 1986, which, among several other components, included provisions of savings and credit. After the fourth year of operation a RDP unit attains operating sustainability and renamed as a unit of the Rural Credit Programme (RCP).

Besides the RDP and RCP, BRAC provides financial services through a number of other programmes. The Income Generation for Vulnerable Group Development (IGVGD) Programme provides credit and other support services including training and essential health care to the extreme poor receiving food aid through the World Food Programme (WFP). This programme has been described in chapter 6 of this report. The BRAC Urban Programme (BUP) also provides financial services to the urban poor. Lastly, the Microenterprise Lending and Assistance Programme (MELA) is a recent addition to our family of financial service providing programmes- this is geared towards serving the financial service needs of the more entrepreneurial among our VO members and also among non-members. This programme is

discussed in Chapter 2.1 of this report. In this chapter, we discuss the detail performance and challenges of BRAC's RDP and RCP.

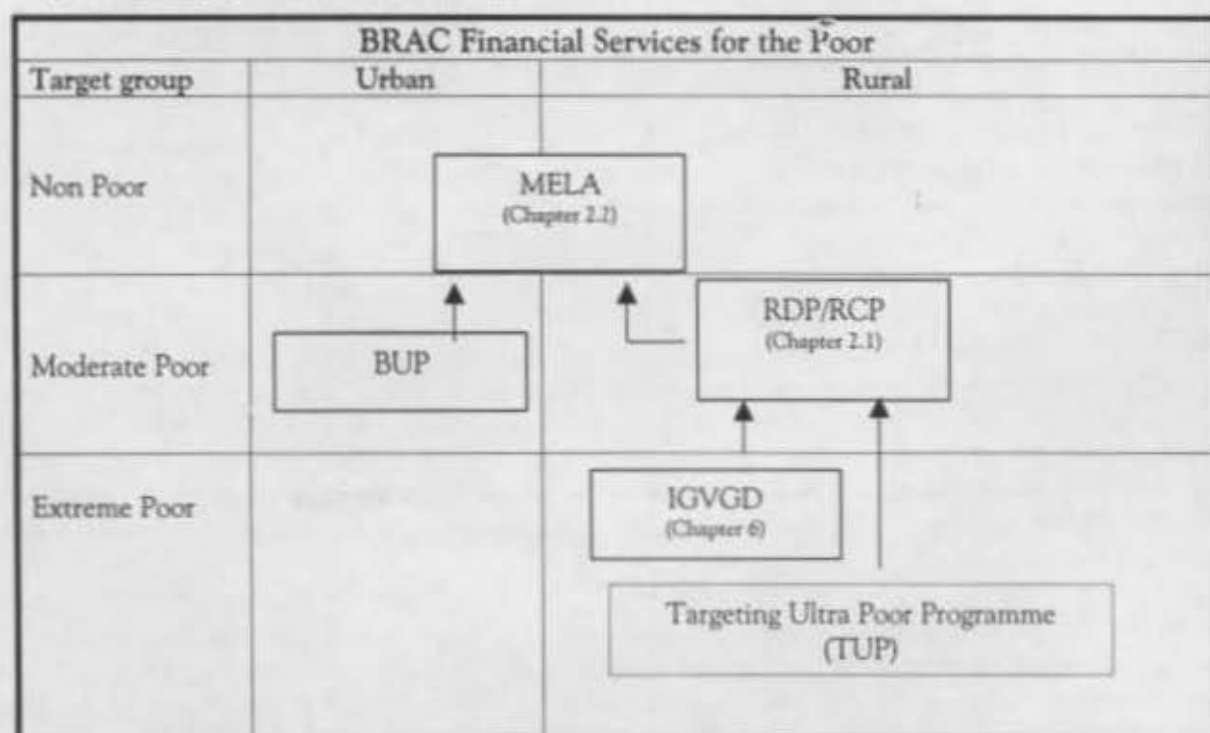
The following table is an overview of some key variables for all of BRAC's financial service providing units:

Table 2.0.1: Overall Performance of Microfinance Programme

Programme	VOs	Members (in million)	Disbursement (in million tk.) 1996-2000	Savings position (in million tk.)	Outstanding (in million tk.)
RDP and RCP	82,059	3.02	36,700	2916.29	6107.02
IGVGD	14,805	.59	6536.07	442.33	1017.49
BUP	3,708	.13	955.39	178.96	332.17
MELA	---	---	695.32	---	275.32
Total	100,572	3.74	44,886.78	3357.58	7732.00

The following diagram shows how BRAC provides its financial services to different segments of the population:

Figure 2.0.1: BRAC's Financial Services



## CHAPTER 2.1 RDP/RCP Micro Finance Programme

### Implementation Process and Management

Each BRAC Area Office (AO) established by BRAC covers 5 to 6 unions. Hundred and forty to 160 VOs are formed under each AO, covering 6,000 to 8,000 households. There are areas where there is a high density of poor people. In such areas BRAC establishes 'outposts' with a target to cover 2,000 to 3,000 households. The AO provides essential support to the outposts for conducting microfinance activities.

### Credit Delivery Model

RDP uses the village organisation (VO) as a means to implement its credit services to its members. Credit decision are taken in VO weekly meetings. Before BRAC agrees to the loan three things are considered:

- Whether or not the loan applicant has the capacity to utilise the loan
- The type of business the loan will be invested in
- Whether or not the business is profitable

The eligibility of the borrower, the terms and conditions of the loan are detailed below:

#### Borrower Selection Criteria

- Must be a BRAC VO member
- Must not belong to other organization
- Aged between 18-54 years
- Regular attendance of weekly VO meetings

#### Terms and Conditions

- No collateral is needed
- Minimum saving balance of 5% required for the first loan
- Mandatory savings deposit of 5% of the loan amount when loan is disbursed
- 15% flat interest rate
- After three VO meetings the loan disbursement procedure takes place
- General loans are disbursed to VO members in first 2 years
- Loans are repayable through weekly installments

### Management

An AO is headed by an Area Manager (AM-Microfinance) who oversees the savings and credit activities in his/her area. There are 10-12 microfinance Programme Organisers (PO) and one PO with a supervisory role. These POs are directly involved in the savings and credit programme implementation. Each PO is responsible for 12 VOs, and has a weekly roster for loan collection. Everyday after loan collection, performance of credit operations is reviewed and, if necessary, action is taken to improve recovery rate.

BRAC's microfinance programme is headed by the Deputy Executive Director (DED), who is reportable to the Executive Director (ED). At the head office level, a Programme Coordinator (PC-Microfinance) is responsible for overall planning and strategy and implementation of the microfinance programme. The PC-Microfinance implements and manages the microfinance programme with assistance from the Senior Regional Manager, the Regional Manager and the Area Manager.

## Training

BRAC's microfinance programme provides different types of loans to the VO members to involve them in different income generating activities/businesses. To facilitate this procedure microfinance staff require specialised training on savings and credit operations. The following table lists the various types of trainings given to the microfinance staff, the number who received such training during RDP Phase IV and the purpose of the training:

Table 2.1.1 : Staff Training On Various MF Courses

Name of Training	Number of Participants	Purpose of Training
Operation management course for AM	862	To develop skills for managing development intervention at field level
Development management course for AM	346	To acquire professional competencies for managing development intervention
Financial management course for AM	373	To strengthen financial analysis skills and book keeping capabilities
Communication development for PO	155	To increase skills for effective communication and presentation
Organisation development for PO & AM	348	To promote individual creativity and contribution for organisational solidarity
Microfinance management for PO & AM	119	To develop skills on microfinance management, especially on loan portfolio management, savings management, loanee management, operating MIS and monitoring system of microfinance
Managing VO & credit operation for AM	239	To develop skills for effective and efficient management of VO and credit activities.
Managing field operation for AM	141	To develop skills for overall field management, office management and programme management
Basic operation course for PO	5,904	To provide basic idea on overall field operations
Development approach of microfinance	7,200	To develop skills for development intervention through microfinance

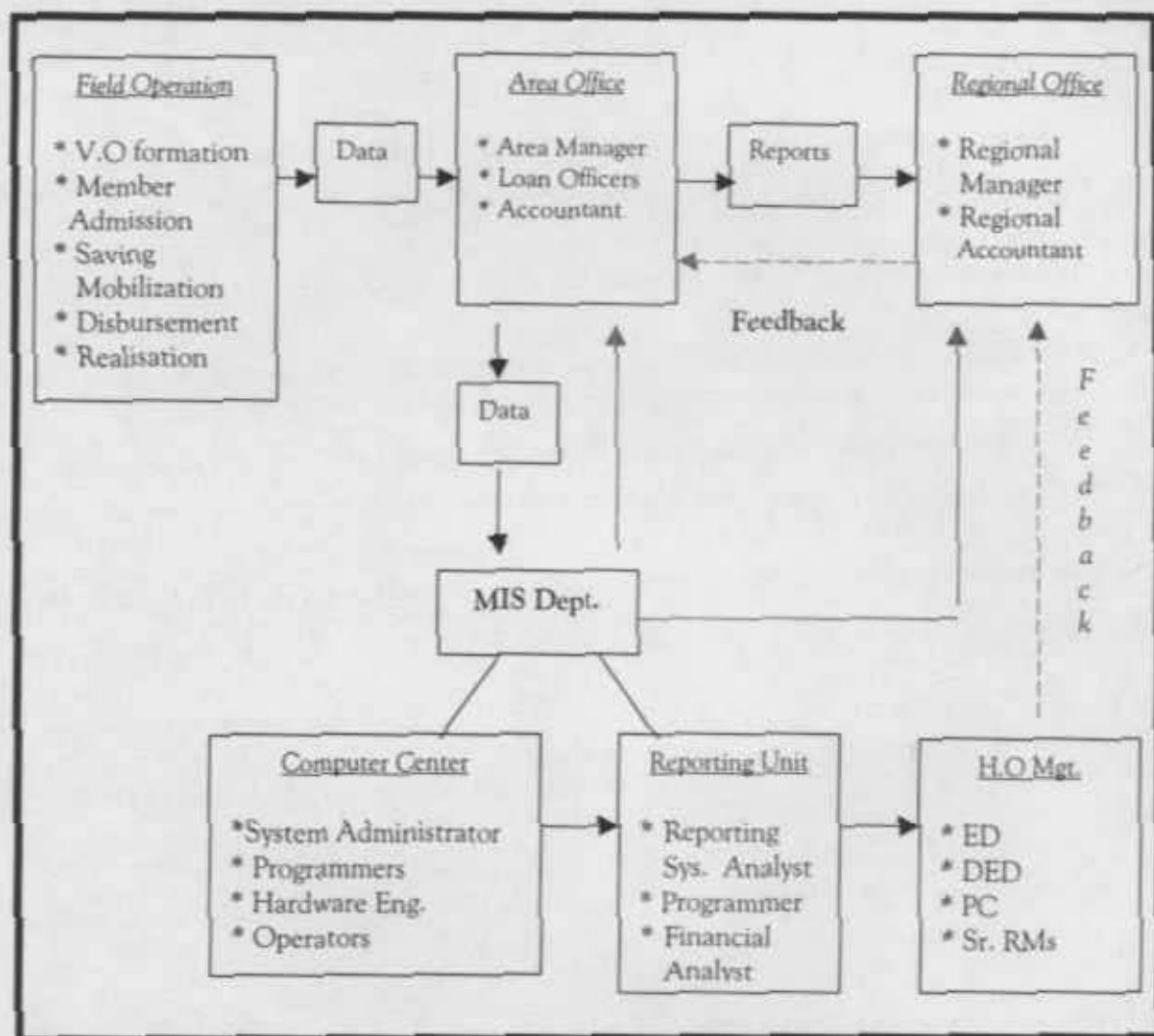
## Developing an Automated Reporting and MIS

From the inception of the micro finance programme BRAC had a plan to develop an efficient MIS for better management and operation of the programme. BRAC adopted the information system solution formally in 1984 when it set up a computer center with a microcomputer with multi-user system. In 1989, BRAC introduced a mini computer for better performance of data entry and processing. BRAC switched from mini computer to PCs with server systems in 1995. All these changes and adaptations of the system took place with a view to improving the information system. This is to generate and provide information to the management, to enable them to take informed decisions. BRAC involved all levels of management



and field staff in designing and implementing MIS regards to their programmes. The Structure of the MIS of BRAC's micro-finance programme is shown below:

Figure 2.1.1: MIS Structure of BRAC's Micro Finance Programme



## Features of Information System

1. Divided into two units-(i) Data Entry and Processing (computer center), and (ii) Reporting.
2. Allows both manual and computerised entry of data
3. System is used for accounting purpose and to track loan portfolio.
4. Maintaining member wise information. At present 3.7 million member's records are available in the system.
5. The system automatically generates the borrower schedule.
6. Usability, accuracy and timeliness are considered.
7. The system-generated information is 99% error free because of a number of validation /error checking features.

## Information Flow and Reporting

The main source of information of MIS is at the area office. Loan disbursement sheets (LDSs) and weekly realisation sheet (WLR) of loans and savings are the main source documents. These two sheets are manually filled-up by the loan officers and verified at the area office. Other than these two, some other documents are also available at the area office. The main flow of information is given below sequentially:

- Loan officers fill-up the loan disbursement, and the loan and savings collection sheet at VO level.
- Data from LDSs and WLRs is entered member-wise in the computer at the area office on daily basis
- Area offices generate different types of reports after data processing and reconciliation, and send some of these to the regional office.
- Area offices send data files to the head office MIS (computer center) at the end of the month. Area offices are using disks for sending the soft files to the HO.
- The Computer center receives data files from the area offices and store these in the server.
- After data processing, the computer center reconciles and verifies the loan records. And send area-wise data files to MIS reporting unit.
- The reporting unit receives files from the computer center and stores it in a separate database.
- The reporting unit does data analysis and prepares different types of regular and analytical reports for head office and field level management.

## Components

The key components of BRAC microfinance programme are credit, savings, and insurance.

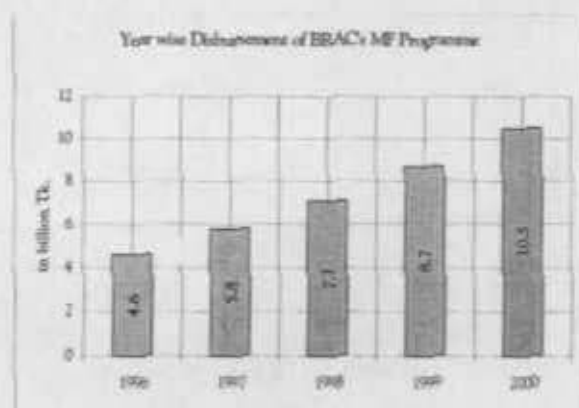
### Credit

BRAC provides credit to its VO members to initiate different income generating activities. Though collateral free loans are given for individual and joint activities, members must have some savings with BRAC to be eligible to get loans. The loan products of the microfinance programme are: general loans, programme loan and housing loan.

**General Loan:** Loans can be taken for any profitable income generating activities, like rural trading, rural transport, paddy husking, food processing, small shops and restaurants etc. Loan size is usually between Taka one thousand to ten thousand (US\$ 20 to 200). However, members may take larger loans in special circumstances. The first loans are usually for Taka 2,000 to 4,000 (US\$40 to 80). This amount increases over time, depending on past repayment behavior and loan use pattern.

**Programme Loan:** Group members can obtain sector programmes loans in areas such as poultry, livestock, agriculture, sericulture, fisheries and social forestry. BRAC also provides training, technical

Graph 2.1.1: Year Wise Disbursement of MF Programme



assistance and inputs along with these loans in order to increase its effectiveness. The rate of interest for the general and programme loan is 15% flat.

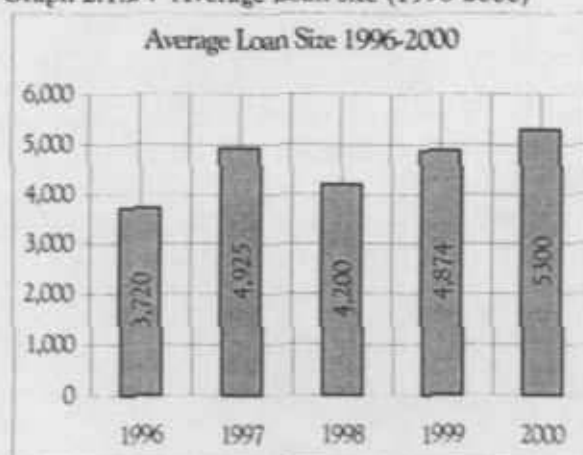
**Housing loan:** Members can also take loans to construct or upgrade their homes. The housing loans are for two years with a 10% flat interest rate.

The following table shows the last five years RDP's disbursement in three different loan categories:

Table 2.1.2: Disbursement in Different Loan Category

Disbursement	1996	1997	1998	1999	2000
General Loan	3,473	4,280	4,956	5,934	7,014
Programme Loan	1,058	1,450	2,059	2,697	3,456
Housing Loan	69	70	85	69	21
Total (in million Tk.)	4,600	5,800	7,100	8,700	10,500

Graph 2.1.2 : Average Loan size (1996-2000)

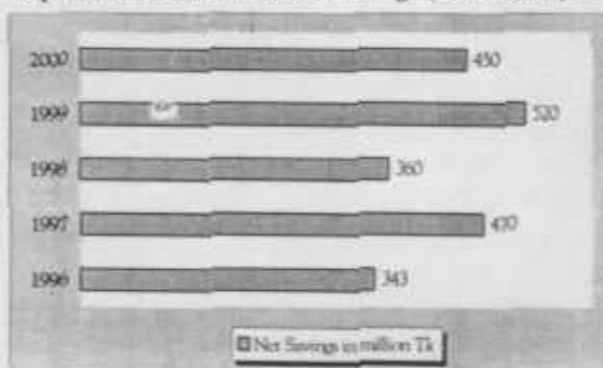


Credit operations are carried out through a *Revolving Loan Fund (RLF)*. This RLF consists of donor funds, group savings and PKSF loan. Loans realised are credited to and form a part of the RLF for extending further credit. Two percent loan loss reserve is kept to cover the risk of bad debts. An AO becomes self-sustaining in its credit operations at the end of its fourth year of operation and becomes known as a Rural Credit Project (RCP) branch. The loan portfolio in such a branch is supposed to be large enough to ensure that operation costs are covered by interest payments.

## Savings

An important part of BRAC's microfinance programme is savings and this is increasingly being viewed as an important service in its own right. RDP's own experience shows that the regular savings of a VO indicates better discipline in VO credit operation. From the member's point of view, reliable opportunities to save in small amounts are greatly valued. Savings opportunities with BRAC allows VO members to build up funds for consumption, children's education and other investments. It also provides security for old age and serves as a contingency fund during natural disasters- when income level fluctuates. We saw the importance of savings during the 1998 floods when the savings built up by members helped them in a big way.

Graph 2.1.3 : Year Wise Net Savings (1996-2000)



In BRAC a VO member can save in three ways:

**Weekly Personal Savings:** On average, members are required to save a minimum of Taka 5 (25 US cents) every week.

**Compulsory Savings:** When VO members' take loans, it is mandatory that they deposit 5% of the loan amount into their savings account. The interest rate for the savings is 6%. Normally borrowers can withdraw 25% of the accumulated savings after five years and 50% after 10 years. But there is a special provision for withdrawing 50% from the savings account at any time due to unforeseen circumstances (such as natural calamities)

**Current Account Savings:** In addition BRAC has recently introduced Current Account Savings that bear no interest but allow the group members to make unlimited withdrawals. This has the following features:

- Convenience: BRAC Area office is conveniently located to allow all members to deposit money into their current accounts.
- Liquidity: Members can withdraw any amount of savings from these accounts at any time.
- Safekeeping: BRAC Area Office is a safe place to keep savings instead of in their houses.

Recently, BRAC has decided to modify its current Account Savings Product by paying interest to the savers. At the same time BRAC is experimenting with two "Special Savings" products, along with the Current Savings Account, with a view to providing a range of savings products for members to deal with life-cycles needs, like marriage and for time of crisis. At the same time it provides BRAC a stable sources of less expensive cash to fund its portfolio. These are being piloted in urban areas. We are observing and learning from this experiences. Depending on the results, we shall extend the piloting to rural areas.

## Insurance

BRAC has introduced an insurance policy for its VO members since June 1990. The sudden death of an earning member can be very costly, both in terms of immediate cost, such as the funeral and income foregone. Such unpredictable shocks can destroy a household's livelihood. BRAC's insurance policy tries to minimise the level of such insecurity. In order to be eligible for the insurance policy the VO member should have been member of a VO for at least one year and (ii) be below 54 years of age.

The key features of BRAC's insurance policy are:

- Members having no loans with BRAC are equally eligible to the insurance service.
- BRAC's insurance service provides Taka 5,000 (US\$ 100) to the dependants of the deceased.
- No premium is charged from the members. BRAC pays the money to the family from the interest earned through its credit programme.

## Major Achievements

### Growth Trend and Analysis

Over the last five years, BRAC's microfinance programme has experienced significant increase in loan disbursement, savings, portfolio growth, outstanding portfolio and average loan size. By the end of December 2000, a total amount of Taka 36.7 billion has been disbursed and the outstanding loan is Taka 7,456 billion.

In 1996 BRAC disbursed Tk. 4.6 billion and in the year of 2000 BRAC disbursed Tk. 10.4 billion. In 1996 the disbursement growth rate was very high, later it declined. The loan portfolio increased from Tk. 2,654 million to Tk. 7,456 million. In 1996 the portfolio outstanding was Tk. 3,061 million and in 2000 it was Tk. 7,456 million. The average portfolio outstanding growth rate was 27%.

Graph 2.1.4: Disbursement Growth Rate (1996-2000)

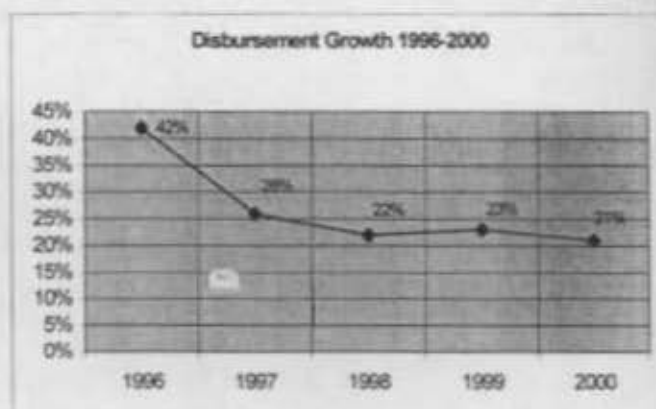
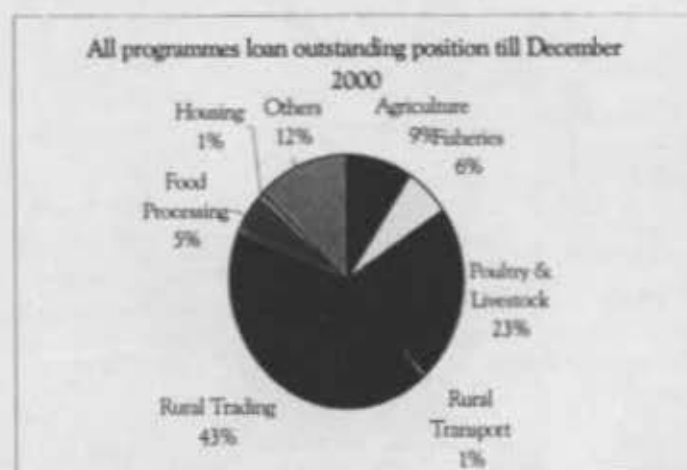


Table 2.1.3 : Portfolio Outstanding (1996-2000)

Portfolio Outstanding	1996	1997	1998	1999	2000
Total (in Tk.)	3061,780,000	3870,409,127	5119,699,985	6776,179,062	7456,681,957
Increase from Previous Year	38%	26%	32%	32%	10%

Graph 2.1.5: Outstanding Loan of all Programmes



When RDP IV started in 1996, disbursement increased rapidly due to loan demand from new members who entered the programme towards the end of the previous phase. In 1996 disbursement was 51% higher compared to 1995 and portfolio outstanding was 38% higher compared to 1995. Rural Trading and Poultry are the two sectors that continue to dominate the loans outstanding. Over 63% of the loans have been disbursed in these sectors since 1996. During RDP IV the two most dynamic sectors in terms of growth rate were poultry and fisheries. In 1996 the

portfolio outstanding of poultry programme was Tk. 540 million and in 2000 it was Tk. 1679 million and the portfolio outstanding of fisheries programme was Tk. 111 million and in 2000 it became Tk. 462 million.



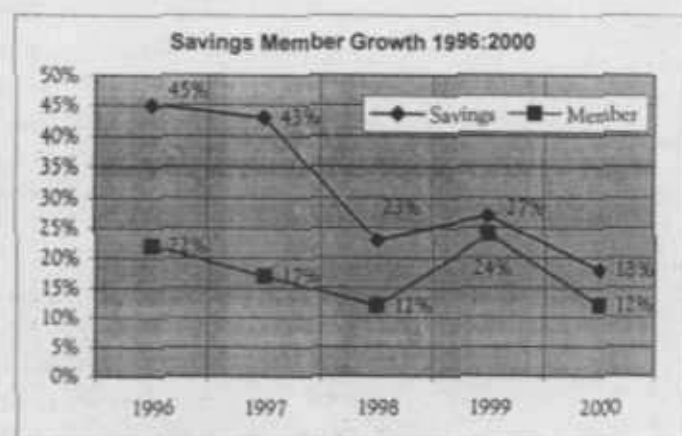
Table 2.1.4: Portfolio Outstanding by Sector (in million Taka)

Sectors	1996		1997		1998		1999		2000	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
Agriculture	199	6.52%	295	7.61%	467	9.13%	666	9.83%	716	9.6%
Cottage Industry	34	1.10%	39	1.00%	31	.61%	27	.39%	18	.2%
Fisheries	112	3.65%	190	4.92%	352	6.88%	471	6.95%	462	6.2%
Food Processing	397	12.98%	432	11.17%	443	8.67%	501	7.40%	414	5.6%
Housing	67	2.20%	99	2.55%	220	4.30%	100	1.48%	63	.8%
Others	273	8.92%	324	8.38%	397	7.75%	600	8.85%	727	9.8%
Poultry & Livestock	540	17.64%	658	17.00%	877	17.13%	1,216	17.95%	1,679	22.5%
Rural Trading	1,353	44.20%	1,737	44.88%	2,252	43.97%	3,122	46.07%	3,321	44.5%
Rural Transport	85	2.79%	96	2.49%	80	1.56%	73	1.08%	56	.8%
<b>Grand Total</b>	<b>3,061</b>	<b>100%</b>	<b>3,870</b>	<b>100%</b>	<b>5,119</b>	<b>100%</b>	<b>6,776</b>	<b>100%</b>	<b>7,456</b>	<b>100%</b>

## Savings Mobilization

An important part of the credit operations is the collection of savings. The ability to consistently save is an important indicator of the ability to pay back loans. Savings also reduce RDP's dependence on external funds. The following graph shows the savings growth trend of VO members and

Graph 2.1.6: Growth Rate of Savings and Members



that of membership over the phase IV. The figure indicates that group savings is growing at a rate faster than the growth in membership. There has been an upward trend in per member weekly net savings have been in an upward trend. There are two factors contributing to this growth. Firstly, due to repeat members, the average loan size is increasing which increases net savings balance as 5% of loans is kept as compulsory savings. Secondly RDP has recently put a lot of emphasis on savings mobilization and developing a range of savings products

towards that end. This has resulted in substantial growth in savings.

However, due to the severe flood of 1998, members needed to withdraw their savings to recover from the floods causing a drop in the growth of net savings. To accommodate members' needs, BRAC relaxed its rules for savings withdrawal. As there was significant crop loss and people did not have any work for a considerable time period, members found it difficult to pay in their weekly savings. Also, for the first time, dropout rate also exceed the 5% target. This was mostly due to the 1998 floods during which some members migrated to other areas to save themselves from the flood and lost contact with the programme. This also adversely affected savings mobilization.

The sharp drop in the growth of net saving in 2000 is due to BRAC's renewed attention to improve its portfolio quality. In this year far fewer members have been recruited in the programme and this has meant reduced pace of savings mobilization. At the same time many member who had large savings have withdrawn some portion of their savings contributing to the relatively slow growth in year 2000.

## Targets and Achievements

The following table shows the targets and achievements of the key components of BRAC microfinance programme:

Table 2.1.5: Cumulative Target and Achievement of MF Programme (1996- 2000)

Particulars	Target	Revised Target	Achievement (1996-2000)	% of achievement as per revised target
Disbursement (in billion)	25.45	34.2	36.7	(+) 107.3
Closing Savings Balance (in billion)	1.88	3.28	2.9	(-) 88.4
Average Loan Size	4,500	4,850	5,300	(+) 109.3
Dropout/Year	<5%	<5%	10%	(-)
On time realisation	≥92%	≥92%	89%	(-)
Overdue/outstanding ratio	<5%	<5%	6.9%	(-)

## Reasons for Variance

In RDP phase IV one of BRAC's goals was to cover the maximum number of people. To reach this, we have gone for an intensive coverage strategy through more outposts. Apart from 330 Area Offices, RDP has also established 544 outposts. At the same time, when VGD members took loans from RDP, they were also enrolled as VO members. By the end of year 2000, the total number of member stands at 3.8 million. With the increase in the number of members, disbursement naturally increased and as there were a significant proportion of repeat borrowers, the average loan size has also increased.

In 1998, Bangladesh faced a flood that has been described by experts as one of the worst in this century. This was not only severe in scale but also long-standing--- flooding started from the beginning of July and continued for more than two months affecting about 100,000 sq. km. areas and destroying basic infrastructure like roads, bridges, and houses. The flood severely damaged the standing crops as almost two thirds of the country was inundated. Approximately 30 million people were affected, and almost thousand people dead. were with a loss of lives of 918. It was estimated that because of this flood the rate of the GDP growth declined from an expected 5-6 percent to about 3-4 percent.

BRAC's microfinance programme was badly affected after the flood. Most of its members are very poor and because of the severity of the flood, it was very difficult for them to repay instalment and save.

Before the flood of 1998, particularly in June the zero past due was 89%. In September 1998, after the floods this decreased to 68%. However, since then it has been increasing steadily and at the end of 2000, now it has regained its pre-flood position. Due to flood the overdue/outstanding ratio also rapidly increased in 1998. In October 1998 it was 11.1%. Things are steadily improving in 2000. At the end of 2000 this ratio stood at 6.9%.

Due to the flood of 1998, RDP relaxed its rules for savings withdrawal because members needed their savings for coping with the situation. At the same time, long standing BRAC members who had saved up a significant lump sum were allowed to withdraw some portion of their savings. This is the key reason for not reaching the savings target. The reason for Dropout have already been discussed in chapter 1.

RDP aims to make its microfinance operation self-financing and even able to cost covering and generate a surplus. All RDP Area Offices begin their operation with borrowed funds from the Head Office with a firm business plan to cover cost through its earning over a specified time period. The Area Offices or branches are modeled in such a way that most of them become sustainable after four years of operation and are able to make enough surpluses to subsidize other programmes.

During the period 1996-2000, the total income from BRAC microfinance programme was Tk. 6,516 million and the operating expenses was Tk.3,689 million. The net surplus was Tk. 962 million. The following table gives the trend of a number of key income and expenditure figures of our microfinance programme over the fourth phase:

Table 2.1.6: Financial Achievements of Micro-Finance Programme (1996-2000)

Income and Expenditure	2000	1999	1998	1997	1996	Total
Total Income	2,021,642,658	1,519,485,280	1,303,922,989	940,538,549	730,478,908	6,516,058,384
Interest paid on loans and deposits	349,474,535	333,451,233	145,356,433	86,570,830	73,575,181	888,429,233
Gross financial margin	1,672,168,123	1,286,033,047	1,158,566,556	853,957,699	656,903,726	5,627,629,151
Provision for loan losses	269,887,571	219,965,842	254,721,277	137,843,857	92,788,228	975,206,775
Net financial margin	1,402,280,552	1,066,067,205	903,845,279	716,113,842	564,115,498	4,652,422,376
Operating Expenses	1,202,175,530	954,115,534	645,574,188	517,384,822	370,703,670	3,689,953,744
Net Surplus/ Deficit	200,105,022	111,951,671	258,271,091	198,729,020	193,411,828	962,468,632

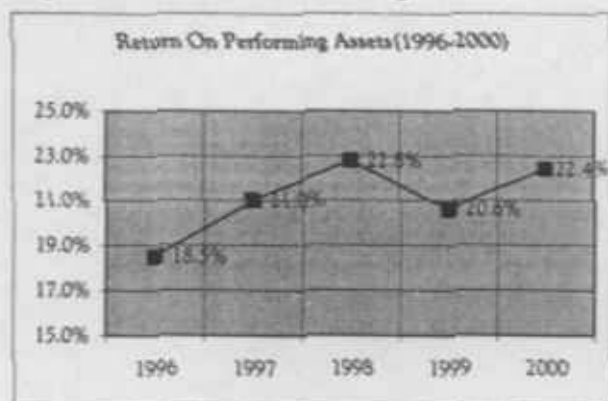
So, during this period, the Micro-Finance programme has not only become operationally self-sustaining, but has also produced sufficient surpluses, to contribute to the other programme components of RDP.

## Financial Ratio Analysis

As microfinance operations of any organization grow in scale, it becomes more and more complex. It becomes necessary to give increasing emphasis on financial accountability, transparency, management and viability to the programme. This drive for greater effectiveness and efficiency requires the use of more sophisticated financial tools. Financial ratio analysis is one such tools of financial management, from which microfinance Institutions (MFI) can get a clear idea about the position of its sustainability prospects and portfolio quality. The *Sustainability Ratio* indicates whether institutions have financial resources to serve people today and tomorrow, while the *Portfolio Quality Ratio* indicates whether the institution is doing a responsible job of managing their most important assets or in other word how the fund are being used. We calculated a range of these ratios, the results of which is presented below:

## Sustainability Ratios

Graph 2.1.7: Return on Performing Assets (1996-2000)



### Return on Performing Assets

#### Formula

Total Income/ Average Total Assets

#### Purpose

Indicates financial productivity of credit services and investment

#### Comments

Return on performing assets is better for the analysis for overall financial management because this ratio takes into account not only the outstanding loans but also the return earned on other investments. An increasing return on performing assets is positive. At

the end of 2000, it stands at 22.4% and the trend is positive.

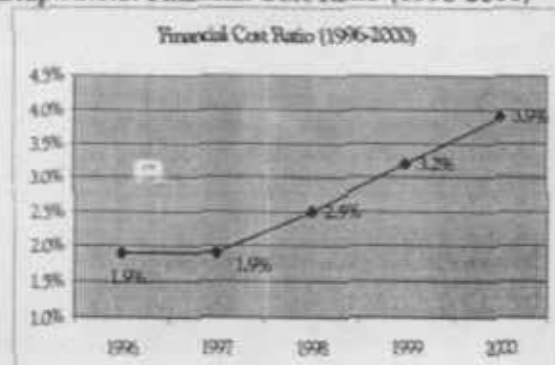
Graph 2.1.8: Financial Cost Ratio (1996-2000)

### Financial Cost Ratio

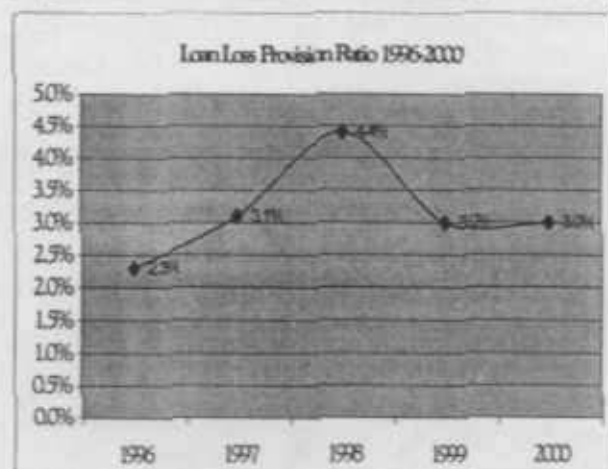
**Formula:** Financial Cost/ Average Total Assets

**Purpose:** Shows cost of funds : affected by mix of net worth, soft and hard

**Comments:** The financial cost ratio shows the average cost of funding the institution's assets with debt. Financial costs are the interest and fees, which the organization incurs by borrowing fund. In 2000 the ratio increases because BRAC increased reliance on commercial capital.



Graph 2.1.9 : Loan Loss Provision Ratio (1996-2000)



### Loan Loss Provision Ratio

**Formula:** Loan Loss Provision/ Average Total Assets

**Purpose:** Indicates provisioning requirements of loan portfolio for current period

**Comments:** The provision for loan losses refers to the amount provided for in each year to cover future losses. A decreasing loan loss provision ratio is positive. The ratio reached its peak in 1998, mostly due to the floods. Between 1998 to 1999, the loan loss provision ratio fell by 1.4%. It remained unchanged between 1999 and 2000. It means BRAC's microfinance programme is utilizing its money more efficiently.

## Operating Cost Ratio

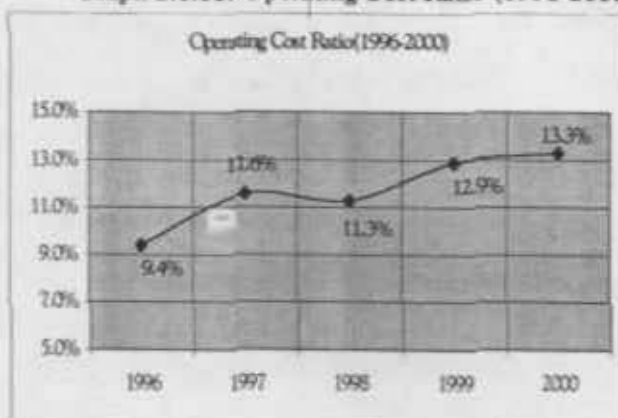
**Formula:** Operating Cost/Performing Assets

**Purpose:** Key indicator of efficiency of lending operation

**Comments:** The operating cost ratio calculates the amount in percentage term required to cover the operating costs. Efficient methodology and highly productive staff helps to decrease the operating cost ratio and make the organization more sustainable. A decreasing operating cost ratio is positive. During the last five years operating cost ratio of our credit operation gradually increased.

BRAC needs to increase the efficiency of their credit staff either by reducing cost or by increasing their credit portfolio. It should be however noted that our average loan size is one of the lowest among the large microfinance institutions in Bangladesh and this largely reflects the fact that RDP's client group on average is poorer than that of others. This has effects on the measures of operating efficiency and needs to be considered when comparing across institutional operating efficiency.

Graph 2.1.10: Operating Cost Ratio (1996-2000)



Graph 2.1.11: Operating Self-sufficiency (1996-2000)



## Operating Self-sufficiency

**Formula:** Financial Income/Total Cost

**Purpose:** Shows the credit programme ability to cover costs of performance with internally generated income

**Comments:** Through the operating self-sufficiency ratio, the organization can understand whether it has earned enough revenue to cover the organization's costs. An increasing operating self-sufficiency is positive. From the data we see BRAC's credit programme is capable of covering its cost. In 2000 BRAC's microfinance

component earned revenue that was 11% more than its costs.

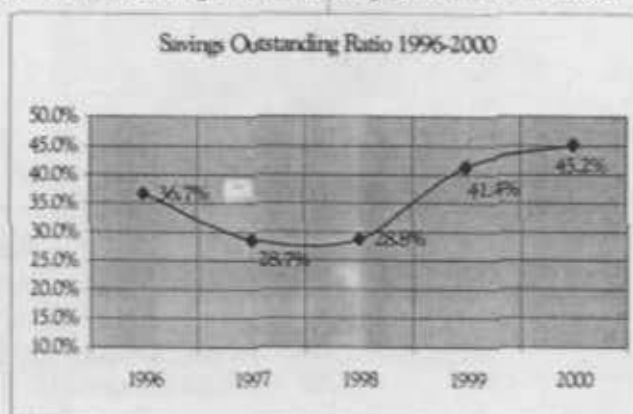
Graph 2.1.12: Savings Outstanding Ratio (1996-2000)

## Savings Outstanding Ratio

**Formula:** Total Savings/Total Principle Outstanding

**Purpose:** Shows the credit programme's ability to fund loans from its savings fund

**Comments:** BRAC's credit programme expanded its activities significantly. The average portfolio growth was 49% since 1989. An increasing savings ratio always shows the potential of an organization to generate enough funds to provide loans to its members. BRAC's credit programme has a very healthy savings outstanding ratio. In 1999 it grew at a very rapid rate and the upward trend continued in 2000. This





growth is in large part due to the renewed attention BRAC is paying towards developing a range of savings products

## Portfolio Quality Ratios

### Portfolio at Risk

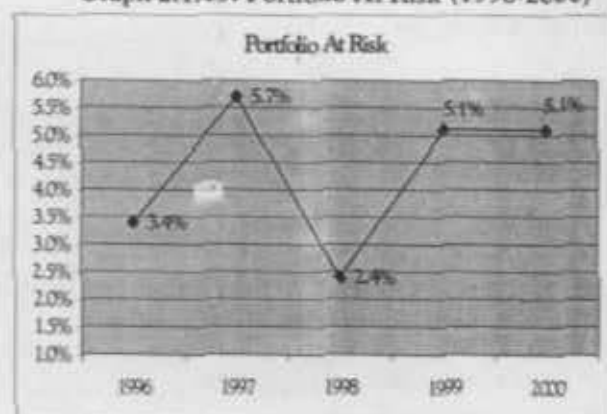
**Formula:** The principle balance of loans with at least one payment overdue/ Total Principle Outstanding

**Purpose:** Measures amount of default risk in portfolio

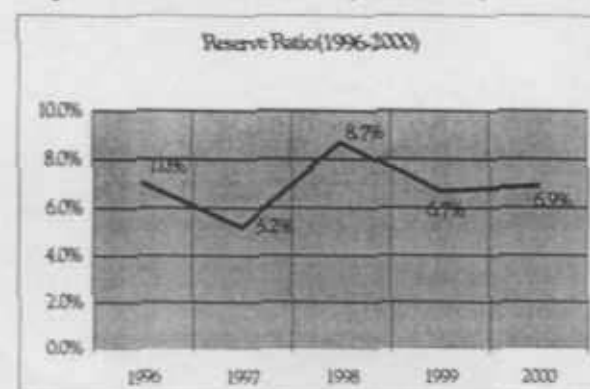
**Comments:** The portfolio at risk ratio helps the organization understand the portion of its loan portfolio at the risk of default. "At risk" ratio considers the entire balance of loans as being at risk when they are delinquent by one or more payments.

The decreasing portfolio at risk is positive. Since 1999 the portfolio at risk is on the increase. This is drawing significant attention of the management and the situation is being analyzed and reviewed. As an immediate step, the pace of growth of our microfinance outreach and portfolio has been slowed down and a more cautious route is now being taken.

Graph 2.1.13: Portfolio At Risk (1996-2000)



Graph 2.1.14: Reserve Ratio (1996-2000)



year. It fell in 1999, which means that BRAC has been effective in recovering their outstanding credit. The ratio remained unaltered in 2000.

### Reserve Ratio

**Formula:** Loan Loss Reserve/ Value of outstanding Principle

**Purpose:** Indicates adequacy of reserves in relation to portfolio

**Comments:** The reserve ratio indicates what percentage of the loans is expected to be unrecoverable. A decreasing reserve ratio is positive.. If the number of unrecoverable loan decreases the loan loss provision ratio will also decrease. Because of the flood of 1998, the reserve ratio shot up in that

## General Conclusion on the performance of the RDP/RCP MF Programme

BRAC's credit programme has suffered slight losses in its operating efficiency. BRAC needs to increase its number of borrowers under a credit officer and the size of credit portfolio to cover its operating costs and generate more revenue. Yet, the increase in portfolio at risk ratio suggests that the route towards expansion needs to be cautious. BRAC is well aware of the tension and as a response diversifying its client base through new lines of microcredit products. One such promising innovation has been its Microenterprise Lending Assistance (MELA) Programme which targets the 'missing middle' with a whole new lending technology. This has been discussed in section 2.2.

The positive side of this phase is that the savings- loan outstanding ratio grew to 45.2%, which has helped BRAC generate a regular flow of non-donor fund for its credit programme. The renewed emphasis on developing savings products that not only mobilize savings for the institution but are also responsive to the needs of the poor is clearly working and will continue to inspire further refinements, research and innovations.

## Impact of Microfinance Programme

BRAC has only one bottom line--- which is transforming the lives of the poor. The financial strength and self-reliance of our microfinance programme is a means towards achieving that end as such sustainability will allow us to build a permanent service and provide funds to cross-subsidize other programme-components. The ultimate determinant of success for us is the impact our programme is having on our clients and we take this issue very seriously as is evidenced by our attempts to measure and understand the changes produced REDs impact assessment studies.

BRAC has been working since the early 1990's to develop an impact assessment system (IAS) for its rural development programme(RDP). The goal of the IAS is to assess the impact of RDP to measure the success of the programme in raising the socio-economic status of the participants and to identify the shortcomings of the programme in order to stimulate innovations. The first impact assessment study was conducted in 1993-1994. The second IAS study was conducted in 1996-1997. Currently the third IAS is being conducted to assess the impact of RDP IV. The preliminary findings of IAS (III) will be available in September 2001. But the following data of IAS II is provided to give a picture of the impact of BRAC's micro-finance intervention on our members:

Table 2.1.7: RDP's Impact Over Its Members

Indicator	Impact result from IAS II
Acquiring a diverse range of assets: <ul style="list-style-type: none"> <li>▪ Land</li> <li>▪ Other Assets</li> </ul>	<ul style="list-style-type: none"> <li>▪ Since joining BRAC, nearly four percent of member households graduated from landlessness.</li> <li>▪ Proportion of households with more than 50 decimals of land also increased from 17.5% to 20% due to acquisition of more land after joining.</li> <li>▪ BRAC member households owned 380% higher non land assets than the comparison ones.</li> <li>▪ BRAC member households owned 50% higher non-worth than the comparison ones.</li> <li>▪ BRAC member households had two times more savings than the comparison households.</li> <li>▪ BRAC household enjoyed better housing facilities in terms of both quality of living houses and per capita floor space than comparison households.</li> </ul>
Moving towards income generating self employment	<ul style="list-style-type: none"> <li>▪ About 45% of BRAC member are now themselves directly involved in IGAs. Before joining BRAC, proportion of members involved in such activities was 28%.</li> </ul>
Achieving greater food security	<ul style="list-style-type: none"> <li>▪ Average per capita calorie consumption and total food and non food expenditure were significantly higher for BRAC members households. Ratio of non food to total expenditure was also higher for BRAC.</li> </ul>
Reduced reliance on informal credit	<ul style="list-style-type: none"> <li>▪ Dependence on non-institutional cash loan decreased for BRAC households(31%). But the amount of such loan remained the same for comparisons households.</li> </ul>

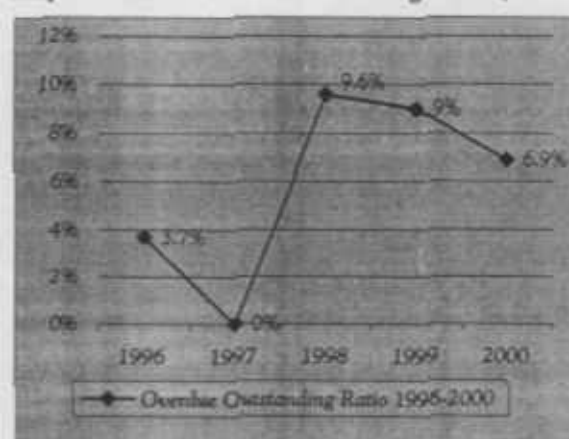
## Focus on Portfolio Quality

Ageing of principle outstanding reflects the historical repayment experience. If a borrower misses a repayment, the entire principle amount of the loan shows up as 'past due' principle. This method allows BRAC to monitor how much portfolio is at risk at any point of time, with clear categories of risk degrees. RDP monitors loan repayment performance through the ageing principle outstanding (APO) indicators. The ageing of principle outstanding shows that the largest sector rural trading had APO (0 weeks) of 85% or more. Another large sector poultry had 79% APO. These sectors make up 67% of the loan outstanding.

Table 2.1.8: Loan Outstanding and Overdue in Year 2000

Sectors	Loan Outstanding	% of Total Outstanding	No past Due (%)	1-4 wks past due	Overdue	% of Total Overdue
Rural Trading	3343,940,000	44.48	86	1	298,136,113	39.4
Food Processing	419,440,000	5.6	77	5	72,154,826	9.5
Agriculture	720,880,000	9.6	85	5	65,664,897	8.7
Fisheries	467,400,000	6.2	83	5	51,749,240	6.8
Poultry & Livestock	1692,110,000	22.5	79	5	201,002,781	26.6
Rural Transport	56,330,000	.75	86	4	5,885,437	.78
Housing	65,400,000	.87	59	6	17,904,091	2.4
Others	754,970,000	10	85	5	44,575,240	5.82
Grand Total	7520,470,000	100			757,072,625	100

Graph 2.1.15: Overdue Outstanding Ratio (1996-2000)

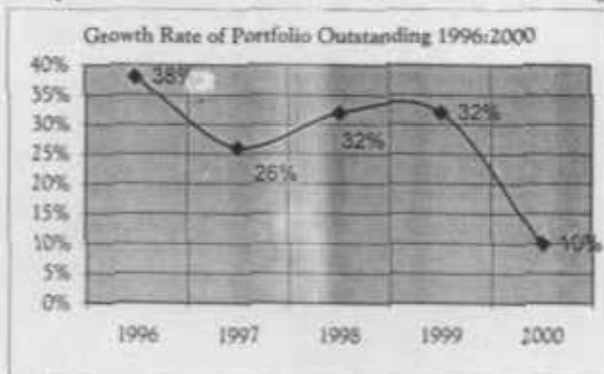


Due to the floods in 1998 there was a sharp decline in repayments. In September 1998 the ageing principle outstanding (zero payment missed) became 68% and overdue/outstanding ratio stood at 6.9%. In 1997 the overdue-- outstanding ratio was 0% because of the loan adjustment to tighten up the credit management. The loan portfolio grew from tk. 3,061 to tk. 7,456 million from 1996 to 2000, continuing a ten-year history of extraordinary growth. Unfortunately, this growth was also accompanied by a significant deterioration in portfolio quality, with 16% of the portfolio having one or more payments past due as of the end of 2000. This happened mainly due to the extra-ordinary growth of

BRAC disbursement and portfolio. BRAC decided to tighten up the situation by slowing down the disbursement and portfolio growth.

In the year 2000 the disbursement growth rate and portfolio growth has slowed down. BRAC is now concentrating in the quality of portfolio. BRAC is moving to computerize all of its branches (304 completed as of year end 2000), with a target to complete this by the end of the year 2001. Over time, this will significantly upgrade the quality of available portfolio and savings data, reduce time lags between the field and head office, and give management at all levels significantly improved capacities for analysis.

Graph 2.1.16: Growth Rate of Portfolio Outstanding



## Significant Changes

### Experimentation with Repayment Schedule

From the very beginning BRAC's microfinance programme had weekly repayment policy. In 1999, however BRAC shifted from weekly to bi-weekly repayment approach. This change was introduced both for institutional and members' benefit. For the institution, the move towards bi-weekly meetings could lead to significant cost reduction and greater outreach. Given the decreasing operating efficiency of our microfinance programme, this was thought to be a good idea. For the clients, it was often reported that repaying instalment one week after to keep a loan and continuing to do so over the year is often stressful and limits the scope of investing in projects with slightly longer gestation period. The move towards bi-weekly repayment was expected to ease this difficulty.

Bi-weekly repayment schedules led to certain problems however. VO members were used to paying weekly instalment and it took time for them to adjust to the bi-weekly repayment schedule. Moreover, as the VO members are very poor, it is difficult for a majority of them to save up two weeks' instalment, which can be pretty large as loans tend to increase over time.

### Focus on Saving Products

To generate more savings, BRAC has introduced two new savings product in urban area on a pilot basis. These products are long-term monthly savings account and fixed savings account. These funds will also provide BRAC with a stable source of less expensive cash to fund its lending portfolio.

**Long term monthly deposits:** Poor people, just like others often need large amount of money to arrange daughter's marriage or to meet educational expenses of children, or to build a house. This type of scheme provides an opportunity for the poor to build up that lump sum by saving up.

**Fixed Deposit:** Poor households may receive a one-time, lump sum amount from various sources. They may not need it immediately for investment or consumption. Keeping such relatively large sums of money at home can be insecure and it may be difficult to refuse relatives who ask for money as a loan. Such unspent sums of money can be mobilised as savings by offering facilities for term deposits for different periods of time such as 3 months/6months/one year to five years. BRAC offers 9% interest for savings in this account.

In October 1999 BRAC piloted these new saving products under the urban programme and by December 2000, over 57,190 members and associate members (kin of VO members) had opened special savings accounts. The total cumulative savings from these new products up to December 2000 was Tk. 47.5 million, with an average savings of Tk. 830 per account. At the end of 2001 a study will be conducted regarding these two new savings product to understand its pattern and dynamics. Market study will be conducted in rural areas to assess determine the demand for such products. This result will determine to guide BRAC's decision to introduce these new savings products in rural areas.

## Automation of Micro Finance Area Office

For the large-scale operation of a microfinance programme, BRAC realized that unless it starts computerization for updating members' records and preparing reports at area office level, things could not be done efficiently. Every year, on average more than 300,000 new members enter the programme and it is quite difficult to handle such large number of records centrally. Data entry and processing is likely will be time consuming, and it will delay the overall reporting system. BRAC has therefore decided to automate and decentralized the MIS to have better programme performance, improve transparency, speed-up the decision-making functions, and allow in-depth and timely monitoring of the program. By the end of Phase IV, 60% of our Area Offices have been automated.

### Impact of Area Office Automation

Area office automation has revolutionized the work of the field staff in the micro finance program. Field staff now have better access to different types of information over a longer time period, information which was not easily available before automation. An automated area office and region office is no longer dependent on the head office reports --- they can now generate their own reports from the area office's computer. The impact of area office automation have been:

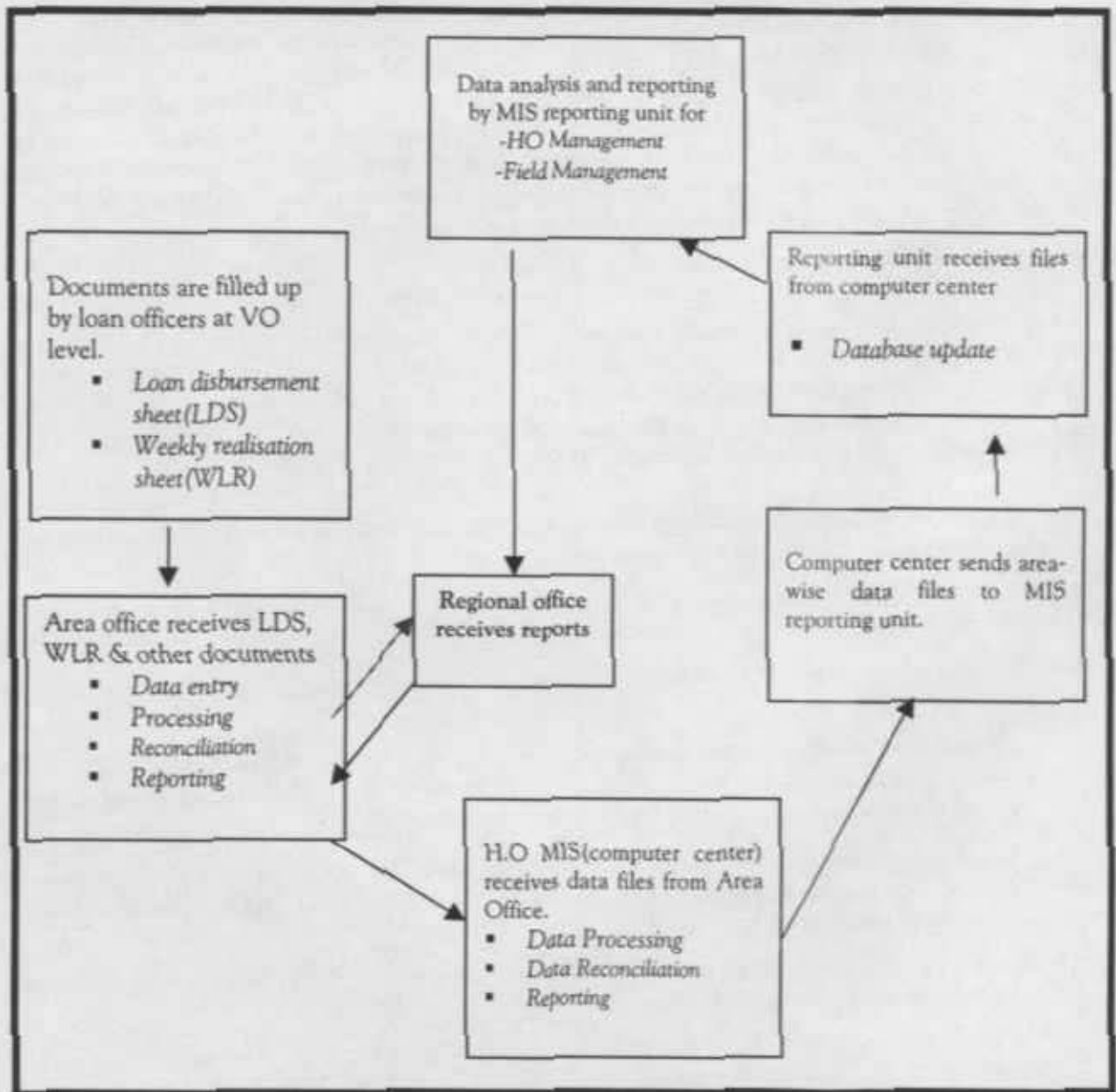
- Area office automation significantly reduced manual data entry at area level thus making more time available for loan officers to spend with group members.
- Previous data is available, enabling managers to forecast more accurately AOs status. It helps the manager to prepare a good operation plan.
- The system allows quicker access to past repayment behaviour and pattern. This leads to better loan making decisions.
- Thousand of accounting postings are generated automatically every day. Compared to earlier manual accounting, the new computerized system reduced the accounting errors significantly. This is expected to lead to greater levels of client retention.
- The accounting system now provides up to-date income and expenditure statement, balance sheet and cash flow statement. These are vital management tools, which help the managers assess the financial position of the AO.
- Daily transaction reports are available from the system. It helps the field office staff to monitor the programme performance very closely.
- A loan officer is able to know the missed payments of their members. This helps them control loan delinquency more effectively.
- Ageing of portfolio outstanding (APO) report is available every week from the system allowing the field staff to maintain a quality loan portfolio.



- Area office automation helps field staff to identify the priority areas they supervise that need immediate attention.
- It has reduced dependency on the head office MIS for the information.
- New system significantly reduced reporting error and improved transparency of the program.

The following flow diagram shows the workings of the automated MIS for microfinance.

Figure 2.2 Information Flow Chart of Management Information System of BRAC's Micro Finance Program



## Future Plans

- Reaching the ultra poor (poorest) through Microfinance and Business Development Services. Despite massive growth of microfinance, it remains to be relatively unattractive for a large majority of the very poor. We are seriously studying such non-participation. Part of the challenge is in finding cost effective ways to extend outreach to marginal and remote areas, where most of the very poor live. It is also important to design the right types of 'rungs in the ladder' that the very poor can use to get to the solid ground needed to benefit from microfinance. This idea will be further explored and experimented with as BRAC takes up its new programme targeting the ultra poor in 2002.
- Increasing the coverage of MELA loan in both rural and urban area.
- Provide financial services to small and medium enterprises.

## CHAPTER 2.2

### Micro Enterprise Lending and Assistance (MELA)

#### Background

Micro Enterprise Lending and Assistance (MELA) is a relatively new BRAC programme. The objective of MELA programme is to generate income and create new employment through enterprise development in the rural and semi-urban areas of Bangladesh by providing credit facilities and technical assistance to new and existing small business. MELA provides financial support to those "missing middles" who neither belong to the target group of the 'Micro Finance Institutes' (MFI), nor have much access to formal financial institution. BRAC has also observed the need of some entrepreneurial RDP and non-RDP members for MELA loans. These are people who show great promise and entrepreneurial ability but not keen interested to go to formal financial Institutions because of lengthy and bureaucratic procedure. MELA is expected to strengthen the rural economy by injecting new capital in it. Stimulating the growth of such enterprises can also have indirect poverty-reducing impacts on our regular microfinance clients through employment linkages. MELA was introduced through 10 branches of RDP in 1996. At the end of December 2000, MELA operates in 104 branches.

BRAC has started the MELA programme to fulfil the following needs

1. Rural people need larger credit facilities to expand their small businesses but very few banks are eager to provide these facilities to the rural people for small enterprises.
2. Loan processing procedures of banks are very complicated and time-consuming. This discourages rural people from going to the bank. MELA has a simplified loan processing system that encourages rural people to take up this credit facility.
3. Unlike regular banks, MELA actively searches for suitable enterprises and tries to fulfill their financial services need.
4. Loans are repaid in monthly instalments--- this makes it easier for the clients to repay the MELA loan rather compared to bank loans, where repayments are in large lump sums.

The target people of MELA loan are

- Group members of BRAC who show the promise of becoming a successful entrepreneurs
- Women with entrepreneurial abilities
- Local artisans
- Non-RDP members who need credit facilities to expand their business

#### Implementation Process and Management

MELA programme has been implemented through RDP Area Offices(AO). One Program Organiser (PO-MELA) is assigned for every 100 borrowers under each AO that has the MELA programme. The PO-MELA is responsible for project appraisal, monitoring, loan repayment and locating potential entrepreneurs. Before selecting a borrower for MELA loan, the PO assesses whether the borrower has the following characteristics or not:

- has to be organised
- has to be efficient and capable
- has to be ambitious
- has to have the ability to make business projection
- aged between 25 to 55 years
- has to have the ability to pay at least 20% equity equivalent money.

Key features of MELA loan are:

- Loan range: Taka 20,000–200,000
- 15% flat interest rate
- Monthly equal loan repayment instalments
- Loan Products: 12 months, 18 months and 24 months
- Twenty different business sectors are supported
- Service Charge Rebate: 15% of the amount paid in advance

Terms and Conditions of MELA loan are

- The prospective borrower must not have any existing RDP or any loan from other lending institutions.
- The loan-equity ratio should be at least 80:20.
- The prospective borrower must provide at least equivalent amount of collateral to the size of the loan.
- The mortgaged property must not be land where the borrower is residing there. Only exception is for land situated within the municipal area.
- If three consecutive loan instalment payments are missed, MELA can recall the entire loan.
- He/she must repay his/her instalment payments on the same weekday of the consecutive months.
- The potential borrower must open a bank account to realise the authorised loan.

The following security are required for sanctioning MELA loan.

- Personal guarantee bond of borrower
- Third person guarantee in favor of the borrower
- Hypothecation of project assets
- Specific collateral of property on loan exceeding Tk 50,000 for past BRAC members and on all loans for new borrowers
- Irrecoverable power of attorney in case of mortgage deed

The loan disbursement process of the MELA loans is quite fast, once the necessary legal formalities are accomplished.

- It takes 30 days to approve the loan, after the submission of loan appraisal form. Within 15 days of approval the loan will be sanctioned.
- The entire loan is disbursed through account payee cheque and the loanee has sign at the back of the cheque. If necessary the management of MELA helps them to open the bank account.
- The bank account should be in a bank recognised and used by the RDP Banking Office and all the transaction should be under that bank.
- The PO(MELA) is responsible for the processing of the loan. After taking the authorization of the Area Manager, the first copy of the loan contract goes to the accountant, the second copy to the loan file. The final copy accompanies the accounts submitted to the MELA's main management at the end of the month. The Regional Manager can approve a loan application up to taka 100,000, but any amount over Tk. 100,000 has to be approved by RDP Head Office.
- The PO(MELA) distributes the loan with the help of the PO(Accounts)

In 2000, the MELA programme was operating from 12 districts of the country. A District Manager (DM) is assigned for each district to sanction loans and supervise the activities of the PO-MELA. The Manager-MELA, based at head office supervises overall field operations and is responsible for management, design and development of the MELA programme. A financial management team works with the MELA-Manager for portfolio analysis along with other supportive activities of the programme at the head office.

## Staff Training

As the MELA loans are designed to cater to very different client needs compared to our normal microfinance programme, MELA staff require specialised training to develop their business analysis skill. From the beginning, MELA has taken, various steps to develop basic skills and the capacity of its staff at all levels of management. During Phase the IV, all the POs-MELA and QCM attended a basic orientation course on MELA. There were a number of other training courses given to the management as well as all field level staff. A list of all the training provided with a summary and the number of participants that attended these during the Phase IV, is shown below:

Table 2.2.1: Staff Training in MELA Programme

Name of the Training	Number of Staff Trained	Purpose of the Training
Orientation and financial management training course	106 (POs and DMs)	To give a general idea about the potential small enterprises where MELA can provide financial assistance.
Training course on New Business Creation	06(DMs)	To develop competency to identify, plan, start and run new business ventures.
TOT on financing small and micro-enterprise	02 (Manager and SRM MELA)	To provide training to the participants on organising and facilitating training sessions on small enterprise lending.
Workshop on MELA programme for RM	60 (SRMs and RMs)	To provide basic understanding on MELA activities including loan appraisal, processing, loan disbursement and collection.
Small business analysis for PO-MELA	140 (POs and QCMs)	Acquire skills to appraise a business on the basis of the loan application, including financial and risk analysis.



## Analysis

The MELA programme was reviewed in January 2000, during the course of the BRAC Annual Financial Review by Shorebank Advisory Services (SAS). The main focus of their analysis was on MELA's repeat borrower status and sectoral focus. One of their major recommendations was to redesign the December 1999 scheme code for more effective loan tracking. From January 2000 MELA redesigned its scheme codes and broke it down into 20 sectors. The following table shows the portfolio outstanding and overdue position in 20 different sectors of the MELA programme.

Table 2.2.2: Loan Outstanding, Overdue, Overdue/Outstanding Ratio in Year 2000

Sectors	Loan Outstanding	% of Total Outstanding	Overdue	% of Total overdue	% of Overdue /Out-standing Ratio
Pisciculture farm	2,253,507	0.67	322,933	2.58	14.33
Agro-farming	2,318,063	0.69	111,112	0.89	4.79
Chemical and cosmetic factories	3,623,462	1.08	274,920	2.20	7.59
Power loom	3,873,390	1.16	41,513	0.33	1.07
Plastic and rubber industries	4,804,967	1.43	504,169	4.03	10.49
Poultry	6,386,615	1.91	442,515	3.53	6.93
Bakery	7,523,684	2.25	375,412	3.0	4.99
Cottage industries	9,738,163	2.91	354,249	2.83	3.64
Transportation	5,585,138	1.67	121,687	0.97	2.18
Service sector	5,968,072	1.78	407,371	3.25	6.83
Food and allied industries	7,932,675	2.37	421,963	3.37	5.32
Handloom	5,386,639	1.61	184,425	1.47	3.42
Dairy farm	10,260,822	3.06	203,845	1.63	1.99
Wood, wood products and paper	14,127,422	4.22	1,061,221	8.48	7.51
Textile related enterprises	20,213,170	6.03	919,739	7.35	4.55
Engineering and allied industries	28,263,628	8.43	823,431	6.58	2.91
Rice processing	22,034,206	6.57	883,400	7.05	4.01
Cloth business	54,135,773	16.15	411,341	3.28	0.76
Traders	33,334,476	9.95	2,022,109	16.15	6.07
Grocery and stationery	87,358,286	26.06	2,633,868	21.03	3.02
Total	335,122,158	100.00	12,521,223	100	3.74

At the end of 2000, the portfolio outstanding of MELA is Tk. 335 million. The highest portfolio outstanding was in grocery and stationary sectors and the cloth business sector. At the end of 2000, grocery and stationary sector held 26% of the total outstanding MELA portfolio, while this figure was 16% for the cloth business sector.

The quality of portfolio invested in these two sectors is commendable, especially in cloth business where the overdue as a percentage of outstanding ratio is less than 1%. This ratio is the highest in the pisciculture farm sector, plastic industry and wooden business. But it should be noted that the portfolio outstanding in pisciculture and plastic sector are very small ---- 0.67% and 1.43% respectively. The

speed of turnover essentially explains the differences in the repayment performance of various sectors---sectors having a quick turnover of capital tend to have very good repayment performance, as is the case with the cloth business or the grocery/stationary sector. Those sectors having relatively longer gestation periods and slower capital turnover tend to have bad repayment performance, such as the pisciculture sector. Understanding the cash flow of these businesses to design more suitable loan products to suit their business needs is thus very important. The disbursement in different sectors during the last four years shows the following trend:

Table 2.2.3: Disbursement in Different Sectors (1996-2000)

Sectors	1996		1997		1998		1999		2000	
	Amount (in Tk.)	%	Amount (in Tk.)	%	Amount (in Tk.)	%	Amount (in Tk.)	%	Amount (in Tk.)	%
Pisciculture farm	--	--			705,000	1.27	1,580,000	0.80	3,140,000	0.74
Agro-farming			60,000	0.31	420,000	0.76	2,075,000	1.06	3,200,000	0.74
Chemical and cosmetic factories			310,000	1.62	790,000	1.42	1,970,000	1.00	4,565,000	1.08
Power loom			1,120,000	5.84	1,325,000	2.39	2,215,000	1.13	4,355,000	1.03
Plastic and rubber industries			215,000	1.12	1,115,000	2.01	2,430,000	1.24	5,900,000	1.39
Poultry			115,000	0.60	1,105,000	1.99	3,110,000	1.58	8,070,000	1.90
Bakery	25,000	15.63	510,000	2.66	1,775,000	3.20	4,470,000	2.27	10,075,000	2.38
Cottage industries			320,000	1.67	1,480,000	2.67	5,240,000	2.66	11,700,000	2.7
Transportation			1,000,000	5.22	1,420,000	2.56	4,570,000	2.32	7,815,000	1.85
Service sector			840,000	4.38	1,760,000	3.17	4,485,000	2.28	7,940,000	1.88
Food and allied industries			505,000	2.63	1,130,000	3.84	5,640,000	2.87	10,605,000	2.50
Handloom	25,000	15.62	1,445,000	7.54	1,750,000	4.95	4,590,000	2.33	6,645,000	1.58
Dairy farm			575,000	3.00	1,970,000	3.55	6,700,000	3.41	13,210,000	3.13
Wood, wood products and paper			970,000	5.06	3,540,000	6.38	11,425,000	5.81	18,145,000	4.29
Textile related enterprises	30,000	18.75	1,305,000	6.81	3,890,000	7.01	13,385,000	6.81	23,800,000	5.63
Engineering and allied industries			900,000	4.69	4,455,000	8.02	13,595,000	6.91	33,230,000	7.85
Rice processing			1,200,000	6.26	3,985,000	7.18	13,100,000	6.66	28,760,000	6.79
Cloth business			1,300,000	6.78	3,090,000	5.56	16,170,000	8.22	56,630,000	13.36
Traders			1,550,000	8.08	5,855,000	10.53	31,955,000	16.25	54,190,000	12.79
Grocery and stationary	80,000	50	4,935,000	25.73	11,965,000	21.54	47,945,000	24.39	111,835,000	26.38
Total	160,000	100	19,175,000	100	55,525,000	100	196,650,000	100	423,810,000	100

The following table gives some further information broken down by sectors. MELA has disbursed the highest amount of money (almost 26%) in the grocery and stationary business sector.

Table 2.2.4: Total Disbursement, Borrowers and Average Loan Size (1996-2000)

Sector	Total Disbursement	% of Total Disbursement	Number of Borrowers	Average loan size
Pisciculture farm	5,425,000	0.78	117	46368
Agro-farming	5,755,000	0.83	130	44269
Chemical and cosmetic factories	7,635,000	1.1	150	50900
Power loom	9,015,000	1.30	166	54307
Plastic and rubber industries	9,660,000	1.39	183	52787
Poultry	12,400,000	1.78	242	51240
Bakery	16,855,000	2.42	341	49428
Cottage industries	18,740,000	2.70	377	49708
Transportation	14,805,000	2.13	346	42789
Service sector	15,025,000	2.16	385	39026
Food and allied industries	18,880,000	2.72	398	47437
Handloom	15,455,000	2.22	381	40564
Dairy farm	22,455,000	3.23	492	45640
Wood, wood products and paper	34,080,000	4.90	745	45745
Textile related enterprises	42,410,000	6.10	860	49314
Engineering and allied industries	52,180,000	7.50	1,047	49838
Rice processing	47,045,000	6.77	920	51136
Cloth business	77,190,000	11.10	1456	53015
Traders	93,550,000	13.45	1866	50134
Grocery and stationery	176,760,000	25.42	3,920	45092
Total	695,320,000	100	14,522	47880

Another two important sectors for MELA has been cloth business and rice processing where a big proportion of the portfolio has been invested. Almost 4,000 borrowers have received loans in grocery and stationary. Traders, cloth business and engineering and allied industries are other sectors where a good number of loans have been disbursed. The power loom sector has the highest average loan size (Tk. 54,300). The average loan size for the whole MELA portfolio is Tk.47,880.

## Vertical And Horizontal Entrants

MELA clients can be categorized into two group: firstly, the borrowers who belong to RDP's normal microfinance programme but have entrepreneurial flair--- we can call this group 'vertical entrants' (VE). The other group consists of those who are non-RDP members---we shall call them 'horizontal entrants' (HE). The following table gives the break up between these two groups of MELA loans over time:

Table 2.2.5: Classification of Borrowers According to VE and HE

Year	VE	% of total clients	HE	% of total clients	Total
1997	640	95.8	28	4.2	668
1998	1,453	90.9	144	9.1	1,597
1999	2,383	52.3	2,169	47.7	4,552
2000	2,422	31.4	5,283	68.6	7,705
Total	6898	47.5	7,624	52.5	14,522

From the above table, we see that over the years the proportion of 'vertical entrants' into the programme has been declining--- especially in 1999 and 2000 this proportion fell rapidly--- from over 95% in 1997 to 47.5% by the end of RDP IV. The most important reason for this is that it was difficult to run a MELA unit viably with the number of Vertical Entrants. Typically, our calculations showed that at best, 40% of

the clients needed to make a MELA unit viable can come from our RDP members—i.e. the vertical entrants. For the remaining 60%, we had to rely on the non-member market— the horizontal entrants.

In the initial years of experimentation with this new MELA programme, it was important for the staff to understand client business and its needs— the vertical entrants who have long association with BRAC seemed to be ideal candidates for this learning process. The MELA staff however went through a very steep learning curve and quickly acquired the skills to start business with new clients— the horizontal entrants. Another important reason behind the rapid increase in the proportion of horizontal entrants is their better repayment performance relative to the vertical entrants as can be seen in the following table:

Table 2.2.6: Overdue/Disbursement Ratio as per VE and HE (1996-2000)

	1998		1999		2000	
	Amount (in Tk.)	Overdue/ Disbursement Ratio	Amount (in Tk.)	Overdue/ Disbursement Ratio	Amount (in Tk.)	Overdue/ Disbursement Ratio
VE	175,081	0.38	1,363,269	2.03	3,231,925	3.79
HE	---	--	227,046	0.23	3,857,806	1.54
Total	175,081	0.33	1,590,315	0.96	7,089,731	2.12

## MELA Repeat Borrowers

MELA MIS has been developed to allow tracking of each borrower. It is, therefore, possible to identify the percentage of MELA repeat borrowers. This information is necessary to enable the MELA PO to identify new borrowers in order to expand the customer base of the MELA programme. During 1998 to 2000, 6,924 loans were closed and 13,412 total loans were given. Out of these loans 4,191 entrepreneurs took repeat loans --- thus the percentage of repeat borrowers during 1998 to 2000 was 31%. This figure has been increasing over the years as expected. It has also been observed that the number of MELA repeat borrowers increases with the experience of the field officers.

Table 2.2.7: Repeat Borrower Status

Variables	1998	1999	2000	Total
Opening Outstanding	662	1,703	4,731	
Loan Closed	337	1,659	4,928	6,924
New Loan	1,276	3,422	4,523	9,221
Repeat	102	912	3,177	4,191
Total Loan Given	1,378	4,334	7,700	13,412
% of repeat borrowers	7.4%	21%	41%	31%
Closing Outstanding	1703	4,731	8,133	

## MELA Employment

One of the objectives of the MELA programme is to create new jobs. In the last four years MELA has created 17,619 new jobs. Almost 17% of new jobs were created in grocery and stationary businesses and 10% in trading and rice processing. However, if one constructs an employment effect index, which is defined as the percentage of total employment generated in a sector divided by the percentage of total disbursement made in that sector, the largest employment effect due to MELA investment happens to be in the handloom sector as it is highly labour absorbing. The service sector also scores well in terms of employment effect.

**Table 2.2.8 : Total employment, Employment effect and Overdue/Outstanding Ratio**

Particulars (1)	Number of Employment (2)	% of Total Employment (3)	% of total disbursement (4)	Employment effect (3/4)	% of Overdue /Outstanding Ratio
Pisciculture farm	216	1.20	0.78	1.5	14.33
Agro-farming	185	1.05	0.83	1.3	4.79
Chemical and cosmetic factories	177	1.00	1.1	0.9	7.59
Power loom	215	1.22	1.30	0.9	1.07
Plastic and rubber industries	265	1.50	1.39	1.1	10.49
Poultry	272	1.55	1.78	0.9	6.93
Bakery	637	3.62	2.42	1.5	4.99
Cottage industries	641	3.64	2.70	1.3	3.64
Transportation	631	3.58	2.13	1.7	2.18
Service sector	710	4.03	2.16	1.9	6.83
Food and allied industries	543	3.08	2.72	1.1	5.32
Handloom	955	5.42	2.22	2.4	3.42
Dairy farm	522	3.08	3.23	1.0	1.99
Wood, wood products and paper	1,371	7.78	4.90	1.6	7.51
Textile related enterprises	1,422	8.07	6.10	1.3	4.55
Engineering and allied industries	1,256	7.13	7.50	1.0	2.91
Rice processing	1,713	9.72	6.77	1.4	4.01
Cloth business	1,190	6.76	11.10	0.6	0.76
Traders	1,728	9.81	13.45	0.7	6.07
Grocery and stationery	2,970	16.76	25.42	0.7	3.02
Total	17619	100	100	1.24	3.74

The challenge of employment creation is evident from the table above--- the top 3 sectors in terms of repayment performance (cloth business, power loom and dairy farm) have on average an employment effect of less than 1 (.9) implying that these are relatively capital intensive sectors. Their average repayment performance measured in terms of the percentage of overdue as a proportion of loan outstanding is 1.27. If we take the three sectors that have the greatest employment effect (handloom, service and transport) having on average an employment effect of 2, their average performance in terms of repayment is 4.14, almost a percentage point higher than the average repayment performance of the whole MELA programme.

The dilemma actually accentuates as one starts taking a larger number of sectors into account. We constructed two groups based on the table above--- the first group consists of the top 5 sectors in terms of employment effect (T5—employ) and the second group are the sectors, which are the top 5 in terms of repayment performance (T5—repay). Then we conducted differences in means test between the two groups on two variables--- employment effect and repayment performance. The results show that the differences are statistically significant:

**Table 2.2.9: Relationship Between Employment Effect and Repayment effect**

Variable	Mean	T-test
Average Employment Effect of Group T5—employ	1.82	3.2***
Average Employment Effect of Group T5—repay	1.04	
Average Repayment Performance of Group T5—employ	6.85	2.3**
Average Repayment Performance of Group T5—repay	1.78	

\*\*\* indicates that the difference is significant at 1% and \*\* that the difference is significant at 5% level.



## Impact of MELA

As MELA is a relatively new programme, it is too early to get a good picture of its impacts. Moreover, the impact indicators of this programme will be quite different from those that are used to assess and understand the impact of our regular microfinance programme. Developing these indicators will need some time, a process we intend to start very soon. Another important aspect regarding the impact of our MELA programme will be the induced impact it will have on the poor through employment and backward-forward linkages. Capturing this aspect of the impact chain will also need major methodological thinking. We will continue to work with BRAC's Research and Evaluation Division (RED) in these areas.

### Jamila Begum: The Story of a Successful Female Entrepreneur of MELA

Jamila Begum was an ordinary housewife in her early married life and used to live with her family in a remote village named Paniabandha in Tangail district. She could barely sign her name. Her husband Ramjan Ali used to work at a candle factory for Tk 1500 a month. Jamila had to maintain her family with 2 children and her mother-in-law with this insufficient income. She was also a Village Organization (VO) member of BRAC's Rural Development Programme. She continued her membership in VO for 3 years and took small loans for cow rearing. Even though she earned a little amount of money from this small business, she and Ramjan Ali had been trying to make headway for setting up a small candle factory adjacent to their house. On August 1997, Jamila took 35 Thousand Taka as a loan for a duration period of one year from MELA programme. She bought a 'dice-machine' and furnished the small factory space for their business.

As Ramjan Ali was an expert in making candles and was also involved in marketing of the products, it was possible for him to teach Jamila the 'know-how' of making candles. They hired 2 part time labourers for their factory and then started their business. Initially they used to make the candles together, and on following day Ramjan Ali used to take them to the market. Gradually, when Jamila mastered the art of making candles she took the full responsibility of production and her husband concentrated on the marketing aspect of their business.

It did not take long to earn a moderate profit from their business, as the income from sales was sufficient to cover the amount of the monthly installments of MELA Loan. By the time Jamila repaid the loan, the business was established and was earning consistent profits.

Jamila took 50 Thousand Taka as her second loan and utilized the money as capital investment. That increased the production capacity of her business and she brought in 3 'dice-machines' and hired another worker. Their collective effort enabled them to earn higher profits from the business and by the end of year 2000 she was earning around 5 Thousand taka in every month as disposable income for her family. She can now afford to send her two children to school. She successfully repaid her second loan before she took another 50 thousand taka and invested it to her business.

In 1997, Jamila Begum and her husband started this business with a single 'dice-machine' and two assistants. Now, after three years, they are working with 13 full time and 2 part time labors and the value of fixed assets of the business is 150 Thousand Taka including a permanent factory space, 5 'dice-machines' and other equipment. Her business is now capable of absorbing Taka 10 Thousand per day as working capital.

Jamila is quite optimistic about her future. Now she hopes to start making new items like 'Agarbati' and 'Tooth Powder' with the assistance of her husband Ramjan Ali. The case of Jamila shows that determination and confidence are the key factors for becoming a successful female entrepreneur in rural Bangladesh.

## Major Achievements

MELA began its operation in 10 RDP area offices. During last four years it experienced great expansion in terms of loan disbursement, portfolio growth and employment creation. **By the end of 2000, a total amount of Taka 695.32 million was disbursed to 14,522 borrowers in 104 area offices in 56 out of the 64 districts.** Current MELA loan outstanding is Taka 335.74 million and total number of borrowers stand at 8,153. The graphs show a rapidly increasing trend of loan disbursement as the programme was introduced in new areas. The average loan size is increasing at a steady rate. At the end of 2000, the average loan size was calculated at Taka 55,000. This amount was Taka 29,000 and Taka 35,000 respectively in 1997 and 1998. MELA has marked a high portfolio growth rate and is expected to sustain this positive trend over the next five years. The percentage of repeat borrowers is also increasing. By providing loans to a variety of microenterprises, MELA was able to create 17,619 new jobs.

Graph 2.1.1: Yearly Loan Disbursement (1996-2000)



A summary of the last four years' performance of MELA programme is as follows:

Table 2.2.10: Performance of MELA Programme (1996-2000)

Cumulative entrepreneurs	14,522
Outstanding entrepreneurs	8,153
Cumulative disbursement (in Tk.)	695 million
Average loan size (December 2000)	55,000
Total outstanding (in Tk.)	335.74 million
Overdue/outstanding ratio	2.13%
New Employment opportunity	17,619

The following table shows the growth rate of MELA programme from 1998- 2000

Table 2.2.11: Growth Rate of MELA Programme

Growth Rate	1998	1999	2000
Disbursement	190%	254%	116%
Number of loans	139%	185%	69%
Total Outstanding	188%	213%	103%
Average loan size	21%	23%	27%
New Employment	132%	221%	51%

During phase IV, the target and the achievement of MELA programme and reasons for the variations are given below:

Table 2.2.12: Cumulative Target and Achievement

Particulars	Target (1996-2000)	Achievement (1996-2000)	% of the achievement of the Target	Reasons for Variance
Disbursement (in million Tk.)	690	695	100.7	On Target
Total number of borrowers	16,294	14,522	89.12	MELA is always looking for potential entrepreneur to provide assistance. MELA also has to follow certain rules and regulations for selecting an entrepreneur. Sometimes it is difficult for the PO to find a potential entrepreneur. MELA has however fulfilled its disbursement target by giving larger loans to the borrowers according to their need.
Total Employment Opportunities	46,000	17619 (new jobs)	38.12	Initially it was expected that MELA will be able to generate lots of jobs opportunities. By 2000 MELA has able to create almost 18,000 new jobs in twenty different sectors directly. The number is slightly lower than the expected. Earlier we have explained the dilemma that BRAC faces - the production sector has created the highest proportion of jobs. However in this sector it is difficult for the borrowers to pay instalment regularly. Trading businesses have good repayment behaviour compare with production sector. By in this sector less jobs are created. At the same time, MELA loan has also created some indirect jobs. We have not been able to identify exact number, and therefore these have not been included in the category of new job opportunities.
Average Loan Size (At the End of year 2000)	50,000	55,000	110	Average loan size has increased, because MELA was not strictly apply a loan ceiling. It has tried to provide loan on the basis of the needs of the entrepreneurs.
On Time Realization (At the End of year 2000)	98%	98%	100	On Target

## MELA Portfolio Outstanding

Though the MELA programme officially started at the end of December 1996, it started its full-fledged operations in 1997. The programme has rapidly increased in the first three years of operation due to loans disbursed to new members. The growth rate is very high in 1998 and 1999. Between 1997 and 1998, the disbursement almost doubled (190%) and total outstanding grew by 188%. The tremendously rapid growth rate continued and increased even further in 1999. By 2000, after three years of operation, the growth rate of the programme has started to slow down. It is expected that, in the another next two to three years the growth of MELA programme will be steadily increasing.

Textile is the main sector that dominates the outstanding portfolio. At the end of year 1999 over 53% of the portfolio outstanding is in the textile sector. In 1997 the portfolio outstanding in the textile sector was Tk. 6.2 million and at the end of 1999 it became 87 million. At the end of 1999 the total portfolio outstanding was Tk. 165 million. The high growth rate of the textile sector indicates that these sector bring good returns to the borrowers.

Table 2.2.13: Portfolio Outstanding by Sectors

Sectors	1997		1998		1999	
	Amount (in Tk.)	%	Amount (in Tk.)	%	Amount (in Tk.)	%
Agro based farming	882,497	4.81	3,320,613	6.27	11,204,733	6.77
Food Processing	2,286,672	12.47	7,158,498	13.52	17,286,042	10.44
Cottage Industries	3,056,487	16.67	8,347,752	15.77	25,191,480	15.22
Transport	1,207,677	6.59	1,072,839	2.03	2,703,944	1.63
Textile Sector	6,246,579	34.06	16,168,780	30.55	87,441,017	52.82
Others	4,657,220	25.40	16,861,026	31.86	21,718,530	13.12
Total	18,337,132	100	52,929,508	100	165,545,746	100

## Significant Changes

MELA is a relatively new concept in the field of microfinance in Bangladesh. This programme has undergone many changes during RDP phase IV. Until October 1998, MELA-POs were directly reportable to the Senior Regional Manager (SRM-MELA). Later the District Manager post was created to ensure the supervision of the programme at field level. In June 2000, MELA was merged with the microfinance programme and the RM was given the responsibility of overseeing the programme. All MELA-POs are now reportable to the RMs and the post of DM was re-designated as Quality Control manager (QCM).

However, this system was again restructured in January 2001. The QCMs have now been given the authority to sanction loans up to Taka 100,000. The MELA-POs will be reportable to them, and RMs will act as the station supervisor of the QCMs.

In November 2000 MELA began its operation in semi-urban areas of Dhaka with 4 branches. Till December 2000, an amount of Taka 1.04 million was disbursed amongst 21 borrowers. The main areas of disbursement are trading, grocery and stationary, transport and engineering sector.

The government of Bangladesh has distinct rules and regulations for commercial lending institutions and non-commercial institutions. MELA is considered as a commercial lending programme by the government. The horizontal entrants into the MELA programme need to pay a higher amount of

mortgage registration fee at the sub-registrar's office compared to VO members when their asset is held as collateral. The mortgage registration fee varies from one sub-registrars' office to another. This increases the effective transaction cost for borrowers and this cost varies from region to region. To reduce this cost from September 2000, they are allowed to get loans amounted Taka 50,000 without mortgage registration. This reduces the cost of MELA loans for small entrepreneurs to a great extent. Inspired by the positive impact of this policy the management is currently considering whether to extend this facility for loans up to Taka 100,000.

## Lessons Learned and Future Plan

The lending technology needed for the market is fundamentally different from the conventional microfinance methodologies. There may also be unmet demands for the provision of other non-financial assistance such as business development services. Not much expertise or prior knowledge exists in Bangladesh in serving this market. Though we have been working hard to design products that are suitable for this market, we need to focus on developing the skills of our MELA staff in understanding and assessing micro enterprises and the market. We are also aware that the monitoring and evaluation tools for this programme will need to be relatively sophisticated. We will continue our work on these aspects in the coming years to create a solid foundation for expansion.

MELA will expand its activities in 3 metropolitan cities i.e. Dhaka, Chittagong and Khulna by 2001. As mentioned earlier, it has already started disbursing loans in 4 semi-urban branches in Dhaka. In 2001, MELA expects to add 6 new branches within Dhaka city. A total number of 350 new areas, some rural and some semi-urban will be covered by the MELA programme within the next 5 years. It is estimated that by the end of year 2001, 750 field level staff will work under the supervision of 20 QCM. Each QCM will oversee 15 to 20 branches. The increase in the number of staff is expected to enable MELA to have Taka 5,000 million as principal outstanding with 50,000 borrowers by December 2001.





## CHAPTER THREE

### **Employment and Income Generation (EIG) Programme**



## Chapter Three

### Employment and Income Generation (EIG) Programme: Strengthening The Possibilities

BRAC has learned that besides a lack of financial resources, the two major constraints that have prevented the poorest from improving their lives are the absence of self-employment opportunities and a lack of skills to sustain those activities. BRAC realised that if different employment opportunities were created, along with sufficient training and refreshers for capacity development, the poor could be linked to the mainstream economy - which would ultimately bring them out of poverty. Thus, although BRAC group members are free to initiate any feasible income generating activity, this realisation has led BRAC to develop a wide range of sector programmes, to strengthen the income generating possibilities of the poor.

Activities approved for BRAC sectoral lending and other supporting enterprises could be classified under the following broad categories.

- Poultry & Livestock Programme
- Fisheries Programme
- Social Forestry Programme
- Agriculture Extension Programme
- Sericulture Programme
- Rural Enterprise Project (REP)
- Vegetable Export Programme
- Programme Support Enterprises (PSE)

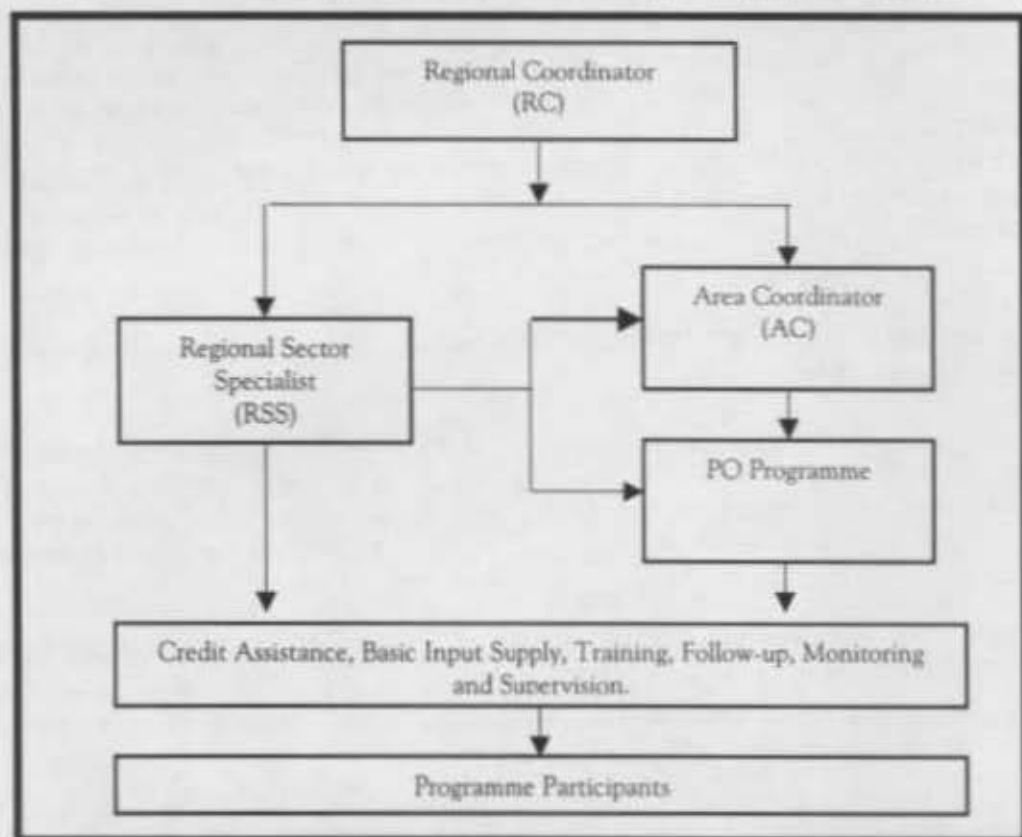
Major programme activities for which BRAC extends sectoral loan and programme support activities can be detailed as follow:

**Table 3.0.1: Components and Activities of Income Employment and Generation (EIG) Programme**

Sector	Activities
1) Poultry and Livestock Programme	Poultry and Livestock Extension Work, Chick Rearing, Key Rearing, Cage Rearing, Feed Selling, Mini Hatchery, Pullet Rearing, Egg Collecting, Beef Fattening, Cow Rearing, Goat Rearing, Artificial Insemination, Fodder Cultivation.
2) Fisheries Programme	Pond Aquaculture Development and Extension, Fish and Prawn Nursery, Low Cost Fish Hatchery, Pond Re-Excavation and Reconstruction, Experimental and Development Activities, Marginal Fish Farmer, Large Water body Fisheries Development Programme.
3) Social Forestry Programme	Timbers and Fruit Nursery, Grafting Nursery, Road Side Plantation, Agro-forestry, Block Plantation.
4) Agriculture Extension Programme	Vegetable Cultivation, Maize cultivation, Cotton Cultivation, Crop Diversification, Hybrid Seed Production, Processing and Marketing, Tissue Culture.
5) Sericulture Programme	Mulberry Tree Cultivation, Silk Worm Rearing, DFL Production and Rearing, Cocoon Dying and Reeling etc.
6) Rural Enterprise Project (REP) and NEER	Solar Power, Bio-Gas, Improve Stove, White Salt Production, Rice Seed Production, Net Making, Micro Enterprise Development, Api-Culture, Shuruchi (Small Hotel) Shupannya (Grocery Shop), Shucharu (Laundry), Shubesh (Tailoring), Srijoni (Carpentry Shop).
7) Vegetable Export Programme	French Bean, Green Chilli, Potato, Long Bean, Broccoli, Kantola, Bitter Gourd Etc. cultivation.
8) Programme Support Enterprises	Poultry Farm and Hatchery, Feed Mill, Fish Hatchery, Seed Production Centre, Grainage.

BRAC's previous experience suggests that the best way to ensure high operational performance is to have individual follow-up and close monitoring of the programme participants. Therefore main features of the Sector Programme is its intensive follow-up and supervision mechanism. The diagram below (Figure 1) shows how BRAC EIG staff supervise the programme participants.

FIGURE 3.0.1: EIG Programme-Field Level Follow-up and Supervision Structure



Generally, supervision ranges from assessing current needs to helping VO members develop a self-sustainable enterprise of their own. The Regional Sector Specialist (RSS), Area Coordinator (AC), and the Programme Organiser (PO) visit the entrepreneurs' enterprise and spend sufficient time during each visit to find out about and help to solve any problem. Supervisors not only try to solve their immediate problems but also try to encourage and support them to ensure success of their enterprises. BRAC charges different service charges for different sector programme for these support services. The following table summarises the different services provided by the programme staff to the programme participants and charges that are collected for these services:

Table 3.0.2: Service Provided and Service Charge Collected from Different EIG Activities

Programme	Service Charge Realized	Service Provided
<b>Poultry and Livestock</b>		
Day Old Chick Cow Rearer Goat Rearer	Tk.1.00/Chick Tk.100.00/Rearer/Year Tk.20.00/Rearer/Year	Help to design and develop enterprise infrastructure, advise on ideal rearing condition, mortality checking, feeding techniques, inoculations, medicine, egg production and preservation product marketing, animal husbandry, veterinary techniques, feed production, milk production and preservation.
<b>Agriculture</b>		
Cultivated vegetable land	Tk.5.00/decimal/year	Help to test soil properties, assistance in selecting seed, advice on ploughing technique, use of insecticides and pesticides, seasonal cropping, irrigation, storage.
<b>Social forestry</b>		
Horticulture nursery	Tk.1000.00/nursery/year	Help on basic cultivation techniques.
<b>Fisheries</b>		
Pond water body Fish nursery Low cost fish hatchery	Tk.5.00/decimal/year Tk.1000.00/hatchery/year Tk.100.00/decimal/year	Advice on pond preparation, fingerling distribution and optimal combination of fish in a water body, medicine, feeding technique.
<b>Sericulture</b>		
DFL Sapling	Tk.1.50/DFL Tk.0.10/sapling	Advise on basic rearing and feeding technique.
<b>REP &amp; NEER</b>		
Suruchi Supannya Subesh Sucharu Model suruchi	Tk.10.00/month Tk.10.00/month Tk.10.00/month Tk.10.00/month Tk.50.00/month	Basic accounting, item selection, inventory management, receivables management.

# Poultry and Livestock Programme

## Background

In Bangladesh approximately 70% of landless rural women are directly or indirectly involved in poultry rearing activities. These women usually have 2-3 local birds on average. Most of these birds are reared in a scavenging system and are fed on household waste and crop residue. Each bird of the local variety produces 50-60 eggs annually. However, the supply of poultry meat and egg is much lower than the demand due to low productivity and high mortality of poultry birds. The average mortality of these birds is between 25%-30%, which is because of the scavenging system and lack of knowledge of about proper rearing condition. Moreover, unavailability of vaccines, medicines for HYV birds and skilled manpower in the rural areas are also problems faced in this sector. BRAC found that this sector can be made highly profitable if the poultry mortality rate is reduced through quality technical assistance and better input supply.

In 1983 BRAC, designed a model for poultry development, which was jointly operated by the Government and BRAC. This programme was later developed as one of BRAC's largest EIG programmes. At present, BRAC has been actively involved in training the group members in poultry rearing, vaccination, egg collection, and feed production. At the same time it supplies higher quality day old chicks and feed to the poultry farmers.

In addition to mainstream poultry programme, BRAC also has a number of programmes (IGVGD, SLDP, PFN and PLDP) that are implemented in collaboration with government and international agencies. These programmes focus on poultry activities as an income generating activity of programme participants. Livestock contributes 6.5% towards the GDP of Bangladesh. The sector is a substantial source of animal protein, a profitable business for the landless, and provides draft power for various agriculture operations and rural transportation. Furthermore, manure is an important source of fuel and fertiliser.

BRAC started its livestock programme in 1983, with the aim to protect livestock from disease by developing skilled village level para-veterinarians, and improving local cattle breeds by providing credit and appropriate technical support. These measures are expected to increase the productivity of the livestock sector, and provide a good source of income to the landless. The government has taken up BRAC's livestock development model for widespread implementation.

The objectives of the poultry-livestock programme are

- To create employment opportunities
- To increase the beneficiaries income within a short period of time
- To check malnutrition through the increased availability of protein-rich food.
- To reduce poultry mortality (5% in poultry and 1% in livestock)
- To improve poultry-livestock breed,
- To increase production of meat, milk and eggs in rural areas.

## Programme Components

The Poultry and Livestock Programme is its one of the largest and one of the first sector programmes. For most rural women, whose daily activities are primarily restricted within the household, poultry and



livestock rearing is a simple income generating activity with a potential for consistent, long-term returns. Major household activities under Poultry and Livestock Programme can be detailed as follows:

### **Poultry and Livestock Extension Worker**

One female VO member from each village is developed as a poultry worker. She is given 5 days training on vaccination and poultry rearing. She is provided with a vaccination kit and free medicine worth Taka 200. Each poultry worker is responsible for elementary health care and vaccination of 1,000 poultry birds in her working area. She earns Taka 0.50-1 per bird per vaccination.

### **Chick Rearer**

Chick rearers are given 6 days training on chick rearing and rearing management. Chick rearers get day-old-chicks (DOCs) from the nearest Area Office. At present, BRAC is producing day-old-chicks in its own parent stock hatchery farms. BRAC also buys chicks from government and privately owned hatcheries. Chick rearers generally rear 200-300 day-old-chicks for two months and supply them to cage and key rearers.

### **Key Rearer**

Key rearers get 3-day basic training on ideal poultry rearing condition and management. A key rearer is supposed to have a model poultry housing/rearing infrastructure and must have at least one HYV cock and ten hens (4-5 HYV). Key rearers get their birds from chick rearers. They rear these hens in an organised way and supply at least 30% additional feed to the birds for higher egg production. The hen starts laying egg at the age of 5 months, and this continues for the next one and half year.

### **Cage Rearer**

Interested women from BRAC group members are developed as cage rearers. They are given 3 days training on rearing and management of layer hens in cage rearing system. They rear 36 laying hens of a commercial variety in the cage. They receive 2 months old pullet, which start laying eggs at the age of 5-6 months. These birds are reared for one year.

### **Broiler Rearer**

Broiler rearers are given 6 days training on broiler rearing and management. They receive 150 to 200 broiler chicks, which they rear for 50 days. The birds are then sold to the local market.

### **Egg Collector**

Interested women are given an one-day orientation on egg collection, transportation and preservation. They collect eggs from key rearers where marketing facilities are not easily accessible and sell eggs to large traders to ensure they obtain a fare price.

### **Model Cow Rearer**

Interested group members are developed as model cow rearers. They are provided with 3 days training on feeding, housing, fodder cultivation and primary awareness on animal health. They rear 1-3 full-grown

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cows and generate income from selling milk. They can sell the milk in local market and/or to BRAC milk collection centres.

### Model Goat Rearer

Interested women are given 3 days training on goat rearing and management. Each model goat rearer rears 3-4 adult goats and earns income by selling the kids produced by these goats in the local market.

### Artificial Insemination

To upgrade local indigenous cattle as high producing crossbreed animals, trained para-veterinarians and interested local youths (School secondary level) are developed by BRAC as artificial insemination worker. The artificial insemination worker inseminate cows in due time by going to the owner's house. S/he receives Taka 70 from the owner each time the cow is inseminated.

### Training

Most of the entrepreneurs lack proper knowledge and technical know-how, on how to operate an enterprise successfully. In order to address these problems BRAC has introduced a wide range of training programmes to boost micro enterprise and to make these more productive. Every month BRAC programme staff organise basic skill development training (3 to 7 days) and monthly refreshers (1 day) at the branch office or at some other convenient place. These trainings focus on rearing conditions, feeding techniques, inoculations, medicine, veterinary techniques, feed production, egg and feed marketing. The Poultry and Livestock Extension worker get special training and monthly refreshers as they are trained to provide ongoing technical support to rearers and work as an independent private business development service provider.

All training provided by BRAC in poultry sector is free of charge. However a service charge of Taka 1 per chick is levied on DOCs to recover BRAC's ongoing operational costs.

Table 3.1.1: Poultry and Livestock Programme- Skill Development Training (Participants)

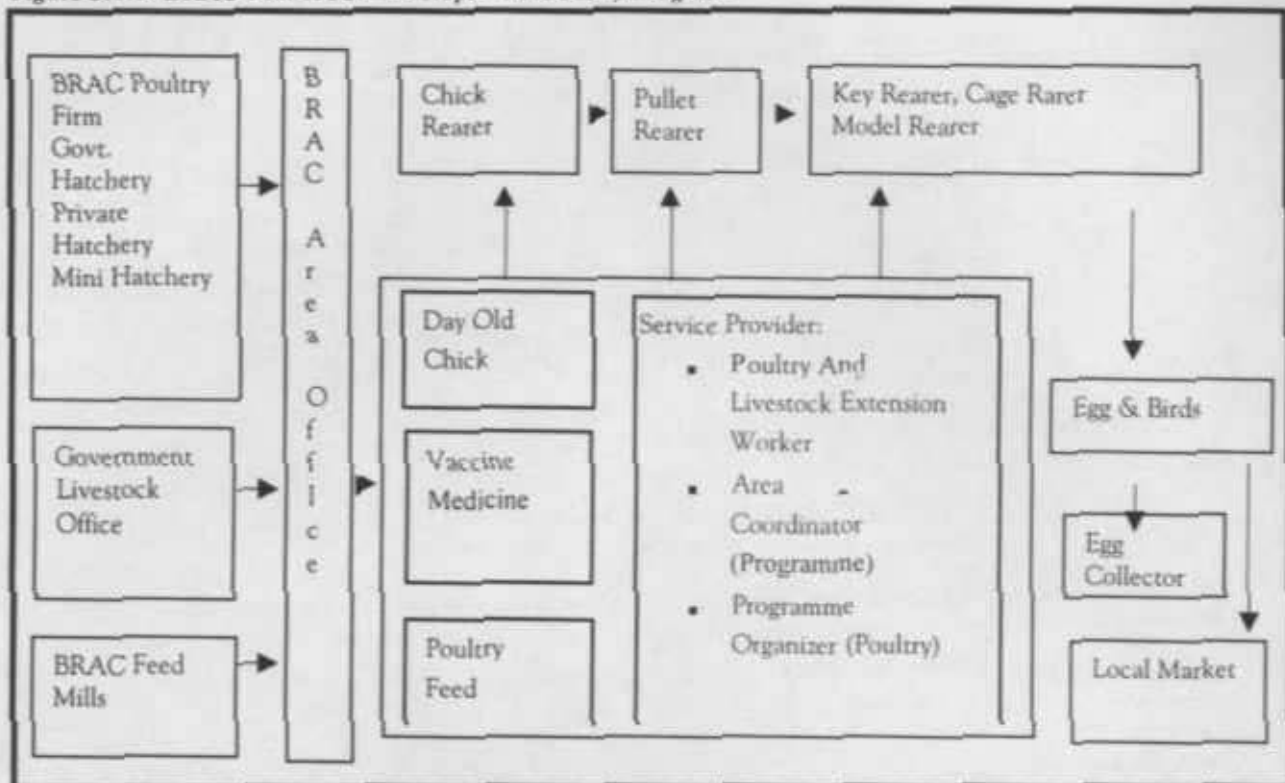
Training	1996	1997	1998	1999	2000	Total
Total Participant Trained (Poultry and Livestock)	76,592	74,801	83,255	49,674	77,214	361,536

### Programme Implementation and Management

The Programme Organiser (PO-Poultry-livestock) is responsible for programme implementation at the field. S/he is responsible for motivating programme participants to initiate the IGA, supplying basic inputs organising training and providing close monitoring and follow up in order to make the initiative successful. The Area Coordinator (AC) supervises him/her. The Area Coordinator is responsible for the programme's overall implementation, co-ordination, supervision, follow-up, and reporting. The Regional Coordinator (RC) oversees of all sectoral programmes by co-ordinating with the Area Co-ordinator and RSSs in his/her respective region. Generally, S/he prepares yearly target plans with the assist of the sector POs and RSSs. The RSS is assigned to supervise 10 - 15 area offices. RSS is also responsible for timely technical support, input supply, planning and implementation of his/her programme. The Sector Specialist

(poultry-livestock) ensures timely technical support, input supply, planning, reporting, training for programme participants and staff, and supervises and monitors activities.

Figure 3.1.1: BRAC Model For Development: Poultry Program



## Major Achievements

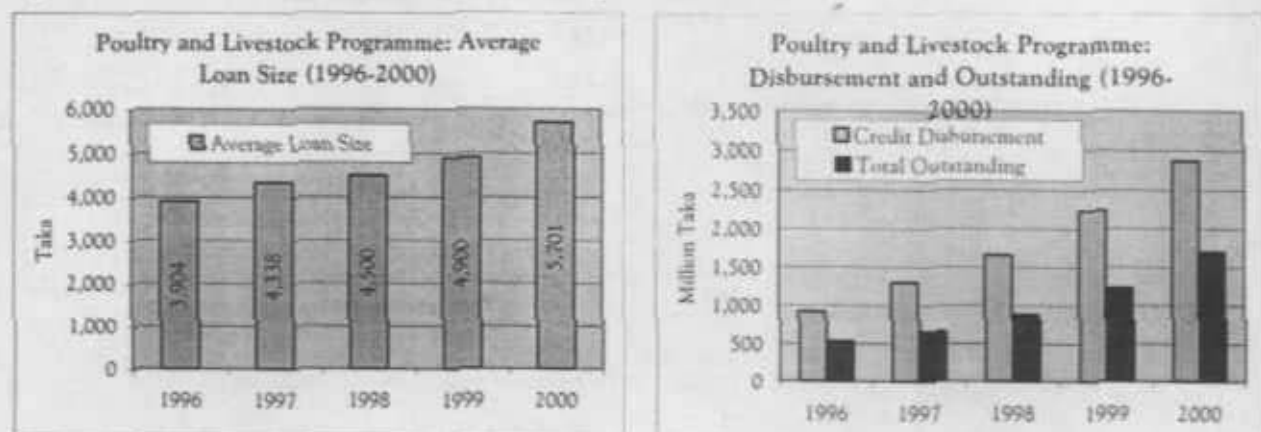
### Programme Status

The aim of BRAC's poultry programme was to create a financial base for the poultry rearer through input supply and credit support so that they can operate their IGAs successfully. In phase IV, BRAC disbursed Taka 8,990 million to finance different poultry and livestock rearing activities. Some performance indicators of the programme are shown below:

Table 3.1.2: Performance of Poultry and Livestock Programme (1996-2000) On Some Selected Indicators

Particulars	1996	1997	1998	1999	2000	Total
Outstanding borrowers	231,109	318,682	416,709	474,430	646,342	646,342
Credit disbursed (Million Tk.)	919	1,305	1,656	2,236	2,874	8,990
Outstanding (Million Tk.)	531	659	881	1,235	1,697	1,697
Average Loan Size (Taka)	3,904	4,338	4,500	4,900	5,701	5,701
Service charge realized	8,633,444	10,745,262	8,908,138	13,435,531	18,520,059	60,242,434
Operating Cost	25,452,468	36,031,683	55,501,015	5,126,056	23,082,750	145,193,972

Graph 3.1.1: Disbursement, Outstanding and Average Loan Size (1996-2000)



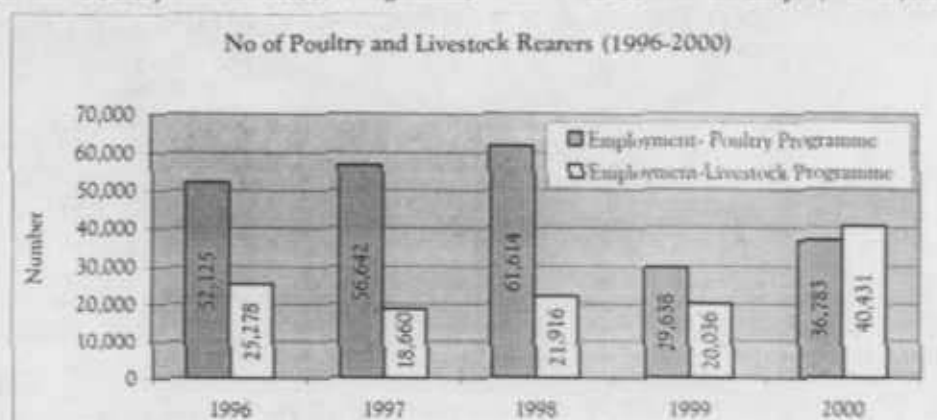
### Employment Generation

BRAC has achieved significant improvement creating new employment opportunities for landless rural women. During Phase IV, it has created more than 360,000 employment opportunities by encouraging its VO members to be engaged in poultry and livestock rearing activities. Following tables and graphs summarises year wise details of employment in different rearing activities.

Table 3.1.3: Poultry Programme -Year Wise Growth Of Employment (1996-2000)

Components	1996	1997	1998	1999	2000	Total
No of poultry Ext. workers	3,694	3,845	3,995	1,650	1,513	14,697
No of key rearer	43,571	48,571	53,572	25,414	32,776	203,904
No of chick rearer	1,929	2,428	2,930	2,574	2,494	12,355
No of pullet rearer	1,308	-	-	-	-	1,308
No of model rearer	1,099	1,459	1,040	-	-	3,598
Poultry feed sellers	119	57	61	-	-	237
Egg collector	245	169	-	-	-	414
No of hatcheries	160	113	16	-	-	289
Total number of poultry rearer	52,125	56,642	61,614	29,638	36,783	236,802

Graph 3.1.2: Poultry And Livestock Programme -Year Wise Growth Of Employment (1996-2000)





**Table 3.1.4: Livestock Programme -Year Wise Growth Of Employment (1996-2000)**

Components (Cumulative)	1996	1997	1998	1999	2000	Total
Cow Rearers	12,197	9,979	11,068	13,338	18,632	65,234
Goat Rearers	11,940	7,910	9,927	6,274	21,776	57,827
Para-veterinarian	719	501	609	394	-	2,223
Calf Rearer	406	219	259	-	-	884
A.I Worker	-	31	33	30	23	117
Cattle Feed Producer	16	20	-	-	-	36
Total number of livestock rearet	25,278	18,660	21,916	20,036	40,431	126,321

### Profitability and Daily Food Intake Increased

BRAC's poultry programme has improved average income of the rearers and thus eventually increased their daily food intake. The following tables show increases in weekly income and daily food intake before and after BRAC membership.

**Table 3.1.5: Average Weekly Income Of VO Member Households From Poultry Rearing**

Components	Before Membership			After Membership			% Increase (before and after membership)
	Poultry (Tk.)	Other (Tk.)	Total (Tk.)	Poultry (Tk.)	Other (Tk.)	Total (Tk.)	
Key Rearer	24.88	31.67	56.55	67.00	34.49	101.49	79%
Chick Rearer	53.27	21.77	75.04	317.74	12.17	329.91	340%
Model Rearer	39.60	57.50	97.10	141.06	90.25	231.31	138%
Poultry Worker	27.50	38.74	66.24	105.23	39.56	144.79	119%
Feed Seller	31.11	29.28	60.39	166.42	23.50	189.92	214%
Mini Hatcherer	57.80	28.00	85.80	266.34	54.80	321.14	274%
Average	30.27	34.06	64.33	116.00	36.98	152.98	138%

Source: Socio-Economic Impact of SLDP in Bangladesh (1997) by Jahangir Alam

**Table 3.1.6: Average Food Intake Of VO Member Households From Poultry Rearing**

Components	Before Membership				After Membership				% Increase
	Egg (Tk.)	Chicken (Tk.)	Meat (Tk.)	Total (Tk.)	Egg (Tk.)	Chicken (Tk.)	Meat (Tk.)	Total (Tk.)	
Key Rearer	2.5	73.50	147.70	223.7	4.8	120.90	227.00	352.7	58%
Chick Rearer	2.70	95.30	160.00	258	5.90	145.20	281.70	432.8	68%
Model Rearer	3.20	58.80	147.80	209.8	6.60	120.00	201.30	327.9	56%
Poultry Worker	2.60	66.30	101.10	170	5.60	113.10	154.70	273.4	61%
Feed Seller	2.80	61.10	108.30	172.2	5.30	114.40	163.90	283.6	65%
Mini Hatcherer	3.20	96.00	105.00	204.2	7.60	137.80	230.00	375.4	84%
Average	2.60	72.40	133.60	208.6	5.30	121.10	207.90	334.3	60%

Source: Socio-Economic Impact of SLDP in Bangladesh (1997) by Jahangir Alam

After becoming BRAC members and then by starting a poultry IGA, programme participants managed to increase their average income 138% with an 60% increase in their average food intake. This achievement shows not only a significant increase in income level but also a positive change in their entire livelihood.

## Mortality Rate Reduced

Day-old-chicks are extremely vulnerable to diseases. Without proper vaccination their mortality rate may rise up to 50% and for highly infectious diseases, it may even rise to 90%. BRAC has managed to reduce this mortality rate to 5%, which is an acceptable rate. BRAC now regularly supplies six essential vaccines, including two booster doses, as disease preventives for poultry rearing units.

## Basic Input Supplied

BRAC's parent stock firms produce 1.25 million high variety Day-old-chicks every month and supplies these to rearing units as basic input. Simultaneously, high quality poultry and livestock feed, produced at BRAC run feed mills are distributed to VO members. To reduce the poultry mortality rate and to guard against diseases, BRAC, in collaboration with the Government, supplies vaccines and medicines to the rearers through poultry and livestock extension workers or through direct sale to the rearing unit.

## PHASE IV: Target and Achievement of Poultry and Livestock Programme

Table 3.1.7: Target and Achievement of Poultry Programme (1996-2000)

Particulars	Target as per		1996 - 2000		Reasons for variations
	PP	Revised	Achievement	%	
Poultry Worker (no)	3,250	3,600	14,697	408%	During phase IV BRAC has expanded its coverage to an additional 544 outposts (beyond its proposed 330 Area Offices.) Due to this increased coverage, demand for establishing poultry units went up. Other activities like poultry extension work, feed selling and egg collecting increased proportionately with the increase of rearing units.
Key Rearer (no)	85,000	85,000	203,904	240%	
Chick Rearer (no)	1,700	2,000	12,355	618%	
Poultry Feed Seller (no)	65		237	365%	
Egg Collector (no)	195		414	212%	
Pullet Rearer (no)	3735		1,308	35%	Chick rearers prefer to sell their two month old chick directly to key rearers or cage rearers bypassing the pullet and model rearers. This was the main cause for low achievements in establishing these two rearing units.
Model Rearers (no)	7470		3,598	48%	
Hatcheries (no)	1230		289	23%	Due to establishment of modern hatcheries and availability of improved quality chicks, demand for establishing mini hatcheries has fallen dramatically.
Feed Mills (no)	3		3	100%	Target achieved. These three feed mills are sufficient to meet current demand for poultry feed.
Poultry Farms (no)	3		4	133%	The demand for day-old-chick went very high as chick rearing units earned a well reputation as a profitable IGA. Even after establishing 4 poultry firm, BRAC now meets only 60-65% of its current demand.

Table 3.1.8: Target and Achievement of Livestock Programme (1996-2000)

Particulars	Target as per Proposal		1996 -2000		Reasons for variations
	Proposal	Revised	Achievement	%	
Cow Rearers	49,500	55,500	65,234	118%	Improved breed, reduction of enterprise failure rate by reducing mortality rate, ensured market and high profitability were the main reasons for over achievement.
Goat Rearers	49,500	55,500	57,827	104%	
Paravet	1,150	1,650	2,223	135%	
Calf Rearer	2,475		884	36%	Rearers prefer to buy from the market rather than buying from calf rearers as market ensures better purchase price.
A.I Worker	95	95	117	123%	The no. of A.I workers increased with the increase in the no. of livestock rearers.
Cattle Feed Producer	95		36	38%	BRAC area office supply better quality cattle feed. Rearers no longer buy feed from the feed producers.

## Significant Changes

### Poultry Firm and Hatcheries

BRAC has established four modern poultry hatcheries in four areas of Bangladesh in order to meet the increased demand and to produce improved quality chicks. These hatcheries are located in Savar, Rajbari, Bogra and Magura, with a capacity of 0.77 million day old chicks in a month. About ninety employees are working in these hatcheries and 17,575 people benefit from it. These commercial hatcheries produce day-old-chicks on a large scale. Now about 1.25 million high yielding variety chicks both layers and broilers, are supplied in the month, of which 75% are layer and the rest 25% are broilers.

Table 3.1.9: Capacity and Production of BRAC Poultry Hatcheries

Hatchery	Production Capacity/ Month	Production / Month	Capacity Utilized (%)	Production Year		
				1998	1999	2000
Savar	76,800	55,161	72%	395,250	507,628	661,936
Rajbari	72,500	62,500	86%	1,605,000	786,935	770,525
Bogra	300,000	272,000	91%	-	3,271,877	3,262,331
Magura	325,000	290,000	89%	-	-	989,725
Total	774,300	679,661	88%	2,000,250	4,566,440	5,684,517

### Feed Mills

Initially BRAC had a programme to train members on poultry feed preparation by using local ingredients. With the adoption of high yield variety (HYV) birds and the expansion of BRAC's poultry and livestock rearing activities, the demand for balanced feed increased enormously. To meet this demand, BRAC established three feed mills in Nilphamari, Manikgong and Sreepur, which have the capacity to produce 3,000 metric tons of feed in a month. These feed mills produce good quality feed and maintain quality and uniformity of the feed.

**Table 3.1.10: Capacity and Production of BRAC Feed Mills**

Feed Mill	Production Capacity/ Month	Production / Month	Capacity Utilised (%)	Production (Year)		
				1998	1999	2000
Manikgonj	500	435	87%	4,500	5,982	5,165
Nilphamari	500	370	74%	3,792	4,932	4,609
Streepur (Inception -May 2000)	2,000	1,500	75%	-	-	5,970

#### Other Changes:

- Cage rearing system (a particular poultry rearing method) was initiated in phase IV as it was found that this rearing method ensures low poultry mortality, high productivity and optimal use of available space.
- Broiler chick production and rearing was also initiated in this Phase as demand for poultry increased enormously during Phase IV.
- BRAC provides Artificial Insemination (AI) facilities through its 97 AI centres. At present, the AI programme supplies frozen semen instead of liquid semen. This is found to be more convenient to preserve and maintain the quality of frozen semen than the liquid semen. Moreover the service delivery system has also changed; previously the owner of the cattle brought their animals in the AI centre for insemination but now the AI worker visits to the owner's house to inseminate their animals.
- BRAC has established one bull station in Mymensingh to produce good quality semen for cattle insemination. The monthly production capacity of this centre is about 20,000 doses.

#### Lesson Learned and Future Plan

- During Phase IV it was observed that small enterprises with low returns do not attract programme participants. The participants want to invest in commercial enterprises that generate regular income and are sustainable.
- poultry programme faced some problems like low quality chick supply, high price of poultry feed and medicines, especially imported vaccines, extreme scarcity of cattle feed, and some emerging diseases like Fowl Pox, Gumbora and PPP. These resulted in drop-out of programme participants. BRAC took the following steps to minimise these risks.
  - a) BRAC established four modern poultry farms and hatcheries to increase the availability of quality chicks at competitive prices.
  - b) BRAC established 3 feed mills with modern machinery and facilities to ensure the supply of quality poultry-livestock feed.
  - c) BRAC has signed a MOU with renowned pharmaceutical companies like Novartis, Renata, ACI and ACME to ensure the supply of medicines at fair price in all BRAC working areas.

As programme participants are interested in more profitable and sustainable commercial enterprises, BRAC will focus on establishing such enterprises from 2001. Enterprises that will get especial attention for further expansion and improvement are cage rearing units, broiler rearing units, model rearing units, frozen semen and artificial insemination centres, milk production and collection centre, increased number of egg collectors to ensure more competitive price.

# Fisheries Programme

## Background

Bangladesh is endowed with vast water resources and pond culture which offer a major potential for fisheries development. At one time, fish was a cheap source of protein in Bangladesh, but as the population grew, it became a luxury, especially for poor people. Now days, not enough fish is caught so that prices have risen beyond the reach of most and per capita fish consumption has fallen rapidly. At present, the daily fish consumption in Bangladesh is 25.6 grams per capita, which is nearly 60% of per capita animal protein intake. The required level of per capita fish consumption is 34.43gm. /day (BRAC Fisheries Programme Report)

Given the rising price of the fish, effectively operated fishponds are very lucrative. Keeping these facts in mind BRAC began its fisheries programme in 1976 aiming to introduce it as an employment and income generating activity, which also contributes to protein intake of the rural poor. The programme has now developed as one of the most promising and profitable income generating activities for rural women because of its high return, low time commitment and quality support from BRAC.

## The objectives of the Fisheries Programme

- To increase income and employment opportunities through proper utilisation of local water bodies
- To promote fish culture activities by re-excavating and reconstructing derelict ponds
- To ensure quality spawn and fingerling supply
- To develop aquaculture management skills of the rural poor
- To increase the protein intake of the rural poor
- To establish the rights of poor fishermen in open water bodies (beel and baor) and
- To improve the socio-economic condition of the participating rural households.

## Fisheries Programme Components

### Pond Aquaculture Development and Extension Programme

**Pond Aquaculture:** BRAC's objective in promoting pond aquaculture by rural women is to improve their nutritional status and to provide them with an additional source of income. Under this component, participants stock different species of fish and raise them till they reach marketable size. The work done, mostly by the women, while the male members help them to prepare the pond, purchase inputs, and sell the fish in local markets. By 1998-99, average fish production had reached a fairly high level at 3,008 kg/ha, and net income per participant was increased to Taka 5,500 upto Taka 16,200 (average Taka 10,380) from cultivation during only 8-10 months a year in small ponds (0.08-0.11 ha.).

**Nursery:** The fisheries programme works to establish extension networks through the local communities, in order to develop a self-sustainable programme. Fish Extension Workers (FEW) are responsible for producing fingerlings through nursery activities, ensure essential inputs supply, provide day-to-day technical assistance to the fish farmers who are engaged in pond aquaculture. Medium sized ponds



covering 0.15 to 0.30 acres are usually used as nurseries for raising fish spawn and fresh water prawn post larvae to grow stocking size. The fish fingerlings and prawn juvenile are sold usually to the pond aquaculture fish farmers. Spawns and post larvae are supplied mostly from BRAC Fish and Prawn Hatcheries.

### **Oxbow Lakes Fisheries Development Project**

Oxbow Lakes fisheries project was developed in 1980 with funding from international donors and the Government of Bangladesh, with the objective of identifying genuinely poor fisherman and establishing their rights to use oxbow lakes. This was done in order to generate income and employment among them and increase fish production. Activities under this component are described below.

**Oxbow Lakes Small-Scale Fishermen Development Project (OLP II):** In July 1991, BRAC got involved in oxbow lakes fisheries in partnership with the Department of Fisheries (DOF) to implement the Oxbow Lake Small Scale Fisherman Development Project, Phase II (OLP-II). OLP-II was funded jointly by the International Fund for Agriculture Development (IFAD), Danish International Development Agency (DANIDA), and the World Food Programme (WFP), and implemented by the Project Implementation Unit (PIU) of GOB, Department of Fisheries (DOF), DANIDA and BRAC.

BRAC organises the target people, provides training, technical services, and loans to enhance the productivity and fisheries potential of the oxbow lakes. BRAC also organises groups to establish the right of the poor to use common water bodies. The project donation finished in December 2000. From January 2001 BRAC and DOF jointly will implement this project. The OLP-II project is implemented in 22 oxbow lakes, in 14 thanas covered by 5 districts. The oxbow lakes are generally 1,193 hectares.

**BRAC Baor Programme:** Based on the experience from OLP-II Project, BRAC started a new project in a few semi-closed lakes through open auction for a 1 to 3 years lease for the fishing communities. This was initiated in the South-Western parts of Bangladesh and was funded through BRAC's own funds. Till December 2000 this Project is implemented in 8 oxbow lakes with 600 participants covering 280 hectares of water body.

**Community Based Fisheries Management (CBFM) Project:** In May 1997 BRAC signed an MOU covering arrangements for undertaking CBFM project in 12 water bodies with Department of Fisheries with the objective to develop a framework for user-based fisheries management that would promote equal distribution of benefits to the vulnerable in the community. BRAC form groups and provides training and credit for fingerling stocking and for supplementary income generating activities when fishing is closed to allow fingerlings to grow. The project was funded by Ford Foundation and technically assisted by ICLARM, Bangladesh.

### **Support Activities:**

**Pond Re-Excavation and Reconstruction:** The programme provides support for pond re-excavation and re-construction works in two ways: with the assistance of World Food Programme (WFP) and with its own revolving fund. The purpose is to bring more unutilised derelict water bodies under fish culture activities through re-excavation or reconstruction, and thus increase the income and employment opportunities of the rural poor.

**BRAC Fish and Prawn Hatcheries:** BRAC has established seven hatcheries in different locations of the country to ensure the supply of environmentally safe, quality post larvae and fish spawn. Four hatcheries (Gazipur, Bogra, Pabna and Barisal) produce both fish spawn and fresh water prawn post larvae (PL). Hatcheries in Jessore, Faridpur and Comilla produce only prawn PL.

## Training

BRAC has provided continuous field-based training and regular technical assistance for efficient technology transfer. Thus it has made the fish farmers skilled in relevant fields. In phase IV, BRAC provided basic skill training to 196,515 participants involved in different IGAs. BRAC will continue to provide this type of support in the next few years.

Table 3.2.1: Fisheries Programme-No. of Participants Trained

Training	1996	1997	1998	1999	2000	Total
Carp Polyculture	15,438	22,371	51,519	45,644	1,603	136,575
Sarputi Culture	20,844	27,633	285	0	0	48,762
Carp Nursery	711	1,215	1,530	4,875	1,603	9,934
Small Hatchery	29	131	140	29	0	329
Baor Management	54	97	234	530	0	915
Total	37,076	51,447	53,708	51,078	3,206	196,515

## Programme Implementation and Management

The Programme Organisers (Fisheries) are responsible for programme implementation at the field. S/he is responsible for motivating programme participants to initiate the IGA, supplying basic inputs, organising training and providing close monitoring and follow up in order to make the initiative successful. The Area Coordinator (AC) supervises him/her. The Area Coordinator is responsible for the programme's overall implementation, co-ordination, supervision, follow-up, and reporting. The Regional Coordinator (RC) oversees all sectoral programmes by co-ordinating with the Area Co-ordinators and RSSs of his/her respective region. Generally, s/he prepares yearly target plans in assistance with the sector POs and the RSSs. The RSS is assigned to supervise 10 – 15 area offices. The RSS is also responsible for timely technical support, input supply, planning and implementation of his/her programme. The Sector Specialist (Fisheries) ensures timely technical support, input supply, planning, reporting, training to programme participants and staff, and supervises and monitors activities.

### Selection and training

In each thana-based, BRAC Area Office, a minimum 25 fish extension workers are developed under the Pond Aquaculture Development and Extension Programme. Fish extension workers are provided with ten days of training on nursery operation, pond aquaculture development and extension approach. A one day, monthly refresher course is organised to ensure timely work and quality assistance. Each fish extension worker is responsible for 30 pond aquaculture farmers. The extension workers produce fish fingerling and supply these to the pond aquaculture farmers. Each worker is also responsible for providing regular technical support and day-to-day follow-up to these 30 farmers. The pond aquaculture farmers are provided with 3 days training on pond aquaculture.

## Credit and technical assistance

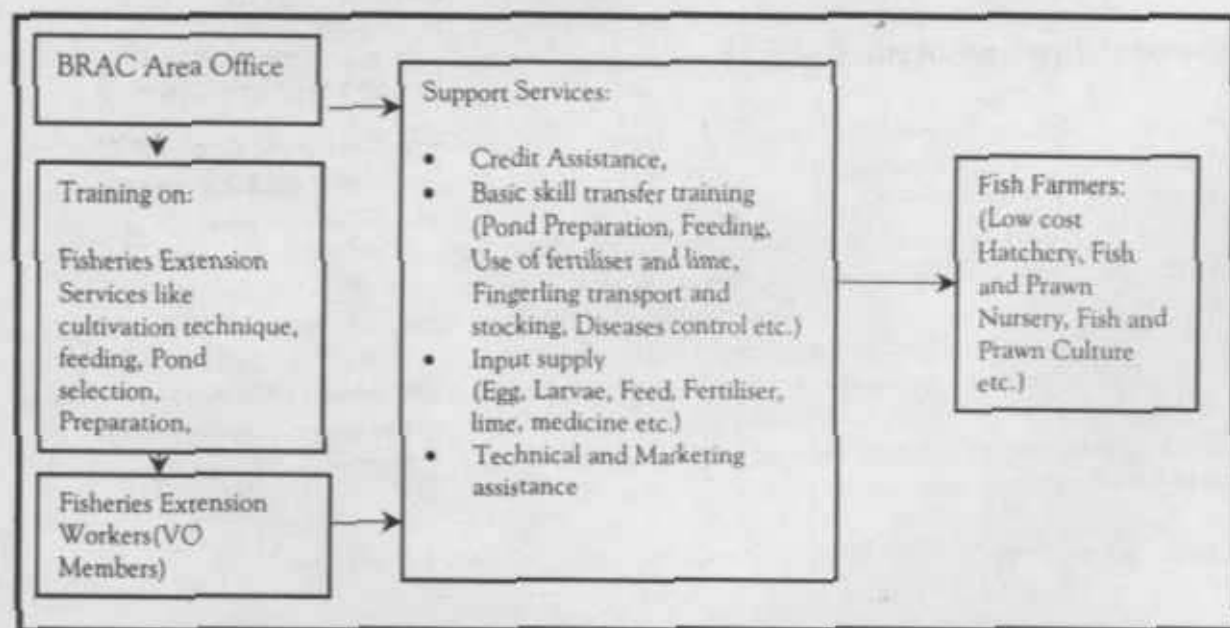
Programme participants are provided with necessary credit and technical assistance to help them start the IGA of their choice. A VO member can have two different loans, i.e a loan under the micro finance programme and a loan to start a sectoral activity. VO members who have some entrepreneurial skills, past experience and eligibility to run an enterprise, can apply for credit assistance under the sector programme.

## Marketing link

The PO-fisheries communicates with the fish farmers to help them prepare a harvesting plan. S/he maintains a linkage between the fish farmers and the local market. The PO(Fisheries) and the Regional Sector Specialist (RSS-Fish) provide support to fish extension workers and fish farmers. A Sector Specialist (Fisheries) based at the head office, is responsible for organising overall programme planning, staff development, and for communication with the government and other national and international agencies. BRAC believes that the extension approach provides a sustainable institutionalised mechanism within rural areas and within communities.

Each BRAC Fish and Prawn Hatchery has one manager and a hatchery technician who are responsible for the day to day operation of the hatchery. Senior Regional Manager (Fisheries) is responsible for co-ordinating the overall activities of the fisheries programme - planning and implementation of the programme support enterprises in the fisheries sector.

Figure 3.2.1: BRAC Model For Development: Fisheries Programme



## Major Achievements

### Programme Status

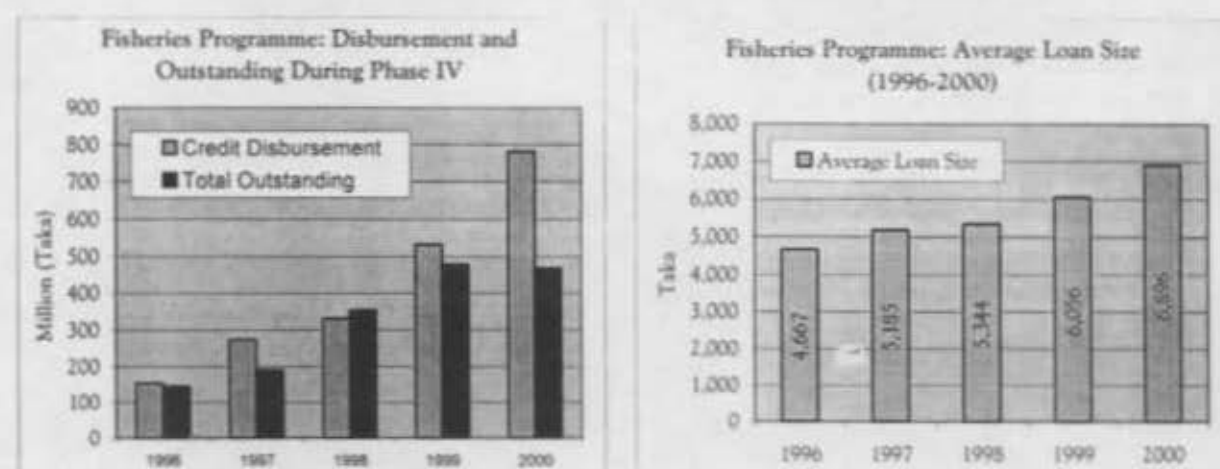
By the end of 2000, BRAC's fisheries programme covered 157,888 participants and disbursed 2,074 million taka to help fish farmers and support their activities. At the end of 2000, the BRAC fisheries programme had a total outstanding of 468 million taka with an average loan size of 6,896 taka per

borrower. The following table provides certain indicators of the fisheries programme to show current status:

Table 3.2.2: Fisheries Programme (1996-2000)

Particulars	1996	1997	1998	1999	2000	Total
Outstanding borrowers	68,420	75,052	115,912	145,687	157,888	157,888
Credit disbursed (Million Tk.)	153	275	331	532	783	2,074
Outstanding (Million Tk.)	145	191	354	478	468	468
Average Loan Size (Taka)	4,667	5,185	5,344	6,056	6,896	6,896
Service charge realized	4,636,911	5,059,155	7,687,077	10,430,824	11,094,017	38,907,984
Operating Cost	13,394,792	15,814,139	27,366,618	26,304,984	24,025,492	106,906,025
Cost Recovery (%)	35%	32%	28%	40%	46%	36%

Graph 3.2.1: Fisheries Programme – Disbursement, Outstanding and Average Loan Size (Phase IV)



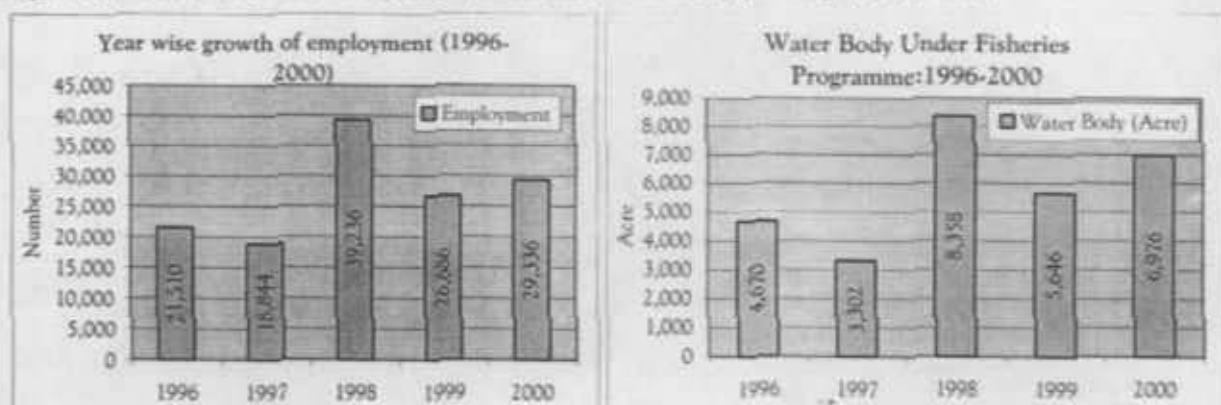
## Employment Generation

BRAC Fisheries Programme has created new employment opportunities for landless rural women. During Phase IV, it has created more than 135,612 employment opportunities by encouraging its VO members to get engaged in pisci-culture. The following tables and graphs show year-wise details of employment in different activities.

Table 3.2.3: Fisheries Programme -Year Wise Growth of Employment (1996-2000)

Components	1996	1997	1998	1999	2000	Total
Carp rearer	11,080	10,566	38,492	21,505	28,538	110,181
Sarputti rearers	9,797	7,551	-	-	-	17,348
Prawn nursery worker	80	140	178	1,291	219	1,908
Carp nursery worker	536	556	535	3,874	579	6,080
Fish hatchery owners	17	31	31	16	-	95
Total	21,510	18,844	39,236	26,686	29,336	135,612

Graph 3.2.3: Year Wise Growth of Employment and Water-Body Coverage (1996-2000)



### Acreage Covered

During Phase IV, total area of cultivated water bodies was 28,952 acres out of which 1,264 acres were brought under the baor project and 2,699 acres were used for nurseries. Year-wise growth of acreage during phase IV is detailed below.

Table 3.2.4: Fisheries Programme - Year Wise Growth of Acreage

Components	1996	1997	1998	1999	2000	Total
Water body under pond quaculture (acre)	3,537	3,202	8,225	3,411	6,614	24,989
Water body under Baor acre)	937	-	-	327	-	1,264
Waterbody under Nursery acre)	196	100	133	1,908	362	2,699
Total	4,670	3,302	8,358	5,646	6,976	28,952

### Fingerling Production Increased

During phase IV, 1,102 million fingerlings were produced. Fingerlings worth taka 288.6 million were sold. Fingerling production showed a positive trend, which should continue to rise in the future.

Graph 3.2.3: Fisheries Programme: Fingerling Production and Sale (Phase IV)





## Average Monthly Income Increased

BRAC's training on pond preparation, fingerling transport and stocking, feeding, fertilising and liming, disease control and harvesting has enabled village women to raise different species of fish to earn on an average of 900-1,750 taka per month. The following table shows different income levels for different levels of fisheries activities.

Table 3.2.5: Average Monthly Net Income of VO Member Households

Components	Average Monthly Income	Remarks
Fish farmers	900	Fish farmers having 25-30 decimal pond require 10 to 15% of the total working day. The cultivation season usually lasts for 8 to 10 months.
Nursery operators	1,750	
Low-cost fish hatchery operator	1,700	
Boat fishermen	900	

## Phase IV: Target And Achievement of Fisheries Programme (1996-2000)

Table 3.2.6: Phase IV Target and Achievement of Fisheries Programme

Particulars	Target as per		1996-2000		Reasons for variations
	PP	Revised	Achievement	%	
Carp Rearers	21,800	44,720	110,181	246%	The geographical coverage of carp polyculture was higher than targeted. (Target: 260 areas, Actual: 210 areas). Carp polyculture is more profitable and requires less time commitment. Basic skill transfer training and proper supervision encouraged many farmers to undertake carp polyculture as an IGA.
Sarputti Rearers	29,800	38,744	17,348	45%	The main reason behind such underachievement is that farmers prefer fish polyculture (Carp rearing) over monoculture (Sarputti rearing). Polyculture yields more than monoculture.
Prawn Nursery Worker	1,375		1,908	139%	BRAC increased prawn nursery activity to meet the high demand for prawn juvenile, as fresh water prawn farming has now become an attractive venture and fetches a high market price.
Carp Nursery Worker	1,020	1,866	6,080	326%	Carp nursery is more profitable than other nurseries. Beside, an increase in carp rearer resulted in higher demand for fingerlings.
Fish Hatchery Owners	110	141	95	67%	BRAC has decided not to promote low cost fish hatcheries, as it is difficult to maintain good quality brood stock in these hatcheries. Besides, availability of quality brood stock from modern fish hatcheries has dramatically reduced demand for low cost fish hatchery products.

## Significant Changes

- The semi-intensive, profitable, fish farming like pungus (an exotic fish species) farming is becoming popular among the target group. Though it requires comparatively high investment, more time, and intensive feed management, the production and net return is much higher. At present 500 farmers have been selected in 50 Area Offices through out different regions for this special activity.
- BRAC has introduced semi-intensive, fresh water prawn farming in some selected regions. This farming is undertaken in the paddy field where fresh water prawn culture is carried out along with rice cultivation. It does not harm the mineral contents of the soil and can be carried out in the fresh water of low lying fields, small ditches, small ponds, and does not require any salinity.
- The fisheries programme not only tries to provide short-term gains to programme participants, it also wants to bring about sustainable improvements in their lives. From 1999 the programme started to develop the Fisheries Extension Workers (FEW), in order to ensure the sustainability of the programme. Up to December 2000, total number of 7,988 FEW have been trained, who in turn have extended their support to 1,07,571 aqua culture farmers.
- Quality brood fish is essential for quality seed production and profitable fish farming. BRAC is working to establish a Brood Development Project in Sreemongol where brood stock development and management related work would be done. BRAC has signed an MOU with BFRI for cooperation in this regard.
- BRAC has substantial achievements in increasing and enhancing its support to fish farming activities. During Phase IV, the programme expanded to 24,989 acres of water body under pond aquaculture, 1,264 acres water body under baor project and 2,699 acres water body under nursery.

## Lessons Learned and Future Challenges

- Quality fish seed availability and appropriate technology management are the major factors affecting optimum yield and profit for the rural poor. Good quality brood fish availability is essential to actualise optimum yield and profit. Effective technology transfer method and skill is equally important. Therefore, BRAC is going to establish a Brood Fish Development Project in Sreemongal for quality brood fish development and management.
- In the case of culture-based fisheries, BRAC's experience reveals that for sustainable management of culture based semi-closed water body, long term lease arrangement and clear rights over the use of a water body need to be established before fishermen are willing to invest. Culture-based, semi-closed water body management can increase the income level of the poor. Short-term lease agreement and interference of local influentials are barriers to long term management. Therefore, BRAC had taken the decision that, for the CBFM project, activities will only start when BRAC is in full control of the water body.
- The price of fish feed is very high as only a few producers are producing commercially. It is therefore essential to introduce farm-based, low cost fish feed preparation method.
- Improvement in the quality of the pond is also a key factor for good agriculture production. More support is required for excavating and reconstructing derelict ponds.

- Fresh water prawn farming is now becoming a popular aquaculture activity among rural people because of the high market price of this products. By doing fresh water prawn farming, one can significantly raise the income level significantly increases. However the development of more organized marketing linkages is an essential prerequisite to ensure such success.
- BRAC will also establish more hatcheries in different part of Bangladesh to ensure quality fish sperm and fresh water prawn post larvae. The fisheries programme will maintain liaison with different national and international organisation and agencies to know about new technology and innovation.

## Social Forestry Programme

### Background

In Bangladesh, forests, including privately owned homesteads, comprise only 6.5% of the total land area. Per capita forestland constitute only 0.02 hectare, which is one of the lowest in the world. On the other hand, demand for timber (304 million cubic feet per year) and fuel wood (50 million cubic feet per year) are continuously rising due to our growing population. As a consequence, our deforestation rate has increased at an alarming rate. Most of the rural population still do not have any alternative to use timber and fuel wood. The resulting large-scale deforestation (5% annually), causes a variety of problems, including soil erosion, land degradation, atmospheric pollution and desertification. Consequently, natural hazards are also destroying a large number of trees in the rural and coastal areas.

BRAC's Social Forestry programme, launched in 1988, makes use of a variety of activities to increase awareness about the necessity of planting trees in rural areas, creating a sustainable supply of high quality seedlings, and reducing the environmental impacts of deforestation while also creating employment opportunities for the rural poor. The programme engages women from the VOs in running nurseries either on their homesteads or on unused land. The VO members are given access to credit, training on seedling production or grafting, input support in the form of seeds or seedlings, and technical and marketing assistance.

The general purpose of BRAC's social forestry programme is to alleviate poverty and simultaneously protect the environment. The main objective of the programme is to bring all available land in the rural areas under forestation with the active participation of the rural poor.

The objectives of BRAC's Social Forestry Programme are:

- To create income and employment opportunities for the rural poor
- To increase environmental awareness among the poor
- To ensure availability of different kind of seedlings at the grass root level
- To increase the number of trees in the country
- To promote the best use of limited land resources
- To improve the production capacity of land, and
- To protect the environment.

### Social forestry programme Components

#### Horticulture Nursery

The horticulture nursery is established on 7-10 decimals of land, producing 10,000-15,000 quality seedlings annually. The nursery workers are selected from the VO members and provided with six days of training. After the training, the participants decide what varieties/species they should plant in their nurseries taking into account local demand and the market for the seedlings.

BRAC provides credit to the nursery workers for implementation of the programme. The credit is used for leasing land, purchasing seeds, polythene, fertiliser, insecticides, fencing materials, and to install a tubewell.

### **Grafting Nursery**

The grafting nursery was introduced in Phase-IV as a new component. The activity aims to increase good quality fruit trees in the country through grafting nurseries. It has generated new demand for seedlings. A VO member, preferably with some knowledge of nursery activities, establishes a grafting nursery on 7-10 decimals of land, and is given ten days of training. Based on asexual propagation - mango, litchi and lemon trees are selected for grafting nurseries. The scion and cuttings are collected from HYV mother trees. BRAC also supplies scion to the nursery workers.

### **Agroforestry**

VO members, who own 30-50 decimal of land or are able to lease the same amount of land, carry out agroforestry activities. In agroforestry, food crops and tree crops are planted on the same plot of land in alternate strips of rows and columns. Long-term, midterm and short term crops are planted simultaneously so that year-round income is ensured for the participants. They also obtain long-term benefits from timber and fruit trees.

The number and type of trees planted depends on the size and slope of the land, soil quality, and rainfall in the region. Species that do not affect the arable crops negatively, are able to withstand frequent lopping and pruning, grow quickly are given priority during selection. BRAC provides 3 days of training to the programme participants. Generally, poor quality is chosen for agroforestry activities where rice, paddy, vegetables do not grow well. There is no fixed agroforestry model; it depends on the shape of the plot, cropping pattern, farmers choice and the geographical condition. However, some models have been developed to guide the programme staff.

### **Mother Tree Preservation Centre**

Four mother tree preservation centres have been established across the country for plantation purpose. These centres are also supplying good quality and a variety of scion and cuttings. Seed, scion and cuttings are supplied to different nurseries in the country in order to produce good quality seedlings. In addition, these centres are used for research, demonstration and plant variety and screening purposes.

## **Programme Implementation and Management**

The Sector Specialist (social forestry) based at head office is responsible for overall implementation of the programme. S/he plans training schedules, workshops, staff meetings, ensures technical assistance, follow-up and co-ordination between stakeholders. One Regional Sector Specialist (RSS-agriculture) is based at the regional office to look after all the programme activities in the respective region. S/he ensures timely technical assistance, follow-up, input supply, conducts training, keep and liases with the sector specialist. The PO-agriculture and social forestry selects participants and carries out all frontline activities. The PO-EIG and Area Manager (AM) based at area office supervise the duty of Programme Assistant (PA).



## Major Achievements

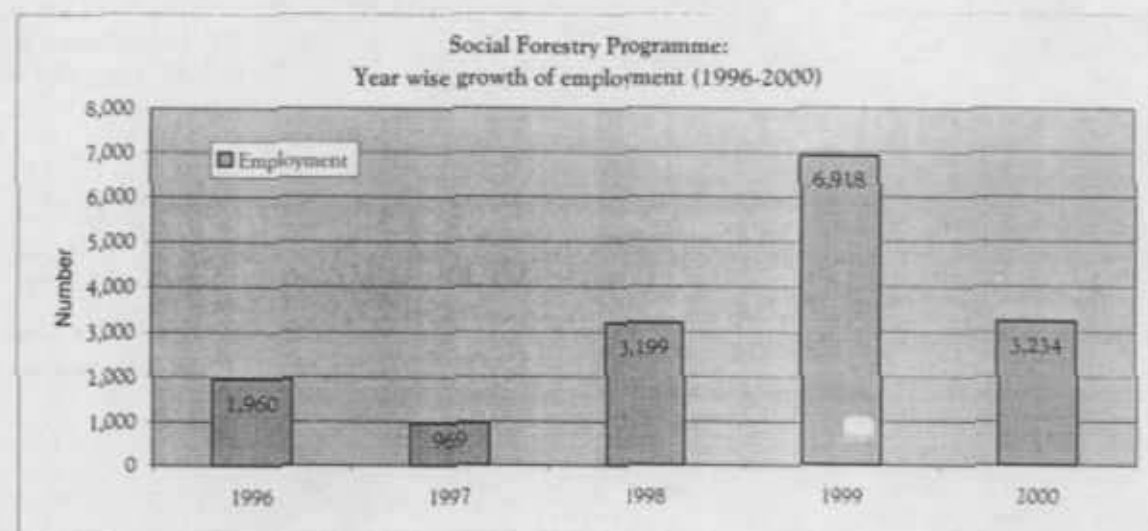
During Phase IV almost 6,455 nurseries were established and 9,007 agroforestry farmers were developed. From a horticulture nursery it is possible to earn approximately Taka 2,600 monthly. Almost 7,200 jobs were created through horticulture and grafting nursery activities.

### Year Wise Growth of Employment (1996-2000)

Table 3.3.1: Year wise growth of employment (1996-2000)

Particulars	1996	1997	1998	1999	2000	Total
Number of Horticulture nursery	847	827	2,434	1,335	1,012	6,455
Number of Grafting nursery	134	142	298	109	135	818
Number of Agroforestry farmer	979	-	467	5,474	2,087	9,007
Total	1,960	969	3,199	6,918	3,234	16,280

Graph 3.3.1: Year Wise Growth of Employment (1996-2000)



### Phase IV Target and Achievement of Social Forestry Programme

Table 3.3.2: Target and Achievement of Social Forestry Programme

Particulars	Target as per Proposal		1996 - 2000		Reasons for variations:
	PP	Revised	Achievement	%	
Horticulture Nursery	1,000	2,400	6,455	269%	Nursery activities found to be more profitable than it was assumed.
Grafting Nursery	600	600	818	136%	More members have shown their interest as they realised that their effort could make these activities successful and sustainable.
Agroforestry Farmer	5,000	8,900	9,007	101%	

## Significant Changes

Due to the increase in demand for high yield and quick return horticulture products, grafting nurseries were introduced in Phase IV. In this process, about 1,088 VO members were trained up and well equipped as a grafting nursery workers , capable of producing grafted seedlings in their own nurseries.

- Horticulture nursery workers were renamed as social forestry extension workers. They motivate local people to plant more trees and provide technical support to them. At present, 8404 social forestry extension workers are providing support for plantation related activities. There were only 1,949 extension workers at the end of phase III.
- In order to ensure the proper utilisation of unused and poor quality land where rice, paddy or vegetables do not grow well and in order to extend agro forestation activity, 9,398 members were trained as agroforestry farmers in Phase IV. The figure was only 843 before this phase.

## Lesson learned and Future Plan

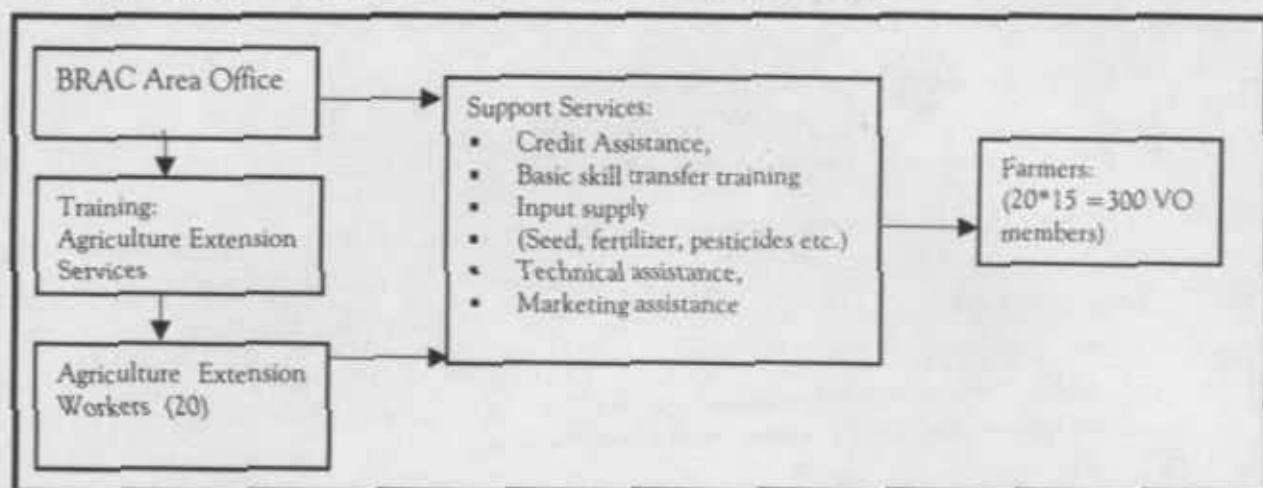
- This is an activity in which women's full involvement can be ensured.
- People are more interested in planting grafted seedlings because they can generate cash flow and yield quickly. It also has more potential and demand in the market.
- As the market is very competitive, product quality as well as proper marketing must be ensured.
- BRAC is planning to establish a Plant Gene Plasma Centre in Dinajpur in which almost all kinds of fruit plants available in the country will be planted. This centre will also be used for training, propagation, research demonstration and for variety trial.
- Proper steps will be taken for enhancement of grafting nursery and to meet the demand for good quality fruits seedlings in the country. The horticulture nurseries will also be expanded further.

## Agriculture Extension Programme

### Background

The BRAC agriculture extension programme aims to increase the nutritional and income status of rural households by increasing the agricultural production of VO members and small farmers through technology transfer, qualitative input supply and better organisational management practice. Through this programme, 20 VO members in each BRAC working area receive training and become agriculture extension workers (AEW). Each AEW is responsible for assisting 15 VO members and fifteen small farmers of their respective village with their agriculture related activities. The programme participants either own or lease about 0.50 acres of land for crop cultivation. They receive training, technical support, inputs and receive credit to obtain resources needed for crop cultivation.

Figure 3.4.1: Agriculture Extension Programme: Service Delivery Mechanism



At the beginning of the year the AEWs survey the VO members and farmers in the locality to determine what types of crops would be suitable in their areas and inputs they will require for starting cultivation. They also advise the programme participants on what type of crops would be appropriate for their land. Through these AEW, the participants have access to soil testing, training and assistance needed to upgrade their farming practices.

The objectives of the agriculture extension programme are:

- To generate income and create employment opportunities for the rural poor
- To increase agricultural productivity
- To introduce modern agricultural techniques and technology
- To promote the effective use of land and labour in Bangladesh.

## Agriculture Extension Programme Components

### Vegetable Growers

The vegetable cultivation programme targets poor rural women. It attempts to get them involved in different types of vegetable cultivation which would ensure year-round income from the sale of those products. Interested VO members with 30 to 50 decimal of land are given three days training on vegetable cultivation. A vegetable grower on average earns Taka 2000 monthly.

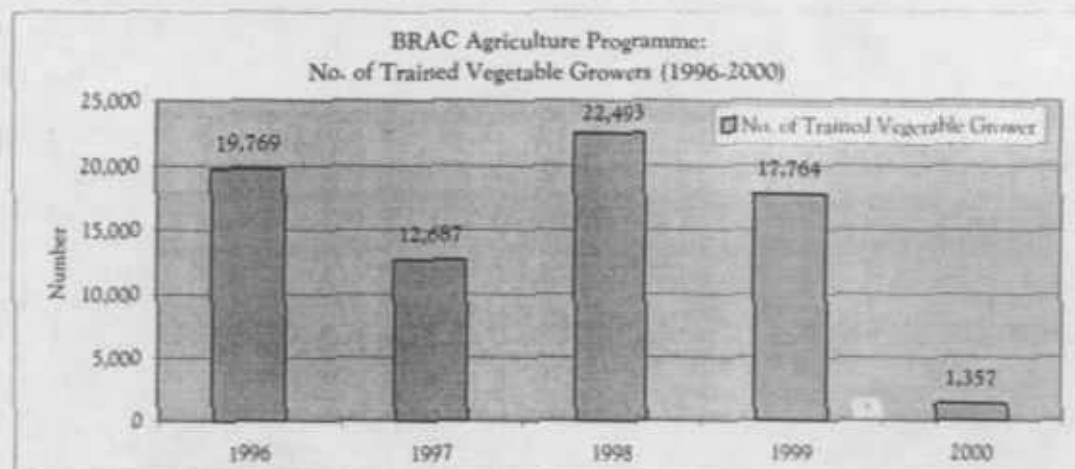
### Crop Diversification

Crop diversification contributes to increasing agricultural productivity. There has been an increase in the demand for maize and wheat from the rising number of commercial poultry farms in the country. Cotton and sunflower cultivation is also profitable and suitable for some areas of Bangladesh. Mug-bean and mustard is also suitable for land development.

### Training

The Agriculture Extension Programme encourages group members to earn income by engaging in activities like vegetable or diversified crop cultivation. To support this objective, programme staff play an important role in improving the performance of these activities by introducing new technologies and breeds. The Agriculture Extension programme of BRAC organises need-based training for the participants. In phase IV, over 74,000 vegetable growers were trained and got all relevant support to start their IGAs.

Graph 3.4.1: No. of Trained Vegetable growers (1996-2000)



### Programme Implementation and Management

BRAC Agriculture Extension Programme covers all 64 districts in Bangladesh and employs more than 500 diploma agriculturists, 25 agriculture graduates and 10 trainers, who are trained intensively in the production technologies of different crops. These professionals play an important role in programme implementation by transferring their skills to programme staffs and participants.

### Participant selection:

The Programme Organiser (PO-agriculture) first surveys the working area to select the AEWs and later these AEWs choose the programme participants owning or capable of leasing land between 30 to 50 decimal to undertake programme initiatives.

### Training

Selected farmers receive training on the production technologies of different crops. The PO-agriculture conducts the training course.

### Input Supply

To increase agricultural production, BRAC provides necessary inputs like quality seeds and fertiliser through BRAC's marketing project.

### Credit Support

BRAC provides loans to programme participants from BRAC's microfinance project for seed, fertiliser, irrigation and other inputs for crop cultivation.

### Monitoring

Monitoring and follow-up of activities are done by the programme staff. Programme staff discuss progress and difficulties they are facing during their programme operation as well as what can be done to improve the programme quality. They try to find solution to problems through discussion, and also generate new ideas.

A Sector Specialist (agriculture) is based at the head office to coordinate with the management and programme staff. S/he also keeps liaison with concerned government, non-government and international agencies for improved implementation of the programme. A Regional Sector Specialist (RSS-agriculture) in each region is responsible for programme activities in 15-20 Area Offices. S/he ensures timely technology and input supply to the programme participants. The PO-agriculture is the frontline worker who is responsible for the effective implementation of the programme at the field.

## Major Achievements

### Programme Status

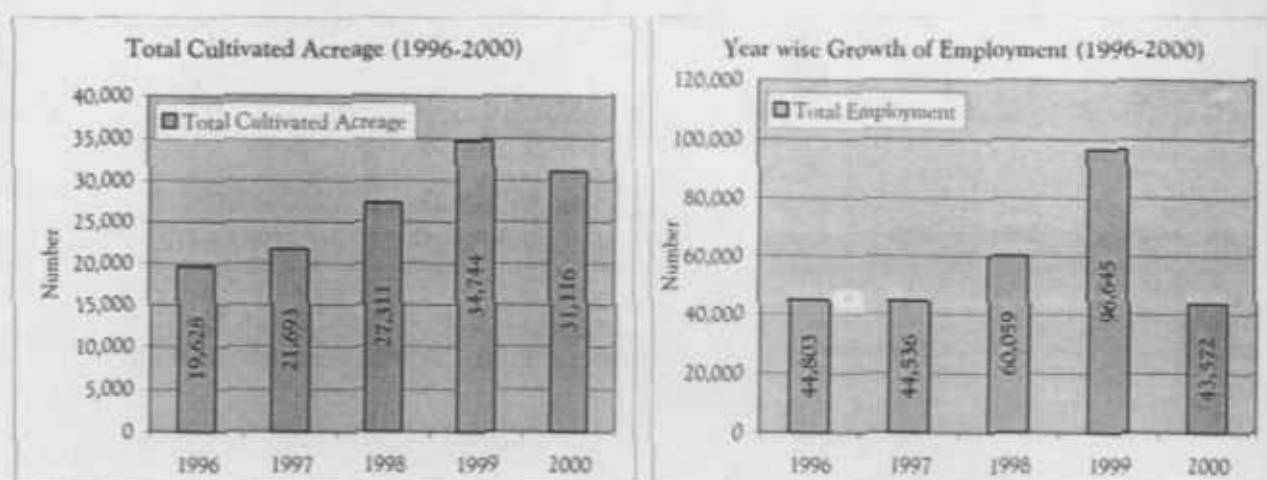
BRAC's vegetable programme went through a rapid growth in phase IV. During this period, 4,462 million Taka was disbursed among vegetable growers and by the end of December 2000, there were 265,469 outstanding borrowers. Total outstanding loan increased from 225 million in 1996 to 724 million taka in December 2000.

Table 3.4.1 : Performance of Agriculture Extension and Social Forestry Programme (1996-2000)

Particulars	1996	1997	1998	1999	2000	Total
Outstanding borrowers	106,431	129,820	171,949	222,431	265,469	265,469
Credit disbursed (Million Tk.)	613	755	828	1,012	1,254	4,462
Outstanding (Million Tk.)	225	295	470	676	724	724
Average Loan Size (Taka)	4,042	5,051	5,022	5,336	6,102	6,102



Graph 3.4.2 : Year Wise Growth of Acreage and Employment (1996-2000)



### Impact on Participant's Livelihood

BRAC's vegetable cultivation programme has helped to improve the nutritional status of the rural people and also helped to increase the per capita income by a significant degree through the sale of vegetables. The income level of the programme participants, especially those who have successfully implemented the programme, has increased up to Taka 15,000 - 20,000 per annum.

Growers with an average of 30 decimals of land and marginal farmers are satisfied with the programme activities that they have undertaken. They are now receiving timely inputs of quality hybrid seeds, technology and technical support at a reasonable price from BRAC.

### Employment Generated

The Agriculture Extension Programme encourages group members to earn an income by engaging in certain activities like vegetable and maize cultivation. The Agriculture Extension programme staff plays a vital role by improving the performance of these activities by introducing new technology and breeds. In phase IV there were more than 289,000 people employed through Agriculture Extension programme.

Table 3.4.2 : Year wise growth of employment (1996-2000)

Particulars	1996	1997	1998	1999	2000	Total
No of vegetable growers	4,575	5,740	15,661	45,423	8,539	79,938
Maize farmer	31,016	38,796	44,072	50,450	33,883	198,217
Fodder Growers	9,212	0	326	772	1,150	11,460
Total Employment	44,803	44,536	60,059	96,645	43,572	289,615

## Phase IV -Target and Achievement of Agriculture Extension Programme

Table 3.4.3: Target and Achievement of Agriculture Extension Programme

Particulars	Target as per		1996 - 2000		Reasons for variations
	PP	Revised	Achievement	%	
Vegetable growers	23,000		79,938	348%	The geographical coverage was higher than targeted.  Vegetable growing turned out to be a very profitable IGA.  Timely supply of hybrid seed, availability of quality seed, fertiliser and pesticides encouraged growers to invest more in vegetable cultivation.
Maize cultivation acreage	85,000	100,000	102,497	102%	Proper training, supervision and follow-up ensured enterprise success rate. Technical know-how increased agriculture productivity.
Fodder grower	5,000	5,900	11,460	194%	Secondary IGA. It requires little time and commitment. Fodder are by-product of some crops.

### Significant Changes

During Phase IV the following components were introduced in the agriculture extension programme.

#### Agriculture Extension Worker (AEW)

Almost 9,990 AEW were trained to ensure the availability of good quality seed, basic inputs and the technology to the local farmers. Their main responsibility is to ensure timely input supply to the farmers.

#### Rice and wheat cultivation

In Bangladesh land is suitable for rice and wheat cultivation, but farmers face difficulties getting quality seeds. In order to meet the need for quality rice and wheat seeds, BRAC has taken the initiative to try and develop better quality seeds for its programme participants.

#### Urea Super Granule (USG)

BRAC intended to promote this improved fertiliser technology throughout the country, by using its wide spread extension network. This should help to increase soil fertility and productivity. This improved fertilizer also protects the misuse of crops. It is not easily soluble with water and therefore good for the environment. BRAC has established three USG production units in Jenaidha, Sherpur and Bogra. The average monthly production capacity of these units is 180 metric tons.

## Demonstration of New Crop

Demonstration is an important tool to motivate farmers to start planting a new crop. Farmers in Bangladesh usually only cultivate traditional crops. Therefore, when introducing new high yielding and high value crops, BRAC gives practical demonstration on the cultivation method. Demonstration is done for vegetable cultivation, sunflower, cauliflower, cabbage, tomato, brinjal and maize.

## High Yielding Variety (HYV) Seed

To increase the productivity of the limited land resource of Bangladesh, BRAC is producing HYV maize and rice seed and also importing hybrid vegetable seeds to make these available to poor farmers.

## Tissue Culture

In order to increase the quality of agriculture inputs in Bangladesh, BRAC has engaged in the tissue culture production of seedlings and tubers. BRAC set up a small scale Tissue Culture Laboratory in 1997 to undertake the micro propagation of banana plants and potato micro tubers. BRAC has also established a new Tissue Culture Facility in Gazipur.

## Soil Testing Programme

In order to avoid excess fertiliser use, BRAC has decided to test the soil before cultivation. A soil-testing laboratory has been established in Gazipur. BRAC is also working with Department of Agriculture Extension (DAE) of the Government of Bangladesh to provide the farmers mobile laboratory facilities for soil testing. This team will test the soil and recommend crop specific fertiliser for successful production.

## Lesson Learned and Future Plan

- The potentials of the people can be effectively utilized if proper training, agriculture input supply and technical assistance is ensured.
- BRAC has completed necessary arrangements to introduce hybrid rice cultivation where rice and vegetable seeds will be produced in collaboration with Hejia Industry Group Company Ltd., and Hefei Fengle Seed Company Ltd. of China.
- To increase and enhance training, technical support and input supply at grassroots level, BRAC has taken steps to build strong linkage with DAE.
- The moderate demand for high value crops in the northwest region of Bangladesh shows that, the production of high value crops can be encouraged by providing information about market prices in the future. Farmers need to be informed about the latest price to allow them to maximize their returns.
- BRAC has established a hybrid seed production centre in Bhaluka, Mymensingh with the capacity of 30 metric tons in a season and plans to increase this production capacity in future.

## Sericulture Programme

### Background

Sericulture has the potential to link rural producers with urban markets and provides an opportunity for the transfer of funds from the urban rich to the rural poor. BRAC's purpose in promoting sericulture is to provide an income-generating activity for poor landless women. Silkworm rearing is a labour intensive activity that is usually done at home and silk is a high-value, low volume commodity that is in demand both nationally and internationally. BRAC started its sericulture programme in the early 1980s in the northern parts of the country. In 1988 the sericulture programme expanded on a wider scale throughout the country.

Sericulture has a large potential of being integrated with other agrarian systems based on household operation. There is roughly a demand for 300 tons of silk in Bangladesh. Only 30-35 MT of silk are produced each year out of which BRAC produces 50%-60%. Thus there is tremendous scope for growth in silk production. The sericulture programme aims to:

- Generate income and create employment for landless women.
- Increase silk production of the country.
- Promote afforestation through mulberry trees.
- Use fallow land, which is unsuitable for cultivation of traditional crops.

The programme has covered 170 thanas and a significant number of women are involved in this programme. The 1998 floods had left a severe impact on sericulture industry. The floods destroyed a large number of mulberry trees. It also badly damaged the fixture plan of the sericulture programme.

### Sericulture Programme Components

Sericulture is an industry that requires several levels of activities. The major components of the programmes are nursery, mulberry cultivation, silkworm seed production, silkworm rearing, reeling, weaving.

#### Nursery

The primary source of food for the silkworm are mulberry leaves. Mulberry is propagated through cuttings planted in sapling nurseries. Each year during September-October, at the end of the monsoon season, selected VO members plant the cuttings to raise mulberry saplings. Within a year, the saplings become mature and ready for plantation. A mulberry nursery owner/worker gets her cuttings from BRAC. She also receives a three-day training on sapling cultivation. The operation is financed through a BRAC loan. The one-year-old saplings are picked for plantation. These are sold to the VO members for one Tk. each. The nursery's enjoy substantial returns from these activities. The profit range from Tk.5000 to 10,000 per years per Acre of land.

## Mulberry Plantation

Mulberry trees/bush were planted to increase the availability of mulberry leaves – which serve as the food for the silk worms. The VO members usually plant mulberry saplings on roadsides. BRAC leases roadsides from local govt. for a period of 15 to 20 years. The members then plant the trees and take care of them. Interested members with some land near their home and with some expertise in planting techniques are engaged in bush plantation. Bush plantation is the only way that ensures maximum use of land and quality leaf. The usual harvest of mulberry leaves start from second year after plantation but full production of leaf can be attained from the fourth year of plantation. It is possible to harvest four times a year in each tree.

Upto December 2000, a total of 2610 bighas (870acre) of land were brought under mulberry bush cultivation. BRAC has given financial support ranging from Taka 7,000 to Taka 10,000 to chawki rearers and late age rearers to plant mulberry bush and to renovate/construct rearing houses and to purchase the necessary equipment.

## Silkworm Egg Supply

Initially BRAC purchased the major portion of required silk-worm eggs from the Bangladesh Sericulture Board (BSB). However, the government seed production is beset by quality problem. In order to overcome this problem BRAC has started importing silkworm egg from India and China. At the same time, BRAC has also been experimenting with silkworm egg production under local condition from 1993. At present BRAC has the necessary establishments to produce sufficient DFLs to fulfil its own requirement. BRAC has established silk seed production facilities consisting components such as germplasm maintenance centre (GMC), P4 Silk Seed station, P3P2 silk seed station, P1 seed cocoon farm and commercial grainage.

Currently BRAC has one Germplasm Maintenance Centre (GMC), one P4 Silk Seed station, two P3P2 Silk Seed Station, eight P1 Seed Cocoon Farm and eight Commercial Grainages. A GMC maintains germplasm of both mulberry and silkworm. The commercial grainage at Rajendrapur was turned into a GMC as it has all the necessary facilities and infrastructure. For maintenance purposes, this centre collected, introduced and evolved 11 Bivoltine and 5 Multi-voltine silkworm races and 11-mulberry varieties. Each commercial grainage has the production capacity of 0.4 million DFLs per year.

## Silkworm Rearing

BRAC silk worm rearers are categorised in two groups; i) chawki rearers and ii) late age rearers. Some rearer who have advanced training, are known as progressive silk farmers.

**Chawki rearer:** The rearers who rear young silk worm are known as Chawki rearers. They are drawn from BRAC's target group and need to have extra training and infrastructure in their rearing houses. They are given training in Chawki rearing at the SRC. Chawki rearers are usually selected from the more experienced rearers in the BRAC programme. They receive eggs, hatch them and rear them for 10 days. They then sell chawki worms to the late age rearer. They also rear 50 to 100 laying worm up to the cocoon stage depending upon their capacity. They received very crucial training (both theoretical & practical) on chawki rearing from SRC.



**Late age Rearer:** Late age rearer buys 2nd moult out worm (3rd stage) and rear them to cocoon stage. Late stage rearers do not need infrastructure facilities as do the chawki rearers. The need lot of mulberry leaves for the fifth stage silkworm. These rearer also receive full cycle of rearing training both theoretically and practically from Sericulture Training Centre.

**Progressive Silk Farmer:** Progressive silk former is a term used to describe the rearers who have advance silks on rearing techniques and adequate infrastructure. The progressive silk farmers receive an intense full cycle of rearing training at the sericulture resource centre.

As of December 2000, there were 10,650 active silkworm rearers in BRAC. Among them 1,047 are chawki rearer.

### **Reeling Worker and Reeling centre**

During the initial stage of Sericulture programme, BRAC used to transport cocoons from Manikgonj to Rajshahi to reel. But the programme faced some major difficulties with the transportation system. This particular experience led BRAC to establish reeling unit. Now, BRAC is operating two Reeling Centre in Jamalpur and Atghoria. Previously there were four reeling centres but to run the reeling centre more efficiently BRAC reduced the number of reeling centre into two. At the reeling centre good quality cocoons are reeled by the participants. Reeling workers have to be mobile and the work requires a lot of skill. They are paid on the basis of the production. The individual spinner spins reject cocoons and reeling waste by pedal wheel. The supervisor of the reeling centre supervises each reeling unit. The capacity of each reeling centre is 7-10 MT per year.

### **Weaving Centre**

There are two silk weaving centres at Manikgonj and Rajbari. In addition there are contract weavers at Kumarkhali and Ullaphara. There are 200 looms engaged in silk fabric weaving and 400 weavers are involved in this activity. The silk fabric is marketed through Aarong (rural handicraft store). In addition to, the production of pure silk fabric, they also produce fabric, which is a mixture of spun silk and cotton.

### **Sericulture Resource Centre (SRC)**

BRAC has established Five (5) Sericulture Resource Centres (SRC) located in Mymensingh, Rajbari, Jessore, Natore & Dinajpur districts. In every SRC there are one rearing building with two acre of mulberry Garden. Each SRC can accommodate 25 participants in a batch. The Rearers (chawki rearer, late age rearer and progressive silk farmers) are given training at the Resource Centre. At SRC the rearers receive training with necessary training materials. More emphasis is given on practical training.

### **Training**

Most of the silkworm rearer lack proper knowledge and technical know-how needed to operate their enterprise successfully. In order to address problems in mulberry plantation and silkworm rearing, BRAC has introduced a wide range of training programmes. These trainings gave emphasis on ideal rearing condition, rearing technique, feeding techniques, pest and disease control, breeding technique etc. These training help the entrepreneurs to boost-up micro enterprise and making these more productive. Every month BRAC program staffs organize basic skill development training (3 to 7 days) and monthly refreshers (1 day) at the branch or at some other convenient place. Sericulture extension worker workers

also got special training and monthly refreshers as they are trained to provide ongoing technical support to rearers.

Chawki rearer get advanced training to ensure the supply of the healthy 3rd stage silkworm to the late age silkworm rearer.

**Table 3.5.1: Year Wise Participants Training (1996-2000)**

Participants	996	997	998	999	000	total
Chawki rearer	07	72	45	51	74	849
Silk worm rearer	106	837	283	778	06	3,910
Progressive silkworm rearer		701	933	916		550
Practical training on silk weaving						
Reeling worker training		62	6			58
Total	813	0,272	561	847	082	1,575

## Programme Implementation and Management

At the Regional level there are Regional Sector Specialist (Sericulture) who assists the Regional Coordinator (programmes) to administrate the programme. Programme Organiser (PO-Reeling), PO-Grainage and PO-SRC, who are field workers, also assist Regional Coordinator. Besides, all programme activities are managed by the Area Coordinator (programmes) is directly reportable to the Regional Coordinator (programmes). The PO (Sericulture) is based at the area office and is reportable to the Area Coordinator (programmes) for the programme activities implementation.

## Major achievements

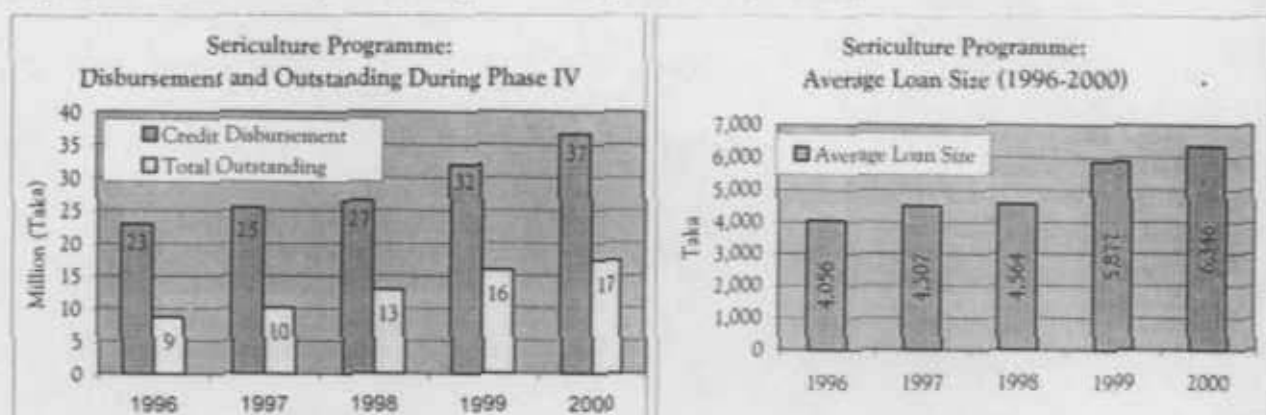
Sericulture programme was severely affected by the floods in 1998. The floods wiped out a large number of mulberry trees & bush plantation. As a consequence, raw silk production, cocoon production and other related components have failed to achieve its target. In 1999, external consultants undertook a mid term review and the main finding was that BRAC Sericulture Programme, for a variety of reasons (Refer MTR 1999 Report), is the least productive of all the EIG activities that BRAC members undertake.

## Sericulture Programme Status(1996-2000)

Table 3.5.2 : Financial Status of Sericulture Programme

Particulars	1996	1997	1998	1999	2000	Total
No of borrowers	2,938	3,719	4,592	5,522	6,525	6,525
Credit disbursed (Million Tk.)	23	25	27	32	37	143
Outstanding (Million Tk.)	9	10	13	16	17	17
Average Loan Size	4,056	4,507	4,564	5,877	6,346	6,346
Service charge realized (Tk)	2,475,428	3,185,946	2,468,638	1,951,288	1,793,060	11,874,360
Operating Cost (Tk)	18,468,674	16,339,686	18,843,048	17,685,264	23,233,944	94,570,616
Cost Recovery (%)	13%	19%	13%	11%	8%	13%

Graph 3.5.1: Disbursement, Outstanding and Average Loan Size (Phase IV)



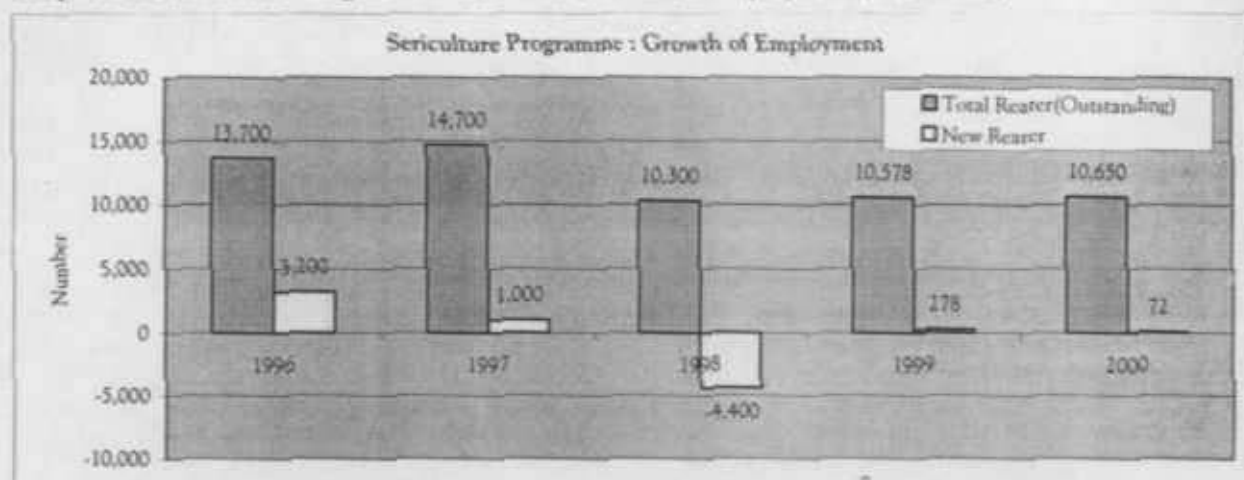
Despite major setbacks due to the 1998 floods, the sericulture programme continued to achieve some of its targets. The following table shows some of those achievements.

Table 3.5.3 : Achievement of Selected Indicators of Sericulture Programme (1996 -2000)

Particulars	1996	1997	1998	1999	2000	Total
Raw silk production (MT)	23	32	18	15	19	107
Renditta (kg)	19	18	13	13	12.05	
Coccon production (MT)	455	582	228	192	228	1,685
DFLs (in million)	2.8	3.8	2	1.68	1.64	12
DFLs/rearer	204	259	194	159	154	

## Employment Generation

Graph 3.5.2: Sericulture Programme –Year Wise Growth Of Employment (1996-2000)



\* In 1998, 4,400 existing were dropped out from the programme as the devastating flood of 1998 washed out their enterprises.

## Staff Training (1996-2000)

The Sericulture Programme staff get special training on sericulture related activities to provide ongoing technical support to rearers. The following table summarises different training received by the programme staff during phase IV.

Table 3.5.4: Year Wise Staff Training

Training	Staff	1996	1997	1998	1999	2000	Total
Training on sericulture	PA	213	231	252	212	236	1,144
	PO	25	46	10	20	23	124
Training on tropical sericulture	PO	-	10	18	-	-	28
TOT on mulberry cultivation and silkworm rearing	PA	-	-	-	-	46	46
	PO	-	-	-	-	16	16
Silkworm seed production training	GA	14	15	-	-	-	29
	PO	13	18	2	-	-	33
TOT on reeling/spinning	PO	-	-	-	-	2	2
Pest and diseases control	Manager	-	-	-	2	-	2
<b>Total</b>		<b>265</b>	<b>320</b>	<b>282</b>	<b>234</b>	<b>323</b>	<b>1,424</b>

## Phase IV Target and Achievement of Sericulture Programme

Table 3.5.5: Target and Achievement of Sericulture Programme

Particulars	Target as per		1996 – 2000		Reasons for variations
	PP	MTR	Achievement	%	
Raw silk (tonnes)	468	186.7	107	57.31%	Lack of high quality silkworm variety for different crops
Renditra	12.85	15.72	15.75	100.19%	
Cocoons (tonnes)	6014	2935.2	1685	57.41%	
DFLs (million)	21.6	14.3	10.43	72.94%	Bush was insufficient for rearing DFLs. Bush plantation was hampered because rearers were unable to lease land for plantation.
New rearers	3573	2051	6700	326.67%	It was thought that bush plantation would be more than targeted. New rearers were developed on the basis of bush plantation target.
Total grainages (new)	18	13	9	69.23%	9 grainages are sufficient for fulfilling current demand for eggs.
Reeling centres (new)	17	5	0	0.00%	Not viable.
Chawki centers (new)	875	575	0	0.00%	Due to financial constraints, present chawki rearers were unable to establish bush on own land.

The main reason for BRAC's under performance against the MTR Target's is due to a variety of reasons.

- Farmers are not able to obtain leases for land in a timely fashion hence bush plantation is delayed.
- Delays in BRAC receiving technical assistance from India due to bureaucracy.
- Bush plantation not yet in full production.
- Lack of high quality suitable silkworm varieties for the Jaistha and Bhaduri seasons (Summer and monsoon seasons).

### Significant Changes

- To improve cocoon quality BRAC has given more emphasis on the mulberry bush gardening. By the end of 2000, the mulberry bush/trees were planted on 2610 bigas (870 acres) of lands. This bush plantation will assist to produce 228 MT cocoon and 18 MT silk in a year. Mulberry bush was planted to increase the availability of quality mulberry leaves, which is essential for ensuring maximum production of good quality cocoon and silk.
- BRAC has established eight P1 seed cocoon farm to produce quality DFLs. These farms have the capacity to produce 3.2 million cocoons in a year. By establishing P1 farm both quantity and quality can be ensured. BRAC has established P1 farms to ensure the production and supply of disease free silkworms.



- BRAC has trained 1,047 chawki rearers at the village level. They basically hatch the eggs and rear young silkworm up to 10 days.
- BRAC has established one twisting centre with 480 spindles in Manikgong to improve weaving quality. This production centre produces 200- 250 Kg. cotton in a month. Cloths with different structure, different designs were produced to support the weaving units.
- In the revised budget, BRAC allocated funds especially as subsidy for cocoon producers and reelers. A total of Tk. 38.74 million was distributed among 10000 rearers.
- By considering the market demand, specifications and cocoon standard, BRAC is trying to develop the processing system. In this regard, good cocoon is being processed in the mechanised reeling centres and lower quality cocoon is processed using manual systems. (Katghai & Charkhs). To develop the charkha system of spinning, BRAC contacted a Netherland based sericulture technical assistance organisation, SAWA Tool, for help. To date SAWA TOOL has given two training courses to both BRAC staff and members on this system. SAWA TOOL will continue to provide technical assistance for at least another year atleast.
- A Memorandum of Understanding (MOU) was signed between BRAC & Bangladesh Silk Foundation (BSF) for Development of Sericulture. Under the MOU, BRAC sericulture producers and staff will participate in training, extension, chawki rearing, product promotion & development of the Silk Development Project. BSF is implementing silk development project (SDP) under the IDA credit of the World Bank to promote sericulture activities in Bangladesh. The main objective of the 5-year SDP is to assist in increasing incomes of small Scale Silk Producers, most of whom are poor women, through improvement technology and creating institutional and policy improvements designed to encourage sustainable development of the silk sector of the country.

## Lesson learned and Future Plan

- Maintenance of roadside plantation is very difficult. These plants tend to produce low quality leaves, which are not suitable for silkworm. Bush plantation can be maintained easily and leaf quality is excellent.
- In Bangladesh high temperature and high humidity is common feature of summer and rainy season. There is no suitable variety for these two seasons. Cocoons produced during the summer and rainy season in Bangladesh have poor reeling quality. Only cocoons produced during Chaita (March) and Agrahayoni (Oct- Nov) seasons give better reeling performance.
- To producing good quality Diseases Free Laying (DFL), seed zone or seed cocoon rearing system is not feasible due to the environmental condition and other limitation. Purchasing can ensure good quality seed.
- P1 Seed Farm produce good quality cocoon.
- The best ratio between Chawki Rearer and Late Age Rearer is 1:10.
- Operate grainage professionally to produce quality DFLs.
- Evaluate grainage performance in terms of quality DFLs and cocoon production at farmers' level.
- P1 farm with mulberry garden will be developed to produce quality mulberry leaf.

- Attempts will be made to develop high temperature and high humidity resistant variety of cocoons for Joistha(May- June) and Bhaduri(August) crop.
- New training materials will be developed in the Sericulture Resource Centre (SRC) as per requirement and emphasis will be given on practical training, as most rearers are illiterate.
- Chawki rearer and late age rearers will be given advance training with collaboration from BSE.
- The Sericulture programme expansion will be limited. Emphasis will be given to expand mulberry bush cultivation and rearers will be encouraged to cultivate bush plantation.

## Rural Enterprise Project (REP)

### Background

As rapid population growth of Bangladesh is narrowing the scope of employment and income earning sectors, new livelihoods are essential for reducing rural poverty. This realisation led BRAC to the initiation of the Rural Enterprise Project (REP), to encourage employment and income generation through entrepreneurship. The project is an experimental wing within RDP that is involved in innovating non-traditional activities and introducing them to the programme participants. REP was formed in 1985 to find and test new opportunities for rural development. The primary objective was to experiment with various incomes generating enterprises that can be owned and managed by rural landless women.

The objectives of REP are to:

- To identify new micro-enterprise ideas that are appropriate particularly for rural women,
- To test the viability and socio-economic impact of the chosen enterprises in selected BRAC working areas,
- To test (piloting) in more BRAC working areas, when result of any experimental enterprise is positive.
- If the outcome of the pilot stage is positive then the enterprise is transferred to RDP for extensive expansion.

REP mostly initiates BRAC non-farm activities. Some of BRAC's most successful enterprises have emerged from testing carried out by this unit. In order to develop entrepreneurs among women, REP has created opportunities for them in non-farm activities like iodized Salt Production, hybrid paddy cultivation, hand made paper production, garbage collection for fertilizer production, garment waste processing etc. REP has two separate wings:

- a) Non-farm Enterprise Extension and Reinforcement (NEER) Programme and
- b) Micro Enterprise Development (MED) Programme.

#### a) Non-farm Enterprise Extension and Reinforcement (NEER):

This programme has encouraged VO members to take non-traditional roles in creating and managing small enterprises like restaurants, grocery stores, tailoring, carpentry workshop and laundry. These initiatives were once tested successfully under REP. At present, NEER programme works separately to improve and expand those enterprises. The women-owned restaurants called Shuruchi (good taste) and women run grocery stores called Shuponno (quality goods) are two projects of NEER that deserve special mention. Currently there are more than 4,556 grocery stores and restaurants operated by women members in different parts of the country.

Major activities under NEER:

- Shuruchi (Small Hotel)
- Shupannya (Grocery Shop)
- Shucharu (Laundry)
- Shubesh (Tailoring)
- Api-Culture
- Srijoni (Carpentry Shop) etc.

## b) Micro Enterprise Development (MED)

The objective of MED is to encourage the poor women in getting involved into non-traditional non-farm enterprises simultaneously with their domestic work. These enterprises require small space and one can even temporarily spare their living spaces to do these activities. Most of these enterprises provide rural women with an alternative source of income. Some of these enterprises are: cosmetic factory, ball pen factory, mini garments, bakery, candle making, cane making, mosquito coil factory, wooden toy making, sandal factory, chocolate making, *chanachur* (kind of snack) making, jute handicrafts, spice grinding factory, pulse packing, tooth powder making, rice mill, etc.

For MED programme, relatively backward regions are given priority. Special emphasis is given on training because MED believes that field staff and VO members' involvement is necessary in appropriate enterprise establishment and development. In 1997, MED started in 50 BRAC areas and by 2000, the programme has been expanded to all BRAC working areas. Up to December 2000 a total of 1,694 enterprises were launched by MED.

### MED Enterprise Selection and Implementation Process

When an idea comes from the village level, the respective field staffs review them. S/he carries out a feasibility study and makes an appraisal in a given format. While doing the feasibility study s/he has to keep main focus on viability, market and the investment cost of the enterprise. From a primary background of study, an extensive feasibility study focuses on the technical, financial, socio-economic and management aspects of the selected enterprise.

MED staff always provide guidance in selecting enterprise, entrepreneurs, operation, credit amount, etc. They also follow up, monitor and give suggestions on activities. MED programme is a new possibility in achieving the goal and objectives of BRAC's credit programme by developing enterprise and entrepreneurs.

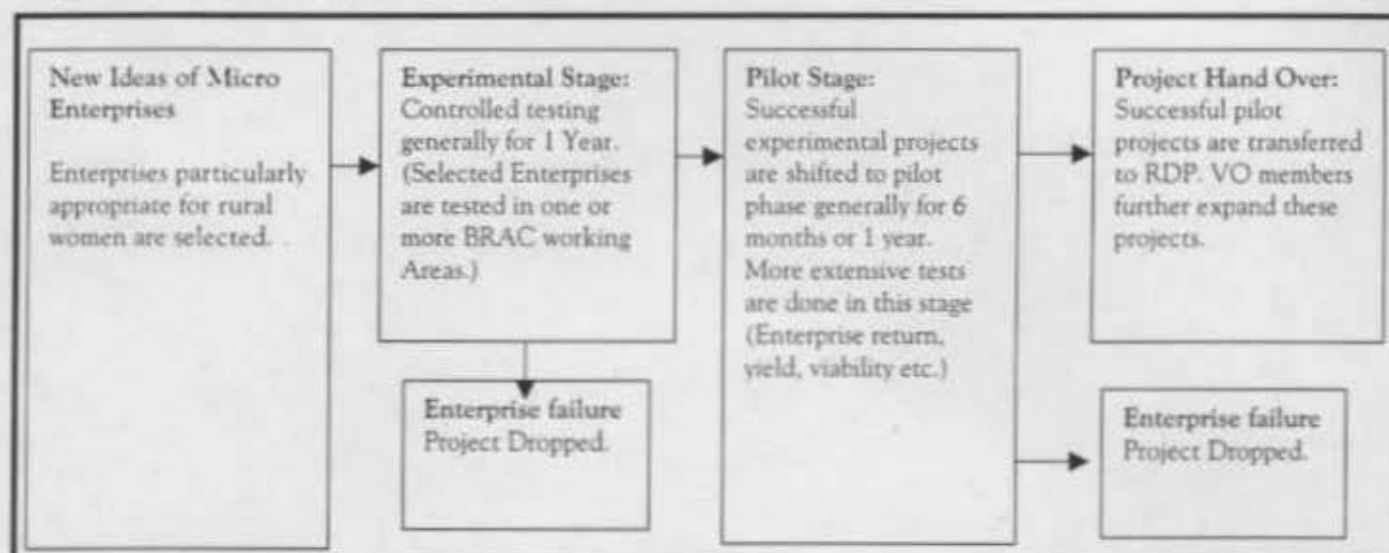
## Programme Implementation And Management

REP works at two levels. One is *Experimental* and the other is *Pilot* level. Any selected enterprise is first tested in one or more of BRAC's working areas. Experimental enterprises are those, which are new to rural women or to a community, considering rural tradition and culture. Any enterprise at this stage goes through controlled testing. If the experimentation becomes successful, the initiative is then shifted to pilot stage. Enterprises that start as an experiment are generally classified as pilot after about a year. But in some critical cases the experimental stage can last for several years. After a pilot enterprise operates successfully for 6 months or for a year, it is handed over to RDP for expansion.

REP has a well-designed management structure. Manager-REP based at the head office is responsible for the overall management, operation and performance of the unit. There are three Senior Area Managers based at head office reportable to the Sr. Regional Manager (SRM-REP & NEER). At the field level NEER is implemented by the PO (Social Development), PO (MF) and Area Coordinator. PO (SD) is liable for enrolling BRAC School Graduates (BSG) in the VOs. PO (MF) is responsible for involving the VO members in non-farm occupations. Area Coordinator supervises staff in addition to his/her regular responsibilities and co-ordinates activities according to set targets. The Regional Manager and Regional Coordinator supervise activities of Area Office, Regional Programme Organiser (RPO) REP and NEER is based at Regional Office keeps linkage with field and head office, and also monitors programme activities.

Regional Coordinator is RPO's local supervisor though she/he is also accountable to the Sector Specialist at the head office for programme performances.

Figure 3.6.1: BRAC Model For Development: REP



## Major Achievements

During Phase IV, REP has undertaken three different categories of project. The first was on going projects of 1995 (as stated in PP), the second was some new initiatives that was not stated in the project proposal and the final category was some future projects mentioned in the PP. All these projects were undertaken during Phase IV. In this period a total of 64 projects were initiated of which, at the end of December 2000, 13 were in experimental phase, 12 were in pilot phase and 26 projects was handover. 2 projects were unsuccessful and for some reasons 11 projects were not started.

Table 3.6.1: Project Status at the End of Phase IV

REP Projects	Total	Project Present Status (December 2000)				
		Experimental	Pilot	Handed Over	Unsuccessful	Yet Not Started
Ongoing (1995)	15	-	-	13	2	-
New Initiatives	18	10	1	7	-	-
Future Projects (1995)	31	3	11	6		11
<b>Total</b>	<b>64</b>	<b>13</b>	<b>12</b>	<b>26</b>	<b>2</b>	<b>11</b>



The status of all on going projects (1995) is summarised in the following table:

Table 3.6.2: Status of Ongoing Projects (1995) in Phase IV

Sl. No	Particulars	Number (1994)	1996	1997	1998	1999
1	Apiculture boxes	1,157	Pilot	Hand Over		
2	Brick Field	9	Pilot	Pilot	Hand Over	
3	Carpentry W/S	29	Experimental	Experimental	Pilot	Hand Over
4	Mechanical W/S	24	Experimental	Experimental	Unsuccessful	
5	Godown	1	Pilot	Pilot	Unsuccessful	
6	Agro-forestry (Acre)	417	Pilot	Pilot	Hand Over	
7	Vegetable Seed Production	12	Pilot	Hand Over		
8	Prawn Hatchery (Acre)	1	Pilot	Hand Over		
9	Silk Weaving (Weaver)	40	Pilot	Hand Over		
10	Silk Reeling (Basin)	210	Pilot	Hand Over		
11	Endi Project (Wheels)	1,950	Pilot	Hand Over		
12	Incubator	10	Pilot	Hand Over		
13	Grafting Nursery	3	Pilot	Pilot	Hand Over	
14	Restaurant	788	Pilot	Hand Over		
15	Grocery	2,097	Pilot	Hand Over		

REP is working in search of new enterprises for increasing employment opportunities for the BRAC VO members. During 1996-2000 REP conducted experiment on some business apart from its schedule projects. A list of such projects and their present status is given in the table below.

Table 3.6.3 : New Initiatives During Phase IV

Sl. No	Item	1997	1998	1999	2000	2001	2002	2003
1	Bio-gas		Exp.	Pilot	Hand Over			
2	Hot Box		Exp.	Pilot	Hand Over			
3	Improve Stove		Exp.	Pilot	Hand Over			
4	Solar Energy Program		Exp.	Pilot	Hand Over			
5	White Salt Production				Exp.	Pilot	Hand Over	
6	Fishermen Net Making			Exp.	Pilot	Hand Over		
7	Micro-Enterprise Development	Exp.	Pilot	Hand Over				
8	Agriculture by Modern Cultivation Technique				Exp.	Pilot	Hand Over	
9	Hybrid Paddy Cultivation				Exp.	Exp.	Pilot	Hand Over
10	Hand Made Paper				Exp.	Pilot	Hand Over	
11	Garbage for Fertilizer				Exp.	Pilot	Hand Over	
12	Power-Loom			Exp.	Exp.	Pilot	Pilot	Hand Over
13	Garment Waste Processing				Exp.	Exp.	Pilot	Hand Over
14	Iodized Salt Production	Exp.	Exp.	Pilot	Hand Over			
15	Electric Industry				Exp.	Exp.	Pilot	Hand Over
16	Banana Cultivation (Tissue Cultured)			Exp.	Exp.	Pilot	Hand Over	
17	Photography by BSG				Exp.	Pilot	Hand Over	
18	BSG Employment		Exp.	Pilot	Hand Over			

The status of all projects that were targeted in 1995 is summarised in the following table:

Table 3.6.4: Status of All REP Projects in Phase IV

Sl No.	Future Projects	Current Status					Remarks
		1996	1997	1998	1999	2000	
1	Vegetable Transportation		Experimental & Pilot	pilot	Hand Over		It started as an experimental project then transferred to pilot project of REP and now it is an ongoing project of RDP. BRAC supply HYV seeds to the farmer and after production BRAC purchase the vegetable for marketing.
2	Vegetable Marketing		Experimental & Pilot	Hand Over			...ready RDP has launched the marketing program.
3	Ball pen factory	-	-	Experimental	Pilot	Pilot	The project will be handed over at the end of year 2001.
4	Ice Factory				Not yet started	Not yet started	Feasibility study shows that ice factory is not suitable for VO members. That's why REP has dropped this project.
5	Spice Factory				Pilot	Pilot	The project will be handed over on September 2001.
6	cotton plantation		Experimental	Pilot	Pilot	Pilot	It is supposed to started from 2000 but Micro Enterprise Development (MED) wing of REP has already experimented and piloting the project due to its feasible condition.
7	Mini store (cold & normal)				Not yet started	Not yet started	REP is trying to start the program during the year 2000 as per project proposal.
8	Soybean plantation processing				Not yet started	Not yet started	REP is testing the feasibility of the project.
9	Soybean Oil				Not yet started	Not yet started	REP will start feasibility testing during the year 2000.
10	Lemon Cultivation	Experimental	Pilot	Hand Over			REP has Hand over the project to RDP.
11	Poultry Feed	Experimental	Pilot	Hand Over			It is an on going project of RDP.
12	Shon pappy				Not yet started	Not yet started	BRAC did not start the project because of its non feasible condition.
13	Hardware Factory				Not yet started	Not yet started	BRAC did not start the project because of its non-feasible condition.
14	Wooden toy			Experimental	Pilot	Pilot	REP's on going pilot project.
15	Candle Factory			Experimental	Pilot	Pilot	REP's on going pilot project.
16	Chalk				Pilot	Pilot	REP's ongoing pilot project
17	Tempo				Not yet started	Not yet started	BRAC did not start the project because of its non feasible condition
18	Silk twisting (spindle)			Experimental	Pilot	Pilot	REP's ongoing experimental project.
19	Char coal making				Experimental	Pilot	REP's ongoing experimental project
20	Broiler (poultry rearing)				Hand Over		Activities are going through in RDP.
21	Mixed silk				Not yet started	Not yet started	REP will start this program during the year 2000

Sl No.	Future Projects	Current Status					Remarks
		1996	1997	1998	1999	2000	
22	Threadlike pump making				Not yet started	Not yet started	REP will start this program during the year 2000
23	Rice seed production	Experimental	Pilot	Hand Over			Presently this is an extension program of RDP.
24	Orange Grafting				Not yet started	Not yet started	REP will start this program from 2000
25	Tissue Culture		Experimental		Pilot	Pilot	REP's on going pilot project.
26	Binding Factory				Not yet started	Not yet started	BRAC did not start the project because of its non feasible condition
27	Tannery			Experimental		Experimental	Launched with MED project.
28	Sandal Factory (sponge)			Experimental			Launched with MED project.
29	Bush Plantation (Mulberry)				Not yet started	Pilot	REP's on going pilot project.
30	Dying (silk & Cotton)			Experimental	Pilot		On going pilot project of REP.
31	Cotton weaving (BRAC check)			Experimental	Experimental		On going experimental project of REP.

## Significant Changes

### Non-Farm Enterprise Extension and Reinforcement (NEER) and Micro Enterprise Development (MED)

- Job creation in non-farm activities should get significant attention compared to farm sectors in our country, as farming activities are highly seasonal and a significant number of labour forces is joining the job market every year despite less employment opportunity. Therefore the main objective of NEER is to increase the participation of women in non-farm activities and ensure additional income through entrepreneurship development so that woman can take a key role in the development of family. Till December 2000, 4556 Suruchi, 43 model suruchi, 16,985 suparna, 2,247 sucharu, 7,037 subesh, 9,608 BGS employment and 1,565 Api-culture project were initiated under NEER.
- To achieve REP's goal precisely, the Micro Enterprise Development (MED) programme was launched in 1997. The object of MED is to encourage the poor women in getting involved into different non-farm enterprises. In MED programme, comparatively economically backward regions are given priority. Special emphasis is given on training because MED believes that field staff and VO members' involvement is necessary in appropriate enterprise establishment and development. In 1997, MED worked in 50 BRAC areas and in 2000, the programme was expanded to all the BRAC working areas. By December 2000, 1,694 enterprises were launched by MED.

- REP has made significant achievement in the area of renewable energy and bio-gas plants. BRAC has initiated these programs to provide more affordable sources of energy to the rural women. Up to 2000, the programme has handed over 1,250 bio-gas project, 490 hot box, 1,25,120 improve stove among the members. The solar energy programme is an integrated, multi dimensional, multi purpose project consist of PV system, grid interacted and wind turbine. Up to 2000, 270 PV system, 3 grid interacted and 11 wind turbine have been handed over.
- During this period, REP has initiated so many projects as an experimental basis. Those are white salt production, hand made paper, garbage for fertiliser, garment wastage processing, electric industry, bakery and photography project and pilot fishermen net making.
- REP has also experimented, piloted and handed-over projects like power loom, banana cultivation, BRAC school graduate employment etc.

## Lesson Learned and Future Plan

- In Phase IV, one of the most innovative projects of REP has been the tissue culture initiated in 1997. One tissue culture laboratory has been established in Dhaka with aims to expand the capacity for producing tubers to the tune of 10,000,000 per year. It is engaged in experimenting for producing healthy stock plants and plantation materials for growers, plant propagators and seed producers in the country.
- In order to create new job opportunities from the off-farm sectors REP started a new experimental project named Artificial Insemination (AI) programme. The objectives of this is to produce and supply quality frozen semen to the artificial insemination centres, and improve the genetic quality of cattle herd up to 50% to enhance milk production. The programme so far has 120 centres
- The solar energy programme was launched in December 1997. The programme is about a vision to be shared and acted upon collaboratively. It is a vision of transforming the world-wide collapsing trend - much due to the rapid depletion of non renewable energy sources (oil, coal, natural gas and uranium), with destructive economic as well as environment consequences - into a sustainable, peaceable and prosperous future.
- Recently BRAC has taken projects such as white salt production, Iodised salt, hand made paper, fishing net making, fertiliser from garbage project, power loom, garments wastage processing.
- REP is giving especial emphasis on sub-centre development project for providing a healthy, hygienic and spacious working space of 12,000 embroidery workers of Ayesha Abed Foundation. REP is planning to establish 225 sub centres by the year 2000 of which 76 have been already established in Manikgonj, Jessore, Kustia, Jamalpur and Sherpur region.
- REP and NEER have shown that it is possible to divert the traditional attitude of employment and income generating activities towards non-traditional or modified enterprises.
- Enterprises will develop based on the availability of raw materials and marketing facility. Proper marketing facility can ensures the fair prices as well as sustainability of the project initiated by the borrowers.
- New job opportunity will have to come from non-farm or off farm activities as most of the possibility in agriculture sector have already been explored. However off farm activities need more



capital and skill than villagers normally have. Now, it has become a challenge to find out those activities that require low capital and can fuel on the skill of group members.

- From 2001, REP will try to select enterprises having high returns. At the same time REP will also attempt to find out enterprises that do not require too much entrepreneurial skill and can be developed on the basis of existing skill level of the participants.
- Simple technologies and raw material availability need to be ensured for the selected enterprises. Those enterprises, which have short gestation period and the prospect of creating long-term employment will be given preference.

## Vegetables Export Programme

### Background

Poor farmers require better skills and knowledge of modern agriculture practices. They also need assistance to obtain fair price for their produce. Vegetable Export Programme seeks to connect these farmers with international markets to bridge the distance between the local producer and the international consumer. BRAC in collaboration with HORTEx Foundation started this programme in 1997-98 with particular focus on vegetables that have high demand in the European markets and could be grown in the climatic and soil conditions of Bangladesh. Training and technical assistance was provided to the small farmers for producing some particular crops, and arranged for packing and transportation to the wholesalers in Europe. In the first year, the first export crop- French bean was introduced and 27 tons of beans was exported successfully to England, France, Belgium and Holland. After 3 years of starting, the programme has gained both qualitative and quantitative changes and now the programme is capable of exporting more than 100 tons of beans to markets in Singapore, Europe and Dubai.

The main objectives of the vegetables export programme are

- To develop trained farmers,
- To increase quality and efficiency of farming,
- To provide farmers with fair prices for their crops,
- To create wage employment through its grading, cooling and packaging facilities and
- To highlight Bangladesh in the international export market.

Programme objectives are met through the introduction of new crops, improvement of indigenous crops, adoption of new technologies and training, provision of quality inputs and efficient sorting, packaging and transport facilities and perhaps most vitally, through initiating and maintaining relationships with the wholesalers in Europe, East Asia and Middle East.

### Programme Implementation and Management

In the vegetable export programme, contract farmers are provided with training and inputs such as seed and fertilisers, and BRAC guarantees a fixed price for the vegetables at the time of planting. This provides the farmers with security against price fluctuation of commodities in the export market. BRAC also buys the vegetables at comparatively higher price than farmers could get from the local market or middlemen.

After harvest, BRAC works to insure the quality and freshness of the produce. Crates are provided to the farmers to bring their harvest to local pack houses for sorting and processing. The vegetables are then sorted according to quality packed and moved to the cooling centre in Chandina, Comilla. The vegetables are cooled according to their specific optimum transport temperatures and loaded into cool trucks. Vegetables are transported by special trucks and brought to Dhaka from where vegetables are flown out daily on flights to different international destinations.

## Major achievements

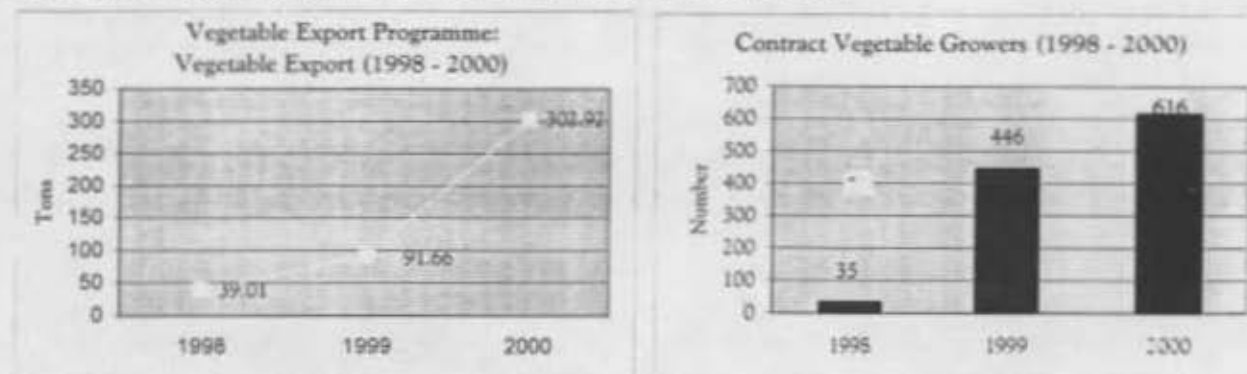
At present, indigenous crops like green chilli, bitter gourd, Kantola, long beans, bottle gourd, Okra and Broccoli are cultivated and exported. Following table and graphs show item wise export and total export growth of the vegetable export programme during Phase IV.

Table 3.7.1: Total Export of Various Kinds of Vegetables (1998 – 2000)

Particulars (in tons)	1998	1999	2000	Total	%
French Beans	32.29	39.43	86.14	157.86	36.41%
Potato		26.00	90.80	116.80	26.94%
Green Chili	2.32	20.18	83.60	106.10	24.47%
Bitter Gourd, Broccoli, Bottle Gourd, Okra, Betal Leaf etc.	4.40	5.01	15.16	24.57	5.67%
Long beans		0.73	14.56	15.29	3.53%
Kantola		0.31	12.66	12.97	2.99%
Total	39.01	91.66	302.92	433.59	100%

BRAC vegetables export programme is also working in several areas (mainly Chandina, Comilla) to develop skilled farmers by introducing them with modern technologies. Up to 2000, a total number of 13,000 women were employed in packaging house and about 1,097 contract farmers were engaged in vegetable cultivation. The following graphs show year wise vegetable export and development of skilled farmers.

Graph 3.7.1: Vegetable Export and No of Contract Growers (1998-2000)



## Major Challenges of Vegetable Export Programme:

The vegetables export programme, while still in its early stages has proved successful in providing local farmers with regular incomes, upgrading their skills and knowledge, and providing them with quality inputs which allow them produce high quality vegetables that are in demand on the global market. But the programme faces challenges as well. The export capacity of BRAC farmers is limited by

- The shortage of space for air cargo departing from Bangladesh.
- Poor ground service,
- Flight cancellation and delay and off loading are especially problematic given the perishable nature of these exports.

## Significant Changes

- Vegetable Export Programme introduced improved new varieties of crops, adopted new technologies to ensure quality and efficiency of inputs and provided training. All of these were done to develop farmers, increase quality and efficiency of farming, ensure fair prices to farmers and create wage employment opportunities.
- The farmers of the programme are using fertilisers, pesticides and other chemicals in the cultivable lands as standard prescribed by the European community. This level was achieved to compete successfully in the international market.

## Lesson Learned and Future Plan

- The program has been able to develop the skill, quality and efficiency of the contract farmers of vegetable program in comparison with general farmer.
- These farmers are at present very much aware of plantation, harvest, time, use of all chemicals and fertilisers etc.
- A group of women have been trained, who are now able to do grading, sorting and packaging in an efficient and well organised way rather than as part time workers.
- Quality control is the key for product expansion in the market. Staffs have the ability to maintain the quality of the product. This quality was achieved through working experience and practical learning.
- Through performing the activity, the program has extensive knowledge about transportation system, storage, cooling system, perishability of products etc.
- Lack of aircraft space facility, storage system and cooling house are the major hindrances of expansion the program through out the potential areas of our country, which limit export and production potential.
- Lack of automated packaging house in different areas of our country.
- The vegetable export programme ensures fair prices for the products produced by the contract farmers. This is crucial if farmers are to be encouraged into producing such non-indigenous product.

BRAC plans further expansion of the programme in which a wide range of vegetables will be exported to different international destinations. The strategic planning of export programme is composed of short, medium and long-term product development. In the short term, BRAC aims to find markets for vegetables that are immediately available for export such as French beans, chilli, kantola, bitter gourd, betel gourd, long beans, potato, okra, ridge gourd among others. For medium term product development, BRAC will examine existing export markets where Bangladeshi produce could compete if quality and efficiency was improved through coordination, organisation and training. The programme's medium term goals are to export ginger, bird's eye chilli, yellow chilli, baby pineapples and seasonal fruits. Finally, long-term development involves crops that require a significant degree of technological advance to be effectively produced for export. BRAC will try to determine of appropriate technology can be effectively dissemination to the fixed to generate these high quality crops. BRAC is also investigating the possibilities

of organic farming and obtaining the credentials for a fair trade stamp so its vegetables could be more effectively marketed abroad. Following are few steps that BRAC is planning to implement:

- In order to expand the vegetable export programme, BRAC is in the process of establishing an automatic packing house where all facilities like packaging, cooling, storing etc. will be there for up stream super markets of various destinations.
- Expansion of market in future especially in Japan, Hongkong, Middle East and some selected EC countries.
- BRAC is also investigating the potential of organic farming.
- Negotiation is under way with OXFAM, UK for fair trade stamps, which will open the opportunity for BRAC to obtain the credentials for more effectively marketing the product abroad.



## EIG: Cost Recovery

### Background

RDP realises service charge from five sector programmes: Poultry & Livestock, Fisheries, Social forestry, and Sericulture Horticulture and Vegetable Programme. These sector programmes are specialised ventures that are undertaken with the objectives of income and employment generation. Again these programmes need input supply, training, supervision and monitoring, and therefore require specialist staff and business development services. The interest income from credit is not sufficient to meet additional costs of these. BRAC Sector Programmes thus were designed to collect service charge from the beneficiaries to cover the cost of services provided to them.

### Cost Recovery of Sector Programmes (as per Project Proposal)

As per project proposal (RDP IV 1996-2000) a summary picture of the total projected service charge collection for each sector as well as the estimated costs for running the programme are presented in the following table. The costs include the staff salary and training costs and HO overhead and the costs have been adjusted for inflation.

Table 3.8.1: Cost Recovery % for the Sector Programmes (as per Project Proposal)

	996	997	998	999	000	total
<b>Service Charge Realized</b>						
Poultry and Livestock	265,000	651,250	1,864,250	3,825,500	4,769,000	4,378,000
Fisheries	997,170	773,050	1,082,190	3,363,520	1,085,725	4,301,655
Social Forestry	86,000	15,500	18,000	1,093,500	2,442,000	455,000
Sericulture and Silk Development	40,000	500,000	520,000	200,000	625,000	5,985,000
Horticulture and Vegetable	944,500	1,092,000	1,172,000	1,932,500	2,102,500	7,343,500
<b>Total Service Charge Realized</b>	<b>5,532,670</b>	<b>4,031,800</b>	<b>5,556,440</b>	<b>7,418,020</b>	<b>9,924,225</b>	<b>49,463,155</b>
<b>Cost</b>						
Poultry and Livestock	2,754,469	2,209,131	2,709,253	4,409,699	3,457,187	47,539,239
Fisheries	2,454,038	3,828,927	4,202,935	4,029,197	4,975,401	34,490,495
Social Forestry	4,928,548	5,578,270	5,230,366	5,301,008	7,073,942	2,112,434
Sericulture and Silk Development	5,118,016	7,907,830	2,426,710	1,144,947	3,725,155	5,322,658
Horticulture and Vegetable	3,104,210	5,009,159	7,213,305	7,960,807	8,210,706	3,508,187
<b>Total</b>	<b>5,359,551</b>	<b>19,533,317</b>	<b>15,782,569</b>	<b>13,845,658</b>	<b>17,452,391</b>	<b>11,973,516</b>
<b>Service Charge/Operating Costs</b>						
Poultry and Livestock	5%	2%	5%	7%	3%	7%
Fisheries	1%	5%	2%	5%	5%	2%
Social Forestry	%	%	%	%	%	%
Sericulture and Silk Development	%	0%	2%	5%	4%	7%
Horticulture and Vegetable	5%	2%	2%	0%	3%	5%
<b>Total</b>	<b>2%</b>	<b>2%</b>	<b>2%</b>	<b>5%</b>	<b>2%</b>	<b>2%</b>

Note: Costs include all staff salaries and benefits and HO overhead. The total has been adjusted for inflation.

## Cost Recovery of Sector Programmes (Phase IV Actual)

At the end of year 2000, sector programmes recovered 29% of cost from its service charge. Among the EIG components, poultry programme has covered 41% of its costs and showed an increasing service charge collection and decreasing costs over the year. On the other hand, social forestry managed to realised on 9% of cost from service charges. The following tables show the present status of service charge realisation, sector costs and current cost recovery of sector programmes.

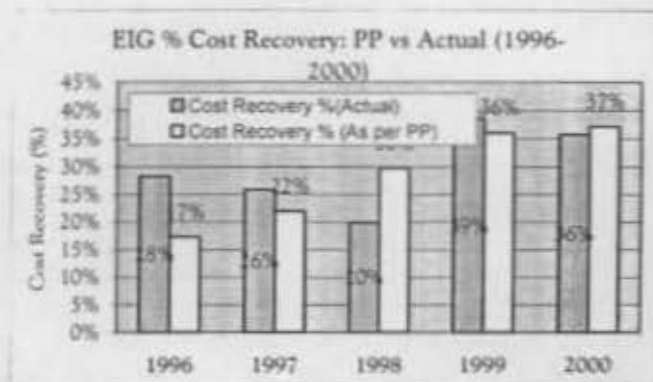
Table 3.8.2: Cost Recovery % for the Sector Programmes (Actual)

	1996	1997	1998	1999	2000	Total
<b>Service Charged Realized</b>						
Poultry and Livestock	8,633,444	10,745,261	8,908,138	13,435,531	15,520,059	60,242,434
Fisheries	4,636,911	5,059,155	7,687,077	10,430,824	11,094,017	38,907,984
Social Forestry	1,220,130	758,130	952,067	1,545,316	1,746,492	6,242,434
Sericulture and Silk Development	2,475,428	3,185,946	2,468,638	1,951,288	1,793,060	38,907,984
Horticulture and Vegetable	4,626,303	5,450,258	8,247,329	10,028,984	11,325,770	6,220,135
<b>Total Service Charge Realized</b>	<b>21,592,216</b>	<b>25,198,751</b>	<b>28,263,249</b>	<b>37,389,943</b>	<b>44,479,398</b>	<b>11,574,360</b>
<b>Cost</b>						
Poultry and Livestock	25,452,468	36,031,683	55,501,015	5,126,056	23,082,750	145,193,972
Fisheries	13,394,792	15,814,139	27,366,615	26,304,954	24,035,492	106,906,025
Social Forestry	6,717,417	9,272,539	12,707,501	22,994,198	19,722,087	71,413,742
Sericulture and Silk Development	18,468,674	16,339,686	18,843,048	17,655,264	23,233,944	94,570,616
Horticulture and Vegetable	12,434,264	20,094,123	27,538,947	24,689,628	34,356,530	119,113,492
<b>Total</b>	<b>76,469,611</b>	<b>97,554,167</b>	<b>141,959,127</b>	<b>96,802,129</b>	<b>124,422,803</b>	<b>537,207,837</b>
<b>Service Charge/Operating Costs</b>						
<b>Total Sector Programme</b>	<b>28%</b>	<b>26%</b>	<b>20%</b>	<b>39%</b>	<b>36%</b>	<b>29%</b>

## EIG: Cost Recovery Analysis

Graph 3.8.1: Comparison of EIG Cost Recovery

Yearly Over the past three years, sector programs observed significant improvement in cost recovery. Fisheries, social forestry and essential health care (not listed here because it is highly subsidized) contributed to this improvement. Fisheries programme, observed a very positive trend of cost recovery in last two years as its cost recovery percentage increased from 28% in 1998 to 46% in year 2000. At present, Fisheries programme is the best performing sector among all other sector programmes. Besides, Sericulture programme showed a declining trend in cost recovery, which could be interpreted as an unsuccessful initiative that needs further investigation. Costs in agriculture (vegetable and horticulture) rose as the programme spent a significantly portion of money to train 20 extension workers in each area office.



Poultry and Livestock, Fisheries, Social forestry, and sericulture Programme showed efficiency as actual cost incurred of these programme is less than what was thought to be. On the other hand, every

component, except sericulture collected more service charges than this was target in the project proposal. By, overall sector programme managed to achieve its target i.e, 29% of its cost from its service charge realization. Following table summaries target and achievements of cost and service charge realization of EIG programme components during phase IV.

Table 3.8.3: Sector Wise Comparison EIG Cost and Service Charge Realisation: Project Proposal Vs Actual

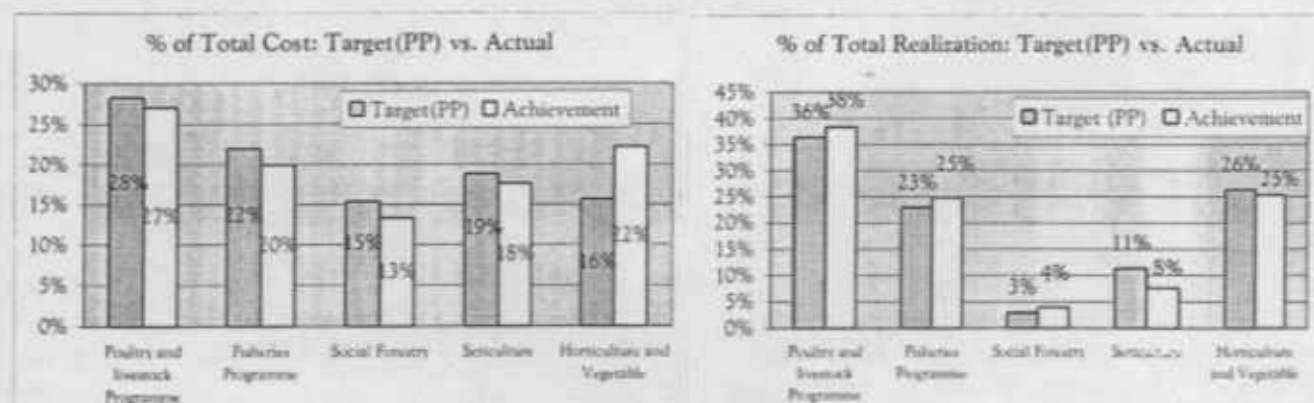
Particulars	Cost as per PP	Actual Cost	% Achieved	Realisation Target (PP)	Actual Realisation	% Achieved
Poultry and livestock Programme	147,539,739	145,193,972	98%	54,378,000	60,242,434	111%
Fisheries Programme	114,490,498	106,906,025	93%	34,301,655	38,907,984	113%
Social Forestry	80,112,434	71,413,742	89%	4,455,000	6,220,135	140%
Sericulture	95,322,658	94,570,616	96%	16,985,000	11,874,360	70%
Horticulture and Vegetable	81,508,187	119,113,492	146%	39,343,500	39,678,644	101%
Total	521,973,516	537,197,847	103%	149,463,155	156,923,557	105%

Again, the following EIG year wise cost recovery performance table indicates that EIG cost recovery was on target except in the year 1998. The only reason was that, the whole EIG programme was badly hit by the devastating flood in that particular year.

Table 3.8.4 : Year wise Comparison -Cost and Service Charge Realisation: PP Vs Actual (1996-2000)

Year	Cost PP	Actual Cost	% Achieved	Realisation Target (PP)	Actual Realisation	% Achieved
1996	95,361,577	76,469,611	80%	16,532,670	21,592,216	131%
1997	109,535,314	97,554,167	89%	24,031,800	25,198,751	105%
1998	105,784,567	141,959,127	134%	31,556,440	28,263,249	92%
1999	103,847,657	96,802,129	93%	37,418,020	37,389,943	100%
2000	107,454,391	124,422,803	116%	39,924,225	44,479,398	111%
Total	521,973,516	537,207,837	103%	149,463,155	156,923,557	105%

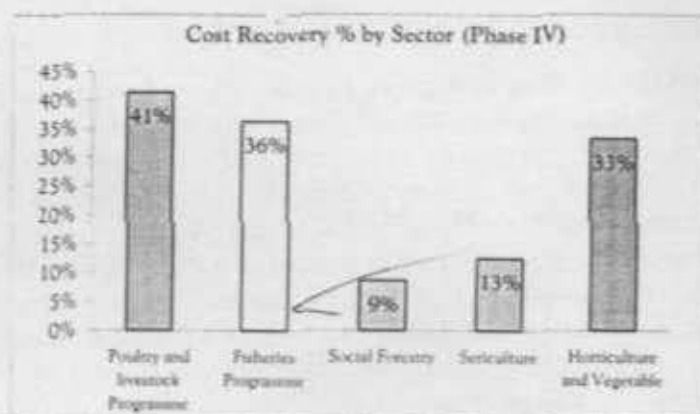
Graph 3.8.2 : Comparison of % of Total cost and % of Total Service Charge Realisation: PP Vs Actual



## Lessons Learned

- Although the sector programmes did not recover enough service charge to meet their full expenses due to a number of difficulties in programme implementation, improvement in the recovery trend attained a satisfactory level.
- In future, BRAC should concentrate more on Poultry and Livestock, Fisheries and Agriculture sector as these three components showed comparatively high cost recovery and a promising cost recovery trend.

Graph 3.8.3 : Cost Recover % by sectors: 1996-2000



- The recovery process in Phase IV proved the point that service charge should be fixed on easily quantifiable and direct income generating components. During Phase IV, major portion of service was collected at the time when service was delivered.
- Natural calamities have been largely responsible for the low recovery in EIG Programmes. During Phase IV, especially in 1998, it was difficult for both sectors to recover the targeted amount due the devastating flood that almost wiped every EIG activities.
- It has been observed that the realization of service charge is largely dependent upon the income of the beneficiaries. Realization becomes extremely difficult for projects that incur losses; but on the other hand, the beneficiaries readily pay up if the projects make profits. Regular and timely input supply and correct supervision ensure profitability of projects.
- Irregular input supply or lower quality input is it causes low return and consequent low realization of service charge. Quality input and service are necessary pre-requisites for a successful recovery system. In Phase III, beneficiaries of both Vegetable/Social Forestry and Sericulture programmes had low income and low repayment as they received low quality seed and eggs (DFL) and irregular input supply.
- The need to improve technical knowledge of all programme staff has been felt. Technical know-how of the POs in the Agriculture Programme has sometimes been found inadequate for the advance farmers.

## Programme Support Enterprise (PSE)

### Background

BRAC supported enterprises provide income for BRAC programmes and provide essential inputs like poultry and dairy feed, day old chicks, silkworm eggs, post larvae and vegetable seed to the group members in an effort to further strengthen and ensure the maximum return as our members expand their enterprises. Local industries and/or government are unable to supply all of these inputs in sufficient quantity or quality; therefore BRAC established a number of Programme Support Enterprises to supply these inputs. Timely supply of good quality inputs is a major factor that affects enterprise returns and their contribution towards poverty alleviation. These support enterprises include poultry farms for the production of day old chicks; feed mills for producing poultry and livestock feed; prawn hatcheries for post larvae production; seed production centres for the vegetable programme, reeling centres for yarn production and grainages for silkworm egg production. According to the Project Proposal (1996-2000) there will be 3 poultry farms, 3 feed mills, 5 prawn hatcheries, 2 seed production centres, 10 reeling centres, and 10 grainages.

Table 3.9.1: Current status of Programme Support Enterprises (December 2000)

	Poultry	Feed Mill	Prawn hatchery	Seed Processing Centre	Silk reeling centre	Grainage
PP Target	3	3	5	2	10	10
SSB Target (Revised)	2	2	10	2	2	13
Achievement	2	2	7	2	2	12
<b>Total Production Capacity</b>						
PP Target	1.5 m day old chicks per yr.	12,600 ton per yr.	15 m. post larvae per year	60 ton per yr.	150 tons per year	10 m. DFL
SSB Target (Revised)	1.6 m. day old chicks per yr.	17,500 ton per yr.	13 m. post larvae per year	60 ton per year	3.2 tons per year	1.6 m. DFL
Enterprises Capacity	4 m. day old chicks per yr.	12,600 ton per hr.	13 m post larvae per year	500 ton per year	2.43 tons per year	1.6 m. DFL
<b>Capacity Utilisation</b>						
PP Target	80%	80%	100%	83%	100%	100%
SSB Target (Revised)	80%	80%	100%	83%	100%	81%
Utilised capacity	100%	87%	80%	100%	76%	100%
<b>Place</b>						
	Ahlabipur (Rajbari), Sherpur (Bogra)	Manikgonj, Nilphamary	Jessore, Faridpur, Comilla, Rajendrapur Pabna, Bogra, Barisal,	Sreepur, Sherpur	Atgharia, Jamalpur	Shomvoganj, Shibaloy, Rajendrapur, Trishal, Dinajpur, Sherpur, Rajapur, Pabna, Jhikorgacha, Magara, Rajbari, Manda
<b>Total Number of Staff</b>						
	Staff 12 Worker 40	Staff 7 Worker 33	Staff 15 Worker 29	Staff 12 Worker 110	Staff 4 Worker 120	Staff 24 Worker 150



## Components of PSE

### Poultry Farm

The poultry and livestock extension programme is one of the core interventions in this sector. To increase the availability of quality chicks at competitive price and provide support to poultry extension programme, BRAC has established four poultry farms and hatcheries around the country. At present, an annual input of 15 million day old chicks is required for the BRAC poultry rearing activities.

#### *Significant Changes of Poultry Farm*

To meet up the extensive demand of day old chicks under employment and income generating activities of the rural poor, BRAC planned to set up two poultry farms during RDP Phase IV in order to meet the supply shortage of day old chicks. The first farm was established in Allahadipur, which started operation from March 1997. The second one was established at Sherpur, Bogra in 1998. These two farms together have production capacity of 4 million day-old chicks per year, which is above the PP and revised target of 1.5 and 1.6 million respectively. This was achieved due to good production, proper supply and right parent stock planning. Here a total number of 52 staffs and workers are working.

The price per chick is being set up at Taka 13, which is 13% below that of the comparable quality of day old chicks from other farms. BRAC delivers these chicks at the rural locations of its poultry programme areas.

#### *Lesson Learned and Future Plan Future Plan (Poultry Farm)*

- Proper planning for replacement of parent stock is essential to ensure maximum production.
- Bio- security is essential for the development of poultry sector. The increasing trend of demand of poultry is observed.
- Trained, skilled and experienced staffs are essential for the development of poultry sector.
- To meet the demand for broiler chicks, BRAC is going to set up 2 broiler farms.
- BRAC has also planned to set up another farm for layer production.
- BRAC will ensure the supply of good quality chicks to farmers.

### Feed Mills

Since 1992, BRAC is supplying feed ingredients to the poultry rearers. BRAC used to train feed sellers to prepare poultry-livestock feed by mixing these with other locally available ingredients to meet the partial need of rural poultry rearers. But with the adoption of high yield variety (HYV) birds and the expansion of BRAC's poultry and livestock programme rearing activities, the demand for balanced feed has increased enormously. In response to this demand, BRAC has established three feed mills in Manikgonj, Nilphamari and Sreepur (Gazipur).

#### *Significant Changes*

In 1996, BRAC set up two feed mills, one at Manikgonj and the other at Nilphamari. The production capacity of these mills is 10,000 tons and 7,500 tons respectively. The mill at Manikgonj went to production from December 1996. The mill at Nilphamari started operation from January 1997.

The feed price is set slightly below the market price, and is delivered to the groupmembers through RDP network. In April 2000, BRAC established its largest feed mill in Sreepur, Gazipur. The total production capacity of these feed mills was 12,600 tons, which was as on PP and revised target. In these centres, 7 staffs and 33 workers are employed to perform the activity.

#### *Lesson Learned and Future Plan (Feed Mill)*

- Instability in the price level of some raw materials affects the price of finished goods (feed mill).
- Quality is very important to compete in the competitive market. Quality product has very much demand in the market.
- Hartal and political instability often badly affect the production and distribution.
- Due to high demand of feed mill, BRAC management has planned to establish another feed mill.
- BRAC will promote more maize production as raw material for poultry feed.

### **Fish and Prawn Hatchery**

The decline in the supply of fish from open water sources and increasing demand for consumption resulted in increased dependency on culture-based fisheries. Learning from years of field experiences in aquaculture extension programme, BRAC realised that unavailability of quality seed is one of the major obstacles for aquaculture development. With the aim of ensuring quality fish spawn and prawn post larvae to the rural people as well as to make prawn nursing and carp-prawn polyculture popular to the rural people BRAC took initiative in 1994 to establish fish and prawn hatchery. BRAC established the first prawn hatchery in Jessore, which went into production from 1995. Later BRAC proposed to set up 5 prawn hatcheries as a part of its PSE with an annual production capacity of 13 million post larvae during RDP phase IV (1996-2000). By the end of 1995 BRAC started constructing 4 prawn hatcheries, and all these hatcheries started production from July 1996.

The objectives of BRAC fish and prawn hatcheries are:

- To ensure the distribution of environmentally safe fish spawn and post larvae to the rural people,
- To make prawn nursing and culture activities popular among the rural people in order to enhance their income level.

The production capacity of each prawn hatchery is between 1.5 to 2 million post larvae per year. The production capacity of each of the fish hatchery is 500 kg/yearly of fish spawn.

Each hatchery has a network of nursery operators in the adjacent districts. BRAC hatcheries market prawn post larvae and fish spawn mostly to the nursery operators under aquaculture extension programme and a portion to privately owned nurseries. The nursery operators are provided with 10 days training on nursery operation, fish culture and extension approach. After getting training they are involved in nursery activities and work as Fish Extension Worker (FEW).

Manager (hatchery) is responsible for the overall implementation, planning of the respective hatchery and its staff. S/he is assisted by 2/3 hatchery technician and hatchery assistant. BRAC and other organisations provide the hatchery staffs with training. Regular workshops are arranged for their better capacity development. Senior Regional Manager based at head office responsible for over all implementation, planning, and staff management of these all hatcheries.

### **New Initiatives**

BRAC signed an MOU with BFRI for its cooperation in BRAC's Brood fish development project in Sreemongol. The production capacity of the project is targeted at 40 MT of different species of brood fish annually. The spawns will be collected from different water bodies like Halda, Jamuna and Padma river and also from some selected hatcheries.

### **Significant Changes**

BRAC establishes and operates seven fish and prawn hatcheries located near BRAC Training and Resource Centres (TARC). The hatcheries are situated in Gazipur (Rajendrapur), Bogra (Sherpur), Pabna, Barishal, Comilla, Jessore and Faridpur districts. Seven hatcheries produce prawn post larvae and only four hatcheries (in Rajendrapur, Pabna, Bogra, Barishal) produce fish spawn. Hatcheries in Pabna and Gazipur are located in the campus of Fish Hatchery and Training Centre (FHTC) where most of staff development and members training of fisheries programme is usually arranged. BRAC has established the hatcheries in such a way so that assistance could be provided to the programme participants on time. The production capacity of these seven prawn hatcheries is 13 million post larvae per year. 80% capacity was utilised in comparison with PP and revised target of 100% respectively. Due to establishment of new hatchery at the end of phase IV, the average production was not up to the mark. In these seven hatcheries, a total number of 44 staffs and workers are employed.

### **Lessons Learned and Future Plan:**

- Demand for fish spawn and fresh water prawn post larvae is increasing day by day.
- Five fish hatcheries situated in five different locations is not sufficient to cover all geographical area where BRAC fisheries program is working. BRAC need to establish more hatcheries in some potential areas in Bangladesh.
- Supply of quality brood stock in the hatchery is crucial for early fish spawn and prawn PL production.
- There should have centrally big fresh water prawn farm to supply berried prawn early to the hatcheries along with pond facilities to supplement the required berried in the respective hatchery.
- Price and supply of artemia (main live food for prawn larvae that is imported) fluctuate every year, has tremendous impact on hatchery production. BRAC should explore the possibilities of substitute feeding.
- Trained, skilled and effective manpower is essential for effective production and management in the hatchery.

In the future BRAC has planned to do the following:

- BRAC should establish at least another three fish hatcheries to supply good quality fish spawn to the fish farmers.
- BRAC started preliminary task for brood fish improvement programme in Srimongol and plan to initiate a program for freshwater spawn plan may be in Gopalgonj.

- In Srimongol, BRAC is in the process to construct a large fish hatchery having production capacity of 2000 Kg. spawn. A big prawn hatchery is also going to establish having capacity of 10 million post larvae in a year.
- BRAC will undertake some experimental programs to get ideas about
  - i. Getting berried prawn earlier by establishing green house.
  - ii. Re use of saline water by biological treatment, which is now discharging after using for certain days.
  - iii. BRAC also needs to explore the ideas of effective and low cost rearing technique.
  - iv. Experiment the ideas of introducing aeration (supply of air from air blower) system in fish hatchery to reduce water requirement.

### **Seed Processing Centre**

The shortage of high quality seed is one of the major constraints in increasing the productivity of agriculture product in Bangladesh. Only 4.5% of the seed available to the farmers is produced in controlled condition to ensure high quality. Farmers in their own agricultural land produce most of the seed available in local market without ensuring high quality, high yield and disease free varieties. These seeds are processed and stored without any quality controlled.

In 1995-1996, BRAC started its own organised seed production programme aimed to boost up vegetable cultivation and encouraging crop diversification through increased availability of good quality vegetable seeds of improved varieties as well as hybrid seeds of different crops.

### **Significant Changes**

To provide high quality seed to the farmers for boosting up the vegetable cultivation, encouraging crop diversification and meet the additional demand, BRAC has set up two seed-processing centres in Sherpur, Bogra and Sreepur, Gazipur. The production capacity of these two farms altogether is 500 ton per year. At present, the capacity utilization of these two farms is 100%, which is well above PP and revised target. 122 staffs and workers are working in these processing centre. BRAC also has its own seed production programme. After harvesting, the seeds are processed, sorted and packaged at the seed processing centres. Before the seeds are received by the processing centres tests are carried out to determine germination, moisture contents etc. When the level of germination and moisture content are confirmed to be up to the mark these seeds are then stored after cleaning, drying and packaging. Before dispatch the stored seeds go through fortnightly quality test.

### **Lesson Learned and Future Plan**

- In earlier some farmers showed less satisfaction because BRAC was fully dependent on private company. But now they show their interest and satisfaction about BRAC's seed. Presently we are able to produce and supply quality seeds to the farmers' level at proper time that increases the reliability to BRAC.
- Increase the income of contract growers by seed production that expands interest among general farmers to do the same.
- BRAC will produce hybrid rice and vegetable seeds within a couple of years.

- Germplasm Bank will be installed within a year for ensuring preservation.
- Laboratory will be installed to identify the unknown diseases and able to take proper actions.
- To ensure seed quality BRAC will renovate its infrastructure facility and develop its staffs through national and international exposure.

### Grainage Centres

BRAC has been developing sericulture programme as an employment and income-generating activity for the rural poor. About 3 million clutches of silkworm eggs, called disease free laying (DFL) are needed annually as an input to this programme. Sericulture is not a traditional occupation. Therefore, for ensuring the sustainability of the programme BRAC has to supply inputs regularly (DFL and mulberry leaves) and buy back the output (cocoon) in addition to providing credit, training, and technical support.

Bangladesh Sericulture Board (BSB) of government is responsible for the sericulture extension work. Until very recently BSB was the only source of DFL for the BRAC sericulture programme. The programme soon became too large to be supported with just the supply of DFL from BSB. BRAC started preparing plan to produce DFL by importing parent stock (PS) from abroad in 1993. Several makeshift DFL production facilities have been operated by BRAC since then to supplement the supply from BSB. From May 1995, BRAC became the main supplier of DFL to its sericulture programme participants.

In RDP Phase IV, BRAC planned to set up DFL production centres, called grainage, each with the capacity to produce one million DFLs. The grainage is the production centre of DFLs i.e., the commercial eggs for the silkworm rearers. The input of the grainage is silkworm eggs from the PS. Grainage is the last link in the chain of egg production facilities which starts with P3 seed station. At the P3 station, the basic stock, known as the great grandparent stock of the silkworm, is produced through research and development. The eggs produced by the great grandparent stock at P3 station go to the P2 station. From these eggs, the P2 station raises the grandparent stock, and supply eggs laid by the grand parents to the P1 stations. The P1 stations, in turn, raise the PS and supply its eggs to the grainage centres. The amount of one million Taka was budgeted for the construction and operation of the grainage centres. In 1996 construction of two grainages was undertaken. The grainage centres are located at Shambhuganj of Mymensing district and Jhikargacha of Jessore district. Each grainage centre is constructed on 0.1 acre of land.

In each grainage centre there is a designated 'seed area' with about 60-experienced contract growers of seed cocoon. The contract growers receive their input from (P1 eggs) and sell the output (cocoon) to the grainage centre. The Programme Organiser (PO-grainage centre) supervises the rearing. Each grainage has the capacity to grow eight crops in a year.

### Significant Changes

In RDP Phase IV, BRAC planned to set up 10 DFL production centres, called grainage. The grainage is the production centre of DFLs i.e. the commercial eggs for the silkworm rearers. But actually 12 grainages were established during this phase. The capacity of these grainages is 1.6 million DFLs. The capacity utilised is 100%, which is as on PP target. In these grainages, 24 staffs and 150 workers are engaged to do their tasks.



### *Lesson Learned and Future Plan*

- For producing good quality DFLs, seed zone or seed cocoon rearing system is not feasible due to environmental and other constraints. So good quality seed can be produced from the good quality seed cocoon.
- Produce of new suitable varieties is a time consuming and lengthy process.
- Operate grainages professionally to produce quality DFL.
- Evaluate grainage performance in terms of quality DFL and cocoon production at farmer level.
- Emphasis will be given on high temperature and high humidity resistant silkworm variety for Jaistha and Bhaduri.



## CHAPTER FOUR

### The Social Development Programme



## Chapter Four

# The Social Development Programme: Strengthening Women's Socio -Political Assets

### Background

The Social Development Programme has several objectives: it attempts to promote greater awareness of social, political and economic issues. The programme staff provide assistance to BRAC and community members whose rights are being seriously infringed. Finally, institution building at the local level is actively encouraged so that poor women can act collectively to protect their rights. Through these various interventions, BRAC wants to ensure the overall social and political empowerment of poor women.

BRAC believes that women must be aware of their legal rights to protect themselves from being discriminated against and exploited. BRAC also believes that the socio-political relationships and power structures within village communities need to be changed if women are to escape from discrimination and exploitation. Poor women need to be encouraged to take action when their rights are infringed. Often, to take such a step, women need external assistance, such as the help of a lawyer or the police. For now, BRAC felt that it should and could assist poor women obtain access to these services, either through legal aid clinics or by helping women report cases at the local police station or when seeking medical care in the case of acid victims.

The long-term goal of BRAC's social development programme, however, is to address the socio-political structures in villages, wards and thanas in such a way as to give the poor a greater voice and presence in decision-making arenas. This is to be achieved through the formation of local organizations of the poor that will be capable of acting on behalf of the poor and will represent their interests in various forums, such as the local government, or in the local shalish. Such institution building efforts are encouraged so that poor people can address various socio-economic and political issues of concern to them without the direct assistance of BRAC staff in the future.

### Significant Changes Made to the SDP

Under RDP IV, the Social development Programme had four broad components: Essential Health Care, Human Rights and Legal Education, Gender and Environment. Over the last five years these components have grown into separate programmes and therefore will not be included in this section. The Human Rights and Legal Education Programme became the mainstay of the Social Development Programme under RDP IV, though gradually this programme expanded to include many new components and to broaden its focus from simple legal awareness to encouraging social action and institution building in local communities.

In the last five years, BRAC has not only continued to fulfill the various goals mentioned above, it has expanded the coverage of SDP as well as added new components in order to make the programme even more effective. Not only have most of the targets set for the legal education programme been met, in most cases BRAC has achieved even more than the set target. BRAC has also added several new components to its programme: popular theatre performances, legal aid clinics, support for acid and rape victims, and the formation of Polli Shamaj groups at the Ward level. The major changes to the original RDP IV

Proposals have evolved as a necessary addition to strengthen the Human Rights and Legal Education Programme.

BRAC introduced the legal literacy course (paralegal programme) in 1986 in order to make poor women aware of their existing rights under the law. It started on an experimental basis in Manikganj with the belief that raising legal awareness amongst VO members would reduce their vulnerability to all forms of illegal, unfair and discriminatory practices. This component was mainstreamed in RDP working areas in 1989 and during RDP IV phase (1996-2000) the coverage expanded to all 401 RDP Area Offices.

During Phase IV, BRAC felt that legal awareness was not enough to ensure the rights of these poor and vulnerable women. Legal Aid was introduced as a follow-up support system to the HRLE Programme. This meant that women not only knew about the law, they could ensure its implementation by taking legal action when facing problems. Similarly, the Human Rights Violation Follow-up ensures that medical care is provided and legal action is taken when any member of the community (irrespective of whether they are BRAC members or not) suffers from an acid attack or rape. The popular theatre component was started in order to raise certain social, economic and political issues. This has been a very successful new initiative that has not only highlighted many pertinent issues, it has also often directly led to social action. Finally, the new Polli Shamaj groups started since 1998 are part of BRAC's effort to have strong local institutions of the poor which will be able to undertake further social action.

Since many new components have been taken up in the last five years, and old ones have been modified, there has been a lot of experimentation and adaptation over the last five years. While BRAC feels that most of its interventions have been very positive, there has obviously been an initial period of adjustment and in some cases, it is still too early to see dramatic changes or results. For example, BRAC's attempt to set up Polli Shamaj groups has had varied results in different regions. In certain areas, these groups have been very active and organized in fighting various discriminatory actions in their community such as child marriage, polygamy or the misappropriation of land. In other areas, women have seemed less interested in forming a community organization, or have had less time to devote to its activities. In addition, BRAC is also experimenting with different modalities of operation for these community based organizations and SDP staff are trying different approaches to facilitate their operation and growth.

## Description of key components

The current social development programme has the following components.

- Gram Shobha
- Human Rights and Legal Services
  - Human Rights and Legal Education
  - Legal Aid Clinic
- Local Community Leaders' Workshop
- Polli Shomaj
- Popular Theatre
- Human Rights Violation

### Gram Sobha

Village Organisation members meet once a month to discuss social and economic issues that affect their day-to-day lives. Issues related to social injustice, health, education, discrimination or violence against women and other relevant topical issues are discussed. The whole point of these meetings is to create a

bond of solidarity between the women in one VO and to ensure that the women, as well as BRAC staff know what is happening in each other's lives. This is a forum where women can discuss and share many of their personal problems and seek the advice of their peers. The Programme Organiser, Social Development (PO, SD) facilitates these meetings.

### Problem Analysis

Over the last five years, there have been changes in the way that these meetings have been organized. To begin with, the micro-finance POs were expected to arrange and conduct these meetings. It then became the responsibility of the SD programme to arrange and facilitate these meetings. SD Head office staff even prepared a list of topics that could be discussed and suggestions about questions and issues to be raised. However, one of the main problems was that the SD staff at the field level simply did not have time to supervise all the gram sobha meetings in their area. There is a minimum of 144 VOs under each Area Office and therefore 144 meetings each month. Since it was obvious that one PO on her own could not attend so many meetings, it was decided that the PO,SD would supervise 12/18 Gram sobhas a month, and the rest should be conducted by the VO members themselves. This was hard to implement since many VOs were not capable of organizing and conducting their own meetings.

To work around the above mentioned problems, from 2001, BRAC has been experimenting with different forms of meeting arrangements. It has decided to have smaller meetings once a month after one of the credit meetings, where individual problems of BRAC members can be discussed and where POs from various programme can generally find out and keep up with the changes in the women members' lives. Gram Shobas, on the other hand, will only be organized three times a year, and will involve all the VO members in one ward. These meetings will then be used to discuss community/village level problems and decide upon a plan of action for the Polli Shomaj group.

## Human Rights and Legal Services

The Human Rights and Legal Services (HRLS) programme is designed to provide legal education and legal support to Village Organization members. It is also part of BRAC's social development staff's duty to take action when they hear about any cases of human rights violation in their working areas.

### Human Rights and Legal Education

The Human Rights and Legal Education (HRLE) Programme is a central component of BRAC's SD Programme. It was first introduced in 1986, to make women VO members aware of their basic rights as per the Bangladeshi Constitution. The programme has the following objectives:

- Giving VO members access to information about law;
- Demystifying the law through legal literacy classes;
- Raising awareness about legal rights; and
- Empowering the poor, especially women, both legally and socially by encouraging them to take legal action.

The modus operandi of the HRLE Programme is through a training course on 7 basic laws: Citizen's Rights Protection Law, Criminal Law, Muslim and Hindu Family Law, Muslim and Hindu Inheritance Law, and Land Law.



The training is offered in three tiers: training of trainers, training of shebikas (community volunteers), and training of the VO members. The core trainers are from BRAC's Training Division, and are trained by professional legal persons. BRAC trainers train the shebikas, who actually run the HRLE classes in villages. The shebikas are selected from among VO members, based on specific criteria such as communication skills, age (between 20-40), and education.

The final tier of training programme is the training of the VO members by the shebikas. The duration of the HRLE course is 28 days, with another two days being set aside to revise the course contents. Each class has of a maximum of 25 learners. The classes take place throughout the weekdays, two hours per day.

Halfway through the course, a three-member committee is chosen from the class to form the **Law Implementation Committee (LIC)**. The LIC is meant to act as a social watch-dog, monitor any injustices taking place in the community, and take appropriate action to stop such injustices. The main purpose of the LIC is to ensure that the laws learned during the HRLE course are actually being implemented within the community and not forgotten after the end of the course.

### *The Impact of Legal Education*

RED carried out an impact assessment study on the HRLE course in 1997. This study looked at impact on several different levels – in terms of content of training, retention of knowledge, change in attitude and finally social action taken to implement the laws taught.

The course content and the level of retention were both evaluated very positively. It was found that "At the end of the LE, trainees knowledge of HRLE materials had increased from 39% to 81%. As expected, trainees' knowledge lapsed after training. ... However, even three years after training the HRLE knowledge of LE trainees was around 10% higher than non-trainees." (Impact Assessment of BRAC's Human Rights and Legal Education Training, BRAC, 1997, p iii)

It was found that the topics covered were thought to be relevant to the learners' experiences. The issues were also discussed in a way that was clear and easily understandable to the women and discussions were held in a participatory way. The three-tier training system was also found to be effective and HRLE shebikas found to be very capable teachers.

With regards to application of the laws the women VO members had learned, it was found that legal education learners were much more likely to take legal action in situations where it was relevant compared to non-BRAC members or even compared to BRAC members who have not yet received any legal education. In the study, it was found that among the sample, in about 77% of the situations where legal action could be taken, VO members with legal education did take some action.

It was also found, however, that VO members found it much easier to intervene in the case of family members and could successfully alter their behaviour. Outside their family, poor women find it difficult to influence the behaviour of other villagers. It is still the village elders or the village court that have most power to influence social practices. Unfortunately, VO members still find it difficult to get involved in village courts that continue to be dominated by the male elite of the village.

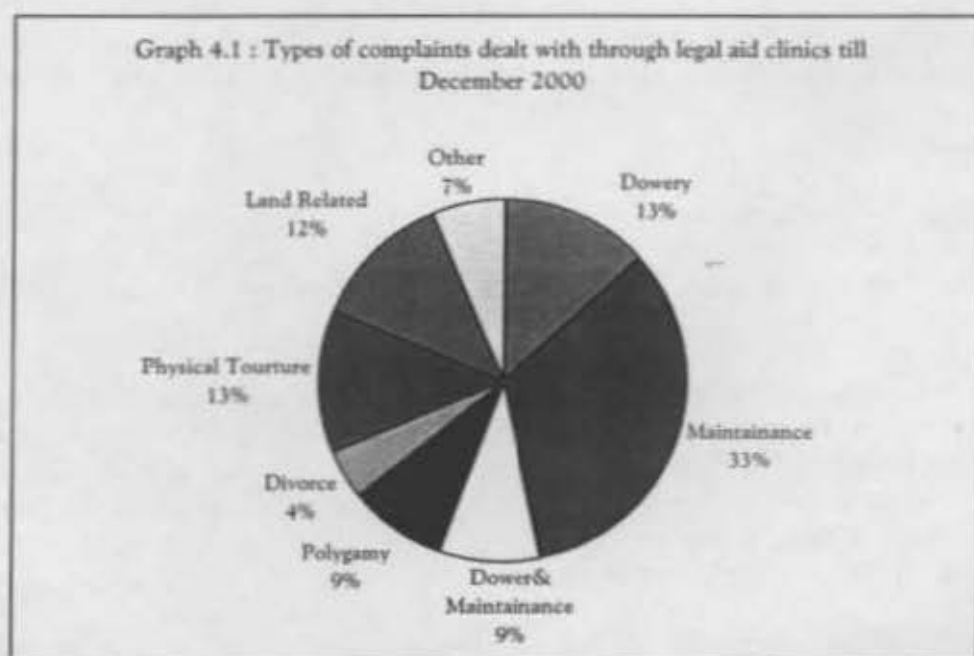
BRAC has taken various initiatives since that impact assessment study to ensure that poor women are actually able to use and implement the laws they learn about through the HRLE course. One of the study recommendations was to set up a Social Action Committee which could take action at the village level to

stop illegal social practices. There are now Polli Shomaj Committees in many BRAC working areas which work precisely as social action committees – identifying cases where people are breaking the law (illegal divorces, child marriages, dowry demands, misappropriation of property) and then acting to protect the legal rights of the people involved, specially in the case of poor women.

It also became clear to BRAC that simply obtaining legal education and being aware of one's rights may not help poor women to address the legal problems or injustices they face. Many conflicts and problems cannot be resolved without recourse to the formal juridical system. However, poor, often illiterate women have difficulties dealing with courts and state officials. Furthermore, most poor people cannot afford to pay for the services of a lawyer. It was BRAC members who first suggested that they would greatly benefit if BRAC could arrange to provide legal assistance for free and provide general assistance with conflict resolution. In response to this demand, BRAC decided to set up legal aid clinics for its members in its Area Offices on a trial basis.

### The Legal Clinics

BRAC is now running a legal aid programme with Ain O Shalish Kendra (ASK) called the ASK / BRAC Joint Legal Aid Program. The legal clinics are to help BRAC members i.e. poor women, resolve their conflicts either through local arbitration or through the formal legal system by providing them with legal advice and assistance. This programme started in 1998 as a pilot project in only two regions, Manikgonj and Mymensingh. Within the next two years, this programme has been expanded to cover another 12 regions. By the end of RDP Phase IV, the whole of Dhaka Division operates legal aid clinics except two districts (Munshiganj and Narayanganj to be covered in 2001).



In the last 2 years, the legal aid programme dealt with a total of 3258 complaints from VO members. Most complaints are made on the following issues: dowry, maintenance, dower and maintenance, polygamy, divorce, *hilla* marriage, physical torture, land related matters, money related matters, rape, acid throwing, kidnapping, trafficking and fraud. The pie chart below shows the proportion of complaints received with regards to each issue.

### *Operation of the Legal Aid Clinics*

The legal clinics are run once a week at the BRAC Area Office. The SD PO is available all day and records any cases or complaints brought to him by BRAC members. The Area Managers will subsequently review the cases in order to determine which ones can be solved through *Shalish* or local arbitration, and which ones will require court procedures. Area Managers, Regional Sector Specialists (RSS, SD) and POs (SD) all receive some basic legal training organised by ASK to familiarise them with existing laws, court procedures, and filing of cases at the police station (6 day intensive theoretical training on the law, which is followed by a 3 days practical and another 3 days of fact finding training). This allows BRAC to make an initial assessment of how a case should be dealt with.

Both BRAC and ASK select panel lawyers who act as the local legal representatives of the VO members. They make the final decision about how to proceed with a particular case. The ASK lawyers meet with local BRAC staff every 2 months. At this meeting, BRAC staff and ASK lawyers discuss new cases and review progress with regards to existing cases. If any case has to go to court, then the ASK lawyers will provide their services free of cost to the BRAC members (this is subsidized by BRAC). The working flowchart of the program is given below:

BRAC staff try as often as possible to resolve conflicts or disputes through local arbitration, unless criminal law is involved or there has been a serious violation of basic human rights (e.g. in the case of acid attacks or rape victims). With regards to the application of family law i.e. in the case of divorce, polygamy, maintenance payment for a divorced woman, the people involved often prefer to have informal arbitration since it saves them time and money that would be involved in proceeding with a court case.

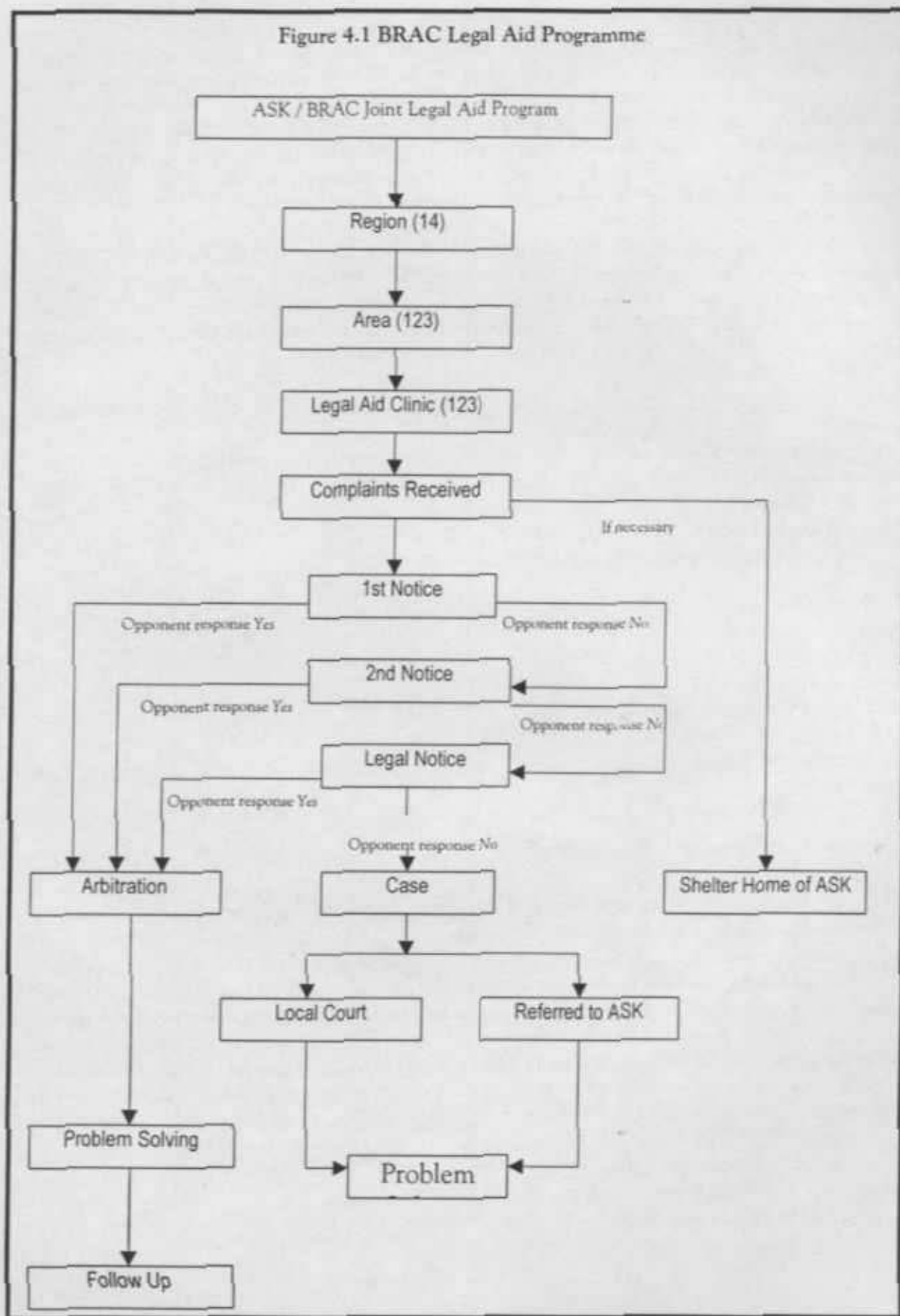
### *Impact of Legal Clinics*

The Legal Aid programme plays a significant role in providing poor women with legal services they normally do not have access to, both due to financial and social reasons. Furthermore the legal clinics complement the Legal Education provided through HRLE: women are now able to seek legal redress when their rights are being infringed.

Till December 2000, a total of 3,258 complaints were received by the legal aid clinics. Out of this total, 1,476 cases have been settled through arbitration by our trained paralegal staff and 152 have been sent to court. Most of the complaints that BRAC receives deal with maintenance issues. In this area, BRAC has helped its members obtain monetary compensation amounting to a total of Taka 39,24,000 and 10 acres, 28 decimals of land through arbitration and cases. Details of property and money obtained by women as a result of BRAC assisted legal interventions are given in Appendix 1.

Although BRAC has only been working in this field for two years, most BRAC members seem to be satisfied with the results of the arbitration system it has been using. SD staff use a system of follow-up visits for six months after the arbitration to assess this. They find out whether the decision taken by the parties involved in the dispute is being implemented or whether there are continuing problems. If problems persist, and the people involved are not satisfied with the result of the arbitration, the case is re-opened and possible solutions investigated once again.

Figure 4.1 BRAC Legal Aid Programme



BRAC has started changing a traditional system of arbitration that discriminates against the poor and particularly against women through this legal intervention. Instead of having decisions imposed upon them by traditional elites (mostly men) through the system of *shalish* (informal village courts), women can now participate in a process of arbitration facilitated by BRAC, which tries to enforce laws established to protect the rights of women. Although BRAC has no formal power to enforce the decisions taken during the process of arbitration, the people against whom complaints are made always know that a formal case could be brought against them if they do not comply with the informal arbitration.

When arbitration fails, BRAC forwards the complaints to ASK selected penal lawyers and they in turn take necessary action to file a regular case in the local court. Since the start of the programme, 152 cases have been filed in local courts and referred to ASK. Forty-nine of the court cases have been completed and out of this, 46 cases have been decided in favour of our clients. Three cases have been decided against our clients.

There were various reasons which accounted for the fact that BRAC members lost the 3 cases mentioned above:

- The clients wanted quick solutions to their problems. They lost interest in conducting their respective cases due to the lengthy procedure of our judicial system. They did not attend the court on the appointed date for their respective cases.
- Rules of conduct in the court were broken.
- The documents submitted in the cases were false.

Some of the complaints taken to court are still pending for decisions and some cases have been adjourned for various reasons such as:

- absence of the clients,
- lack of an address for the opposite party,
- lack of proper documents.
- Some have been revoked since the charges proved to be false when BRAC staff investigated the circumstances.

## Local Community Leaders' Workshop

The Local Community Leaders (LCL) workshop is a one day workshop taking place at the BRAC Area Office, with representatives from the community. The participants include the current UP chairman, ex-chairmen, UP members, the local *Quazi*, *Imam*, teachers, journalists and local leaders and influential persons. The HRLE Shebika, the Polli Shomaj Chairperson, the SD PO, the Area Coordinator (AC) and the Area Manager also participate in this workshop. Trained facilitators run/hold these workshops.

Issues discussed include an overview of the laws covered through HRLE classes and ways to ensure the implementation of these laws within the local community. Existing social practices that go against the law and ways to change these are also discussed. A total of 4127 LCL workshops have been held during RDP IV.



### Objectives of the workshops

- To involve influential local community members in the process of changing existing social practices which go against the law
- To ensure that the local elite themselves are aware of constitutional laws (e.g. how to register marriages, what the procedures are to obtain a legal divorce)
- To point out what the local leaders' responsibilities are in terms of ensuring the implementation of laws
- To start building ties between the Polli Shomaj leaders, Ain Shebikas and the local leaders so that these women can obtain their help when and if needed.

### Achievements of the LCL Workshops

- Advocacy at the local level to make the local elite aware of laws which protect the rights of poor women
- Involvement and collaboration with members of the local community to bring about community-wide social change
- Using the LCL forum to find new ways in which local community members can work with or assist the work of poor women's groups, such as the Polli Shomaj groups.

#### Problem Analysis

Although the HRLE course deals exclusively with constitutional laws, religious as well as vested interest groups spread rumours that BRAC was teaching laws that are against the shariah or laws that have been created by BRAC. The posters that accompanied the legal education course were burned and destroyed in some areas. To explain to the rest of the community that BRAC was teaching the laws of the country, and that everyone was responsible for implementing these laws, the SD programme introduced the local community leaders workshops.

### Polli Shomaj

The Polli Shomaj is a ward level organisation, made up of representatives from several Village Organisations. This is a new initiative by BRAC, which started since the middle of 1998 and was meant to complement the Government's initiative to set up local government bodies at the Ward level. While the government could not implement its plan, BRAC has managed to set up 11,219 Polli Shomaj groups since 1998. *What is unique about BRAC's federations is that unlike other NGOs, BRAC has decided to have an all women membership.* These new groups are part of BRAC's attempt to re-focus on social mobilization efforts and to strengthen its local level institutions.

In each Ward, BRAC usually organizes 3 to 7 VOs to form a Polli Shomaj group. This group has between 15 to 25 members who are elected from the VOs and they in turn elect a committee of five members. The term of this committee is for two years. The Polli Shomaj committee members meet on a bi-monthly basis, and the meetings are facilitated by the PO, SD.

### Objectives of the Polli Shomaj

- Building strong, democratic, people's organisations
- Developing leaders among the poor
- Mobilising public resources and services through collective action

- Giving a political voice to poor women and therefore ensuring that their interests are represented in local level bodies (government, or local groups such as bazaar, school or mosque committees)

### Functions of Polli Shomaj

- Mobilizing government resources such as Vulnerable Group Member Development (VGD) cards, old age pension cards, *Khash* land and ponds, roads and embankments;
- Resolving social conflicts through local arbitration or *shalish*;
- Establishing access to government services such as education, health, agriculture, livestock
- Initiating collective action against early and childhood marriage, illegal divorce, rape, corruption, injustice, and other malpractices;
- Establishing mutual funds to meet emergencies.

### Achievements of the Polli Shomaj Groups

By the end of December 2001, BRAC has helped VO members form 11,219 Polli Shomaj groups. BRAC is very aware of the fact that not all these groups are of similar strength or capable of undertaking the same activities. Therefore at the end of RDP IV, BRAC has tried to assess the strength of its various Polli Shomaj groups and divided them into three categories depending on their level of maturity. The categorization was done based on a number of criteria summarized below

- Group meets regularly and can run their own meetings
- Ability to identify and analyse problems
- Ability to network with other organizations operating within the community i.e. government and non-government bodies
- Ability to protest against illegal and unjust activities within the community (stopping child marriages, illegal divorce, polygamy or dowry)
- Involvement in local community organizations e.g. school or bazaar committees
- Ability to find out and make use of common property resources
- Group is politically aware and individual members stand in local elections
- Ability to lobby for and obtain government resources
- Capable of raising funds to deal with emergencies

The PS groups were allocated points if they performed any of the above activities. If they scored more than 80%, the PS groups were categorized as A groups. If they scored between 80 to 60%, they fell within the B category, and if they scored less than 60%, they fell within the C category. It was found that 21% of existing groups fall within the A category, 37% in B and 42% in C. This basically means that at present, roughly 20% of PS groups have a strong institutional base and are capable of organised collective action to further the groups' interests (this includes mobilizing resources successfully for group members). Groups which fall within category B meet regularly, participate in the group's activities and are well informed, but have not been able to undertake any collective action. There is a lot of variation in the third category of PS groups, and for many, the first goal is simply to ensure that the women in the groups meet regularly, get to know each other well and begin thinking about ways in which the PS can help them and others in the community.

So far, Polli Shomaj groups have addressed issues such as illegal divorce, dowry, under-age marriage, polygamy, and corruption and injustice within the community. Polli Shomaj members are also participating in greater numbers in resolving social conflicts through local arbitration (*Shalish*), and playing an active role in lobbying the Union Parishad for various benefits (VGD cards, old age pension).

Several Polli Shomaj members (1400 approximately) have contested successfully in local elections and become Union Parishad members. Many are getting involved in various local committees and elected bodies, such as bazaar committees, school committees, or Mosque committees.

One of the major achievements of the PS groups is the creation of a new cadre of women leaders among the poor. By providing them with various types of leadership training and exposure in different forums (in their own groups, in wider BRAC forums and in community forums), these women are becoming capable of providing leadership within their groups and in the community in general. It is also worth emphasizing that it is still unusual for women to assume such formal leadership positions within the community (unless it is for NGO credit groups) and therefore this is a new area where BRAC has been able to change gender roles and divisions of power to some extent.

## Popular Theatre

BRAC started its Popular Theatre programme in 1998 to bring to light various social and political issues that affect poor women in rural communities. Through the medium of plays, possible solutions to existing problems are suggested and information is disseminated about existing laws to protect the rights of the poor. The purpose of the plays is to encourage the audience to think about the issues depicted/portrayed, and to generate discussions about these issues. At the same time, this programme is helping to break traditional gender roles and gender segregation by encouraging and allowing women to participate in a theatre group and get involved in public performances. It is also providing much valued and needed entertainment for the rural poor.

### The objectives of Popular Theatre

- Making rural audiences (including men and village elite) aware of the problems poor women face on a daily basis and the unjust treatment they are often meted out within the family and within the wider community.
- Developing popular theatre as a communication network, and as a catalyst of change in rural areas

One theatre group is organized in each BRAC Area Office. Each drama group is made up of ten villagers, three of them being women members of BRAC's VOs. The seven other members of the group are generally men from the community, often relatives of BRAC members. The drama group, once selected, is sent off for training to a BRAC training centre. They attend a six day drama course where they are taught basic acting and directing skills. BRAC has engaged trainers from IVDC, Dhaka, an NGO which provided specialised training in performance arts. In the future, BRAC plans to use its own trainers for this course.

The members of the drama groups are then sent off to their villages to find interesting case studies that they could enact with their theatre group. When they return to the training centre, the participants share their findings and decide as a group what incident or story would be most interesting and informative if presented as a sketch. The content of the plays is therefore based on actual events taking place in their locality or issues the community members themselves deem important and/or problematic. The actors rehearse following a basic story-line, but have the freedom to improvise their individual lines. A drama group performs the same sketch for roughly six months, and then a new sketch is produced based on another incident highlighting a different social, economic or legal issue.

After each performance, the actors and BRAC staff go into the audience to find out their opinions and reactions to the events dramatised. They try to generate a discussion on what has been shown and BRAC staff record what comes up in these discussions.

### Impact of The Popular Theatre

Eighty-three drama groups have been formed by December 2000. A total of 4,877 performances have been held, and an audience of an average of 600 people attended each of these performances. Each drama group has also performed various stories over the months, so a total of 259 different stories have been dramatised. Most importantly, this is one of the most popular of BRAC's programmes – both BRAC staff and members feel that the popular theatre is a very enjoyable and entertaining way of learning about and discussing very serious issues.

SD staff and popular theatre performers always ask the audience for their opinions at the end of every performance, to assess how things went, and almost without exception, they have had very positive responses. People want more frequent performances or longer performances, they may even want a different ending to the story, but very few people remain indifferent after the performances. The performances have a way of touching people, getting them emotionally involved and committed to change in a way that most of BRAC's other awareness-raising activities have not succeeded. Even when the dramas do not lead directly to any social action, for the next few days, it generates a lot of discussion within the community about issues that are very contentious, such as corruption, gender relations, domestic relations or the exploitation of the poor by various groups.

Some of the ways in which the popular theatre has had a positive impact are:

- Through its drama performances, BRAC members are able to convey certain social messages to a very large audience composed of all age groups and both sexes. The importance of men's participation and active support is crucial in bringing gender and social changes. However, it is mostly women who are targeted through other BRAC interventions. Popular theatre attracts audience from all age groups and includes men as well as women so that it can bring about community-wide attitudinal changes.
- The popular theatre performances have encouraged women to break out of traditional gender roles by taking part in drama performances. It has given them increased mobility since they are now traveling to TARC centers for training and then traveling to different villages to perform. It is quite revolutionary for poor women in rural Bangladesh to be able to take part in such performance arts and in an activity that does not lead to income generation.
- Poor women and men are being given voice through the drama performances – they are able express their concerns and problems in their own way, through their own words and through their own stories.

**Awareness – raising through drama: the impact of 'Who eats whose food?', a performance by BRAC members.**

This was a story about how wheat rations meant for children attending primary schools were misappropriated by school and government officials. After the theatre group performed this play in Shada Pushkuruni village, the local community started demanding the proper distribution of wheat rations for the children attending government schools. After parents made such demands, almost all the schools in that Union started distributing wheat rations to the students as they were supposed to do, through an appointed wheat dealer/distributor.

In one government school, the pupils were being given 12 kgs of wheat instead of the 14 kgs they were entitled to get. After watching 'Who eats whose food?', the parents started asking why they were not being given 15 kgs of wheat. Since then, they are being given the 15kgs they are entitled to.

In Durgapur village, the Chairman of the school committee - Sri Atul Chandra and his committee members were stealing wheat that should have been distributed in the school, among the students. After watching the drama 'Who eats whose food?', the parents sending their children to this school asked the school committee members where the wheat was disappearing to. After facing such questions, the committee started giving the school children their wheat rations.

**Changing attitudes due to theatre performances**

Rikta Rani, from Domouria Thana, Patkel Potha village, was married to a man who used to beat her regularly and generally mistreated her. She decided that she could not endure this kind of treatment anymore and decided to return to her father's village. In her own village, she found that she was ostracized for having left her husband and instead of getting sympathy, was blamed for her marriage's failure. Her story and her problems were depicted through a drama. After seeing the performance, a man from her village decided that he wanted to marry Rikta Rani since he realised that she was not to blame for her previous marriage's failure. They are now married and living together in Patkel Potha village.



## Human Rights Violation

Since early 1999, BRAC has reinforced its activities in addressing human rights violation incidences with the co-operation of other Legal and Human Rights Organisations. BRAC provides assistance to women who have suffered a serious violation of their basic human rights, such as in the case of rape or acid attacks. BRAC field staff have been notified to take immediate measures upon occurrence of any human rights violation in their locality, irrespective of whether the victim is a BRAC member. SD staff are also responsible for taking appropriate actions depending on the severity and urgency of the cases. For acid victims, it is the responsibility of BRAC staff to arrange initial treatment at the local hospital and then to arrange for the transfer of serious victims to Dhaka for further treatment.

BRAC makes referrals to organisations like Acid Survivors Foundation (ASF) for free treatment of the acid victims, Ain O Shalish Kendro (ASK), Bangladesh Mahila Ainjibi Parishad, Bangladesh Manobadhikar Shangstha, Bangladesh Mohila Parishad, and Bangladesh Legal Aid Services and Trust (BLAST).

Table 4.1 : Achievements in Dealing With Human Rights Violation Cases

Types of Incidence	Number of Incidents		Current Status of cases sent to Ain O Shalish Kendra (ASK)			Cases sent to the Bangladesh Society for the Enforcement (BSEHR)	Case in process	Current status of cases sent to Acid Survivors foundation
	For the month	From 15.05.99 to date	No. of cases sent to ASK	Cases in process	Cases disposed/ verdict given			
Acid attacks	32	258	2	2	Life imprisonment and Tk. 10000 fine if fail to give fine additional one year imprisonment with life imprisonment			90
Suicide	-	53	1	1				
Rape	08	133	13	3		2	2	
Murder	01	86	17	4				
Violence against women	-	26	3	1				
Illegal divorce	-	06	-	-				
Hillah	-	02	-	-				
Others	01	49	3	1				
<b>Total</b>	<b>42</b>	<b>613</b>	<b>39</b>	<b>12</b>				<b>90</b>

Since the start of this component in 1999, BRAC has intervened in a total of 613 cases. These cases involve victims of acid attacks, rape, murder, suicide, severe violence and hillah marriage. So far, BRAC has dealt with 258 cases of acid attacks, 133 rape cases, 86 murder cases, 53 suicide cases and 26 cases of violence against women. Many of these cases have been referred to Ain O Shalish Kendra (ASK) to file a court case. Of the 258 acid victims, 90 women have been referred to the Acid Survivor's Foundation and are currently undergoing treatment. The rest of the 168 women either received adequate treatment at the local hospital, or received assistance from some other organization with regards to further treatment.

When possible, BRAC has also tried to arrange employment opportunities for the women involved in these cases. A woman rescued from a trafficking ring has been given employment in BRAC's Urban Programme in Dhaka as an office assistant. Another woman who suffered from an acid attack has been given the post of credit assistant at the Balitek Area Office in Manikganj.

## Future Plans to deal with Human Rights Violations

BRAC has signed a memorandum of agreement with the Acid Survivor's Foundation that means that BRAC will work even more closely with this organization in the future. BRAC will use its wide network across the country to identify cases where assistance is needed and then link the victims of acid attacks to ASF so that they can help with further treatment and counselling.

BRAC will work with ASF to help create new income generation opportunities for women who have suffered from acid attacks. ASF will finance the activities while BRAC will implement the project in terms of helping women buy cows, poultry or build their own house. BRAC will also provide follow up support and technical assistance to ensure that these women can carry on successfully with their IGAs.

### Social Changes Detected At The Village Level: Preliminary Findings From RED's Third Impact Assessment Study Of RDP.

'Changes In Women's Status At The Village Level: The Contribution Of BRAC Development Programme'. (Mahbub Et Al, BRAC RED, 2001)

RED conducted a study comparing the socio-economic status of women in two villages in the Sadar Thana of Jamalpur: Rupshi and Shengua, as part of the third impact assessment study of RDP. Rupshi is a village where BRAC and other NGOs have been operating for over ten years while Shengua is a comparable village where NGOs have only started working less than two years ago. Some of the main findings are summarised below.

- Women in Rupshi had a greater ability to take many decisions related to household and personal expenditure independently of their husbands compared to women in Shengua. This is due to a combination of factors, such as their ability to generate income independently of their husbands, their increased access to cash (whether as wages or through their business) and their greater confidence in their own ability. Such increased power of women within the household is part of the social development outputs that BRAC has always been striving for through its various interventions.
- Although women still do not take part in Shalish in Rupshi, they are now able to influence their husbands and other family members to seek legal advice or arbitration from alternative legal authorities rather than simply accepting the authority of the shalish as final. This seems to be a direct result of their greater legal awareness and their awareness of the fact that decisions taken by a village shalish are often against the law and discriminate against the poor and against women.
- Although both villages have a high level of education for both boys and girls, in Shengua child marriages are still prevalent. In Rupshi, women are aware of the legal age for marriage and both boys and girls get married at a later age. This has, however, also meant that girls with more education have to pay a larger dowry to attract an equally educated young man.
- BRAC's HRLE classes have affected voting behaviour among women in Rupshi. While in both Shengua and Rupshi, men tried to advise women on who to vote for, in Rupshi, women were aware of the secrecy of votes and were able to explain that at the end of the day, they could vote for whoever they wanted and their husbands would not know.

## Future Plans and Challenges for the Social Development Programme

- With the end of RDP Phase IV, BRAC's Development Programme (BDP) will focus on a new target group: the ultra-poor. Together with a Special Investment and Enterprise Development component, the Social Development Programme will also offer a special package for these vulnerable groups. The SDP will work intensively in fifteen regions where there is a concentration of ultra-poor groups. The SDP strategy for the ultra poor will be based on the sustainable livelihoods approach. It will focus on strengthening both the human and social capital of the ultra-poor to make them less vulnerable to risks and shocks.
- The other equally important component of the future SD programme will be that of advocacy for the ultra-poor. It is estimated at present that 23% of the population of Bangladesh fall within the ultra poor category. Through its new programmatic interventions, BRAC will only be able to assist a fraction of the ultra poor group. This means a vast number of ultra poor will not be covered by any interventions. To help this larger group, BRAC will do advocacy work on their behalf at different levels.
- The existing SDP will continue to run in all previously RDP designated areas. Emphasis will be on streamlining and strengthening the existing components to achieve maximum output. The key for successful intervention depends on quality staff. The SD programme is therefore planning to develop staff capacity by improving existing training modules as well as ensuring training in new areas – such as PRA and communication skills, social mobilization skills and gender analysis.
- In the next five years, BRAC aims to form Union and Thana Shomajs as part of its long term institution building plan. BRAC intends to establish linkages with other NGOs in this process.

## Training conducted during RDP Phase IV

Table 4.2: Training of VO Members

Name of the Training	Target (no. of participants)	Achievement (no. of participants)	% Achieved
HRLE Shebikas	1730	2286	132
*Popular Theatre Performers	_____	4736	_____
*Shebika Refreshers	_____	7492	_____

\* No targets were set for these trainings since they are new additions to the programme.

## Target and Achievements

Table 4.3 : Year Wise Target and Achievements of SD Programme

Particulars	Achievements					Total			Explanation
	1996	1997	1998	1999	2000	Target	Achievement	% Achieved	
No. of HRLE courses offered (cum)	23938	35513	46833	63503	72247	—	72247		
No. of learners participated in HRLE course	560066	836247	1079376	13977105	1684165	1000000	1684165	168	Includes IGVDG members
No. of Community Leaders Workshops (cum)	214	985	2405	4127	4777	20,000 leaders	140,991 leaders	705	This proved to be a very effective means of advocacy and many local elite attended.
No. of Group Leaders Workshops	600	800	8340	23866	26013	—	26013		
No. of Polli Shomaj organised				10884	11219	14000	11219		
No. of Popular Theatre Groups (cum)			8	83	83	83	83	100	
No. of dramas performed (cum)			325	1558	4877	3500	4877	139	
No. of Legal Aid Clinics			32	86	123	123	123	100	
No. of cases resolved through Shalish			169	525	1466	—	1466		Not possible to set targets as it depends on number of complaints received
No. of court cases under process			03	13	49				
No. of court cases resolved									



## CHAPTER FIVE

### The Essential Health Care (EHC) Programme





## Chapter Five

# The Essential Health Care (EHC) Programme: Using The Power of The Community for Health Right

### Introduction

Health is an important sector among BRAC's development interventions. The essential health care (EHC) package is delivered mainly through the Shastho Shebika (SS), a community health worker. Shebikas play a central role in BRAC's health programme. They are selected from among BRAC's Village Organisation (VO) members, and trained on preventive and curative aspects of healthcare. Each Shebika is assigned to 300 household and within this community she provides basic health services at people's doorstep.

During the last five years, the EHC programme has shown that it is possible to run a cost-effective and simple programme that deals effectively with basic public health problems and one which involves the community, the government and other stakeholders.

To begin with, the EHC programme consisted of family planning, water and sanitation, immunisation, health and nutrition education and basic curative health services. During RDP phase IV, pregnancy-related care, tuberculosis treatment and the sale of health commodities were piloted and incorporated in the programme. In addition, pilot projects for arsenic mitigation, HIV/AIDS awareness and health insurance are ongoing.

During RDP IV, EHC was also able to expand the scale of its operations successfully. A total of 5,349,020 persons received health and nutrition education in 2000 compared to 3,220,625 in 1996. Five hundred and sixty seven thousand (exact number is 567,490) children under one were fully immunized in BRAC covered areas in 2000, compared to 159,665 children in 1996. BRAC installed 249,973 slab latrines in 2000, which was about 3.7 times more than in 1996. Most of the Shebikas are now able to identify and treat acute respiratory infection (ARI) cases successfully (Hadi A, RED, BRAC, 1999). Shebikas have also started treating tuberculosis cases and the cure rate has consistently been over 85% during the last five years (Chowdhury AMR, Lancet, 1999).

### Evolution of BRAC's Health Programme

Health care became an important component of RDP in 1975 under BRAC's Manikgonj Integrated Programme. In 1977, BRAC decided to train village health workers, known as Shasthyo Shebikas to render basic preventive and curative health services. In 1980, BRAC took part in the implementation of the oral Therapy extension programme (OTEP), the national campaign against diarrhoeal disease. Through its extensive networks in rural Bangladesh, BRAC was able to teach women in households across the country how to make oral saline.

In 1986, BRAC designed and piloted a Primary Health Care (PHC) programme in six thanas as part of Child Survival Programme (CSP). The intention was to design a package which would provide basic healthcare services to all VO members.

In 1991, the PHC activities were started in 27 RDP areas and the programme renamed as the Essential Health Care (EHC) programme in 1995. This programme was expanded to cover 554 areas by 2000.

## Implementation Process and Management

To implement the EHC, BRAC staff first carry out a household survey for base-line information in BRAC command areas. The aim of this survey is to determine the current health status of the community. Indicators used in the survey include existing number of latrines, tube-wells, number of couples eligible for family planning methods, number of children and pregnant women who need immunization and care.

Each BRAC Area Office covers 12,000 households or a population of approximately 60,000. In each Area Office, 40 Shasthyo Shebikas are selected by the VO members to implement programme activities. The Shebika is generally a married VO member, between 25 to 35 years of age. She receives 18 days of training on health, nutrition and population issues arranged by BRAC. The Shebikas are the mainstay of BRAC's health programme.

The major tasks of Shebika are to ensure preventive, and common curative health measures. Shebikas also assist government health workers in their efforts to mobilise and organise satellite clinics and EPI (Expanded Programme on Immunisation) centers. Finally, Shebikas help to distribute vitamin A capsule.

At the Area Office level, two Programme Organisers (POs) work under the supervision of the Area Coordinator (AC-programmes). In addition to providing pregnancy-related care, each PO conducts 20 health forum every month. Health POs are also responsible for supervision and monitoring of Shasthyo Shebikas and monthly reporting. Furthermore, in each upazila, one PO is responsible for implementing and supervising the tuberculosis control programme through the Shasthyo Shebika.

The Regional Sector Specialist (RSS), health, is based at the BRAC Regional Office and provides technical support and supervision to POs and Shebikas.

## Training

Training can bring positive changes through improving the level of knowledge, skill and attitudes that contribute in the development of the programme. The EHC programme follows a cascade type of training strategy to develop its programme staff. With the expansion of the programme, the training unit played a major role in maintaining the quality of the programme.

Table 5.1: Achievements of Training

Name of the Training	Number of Beneficiaries	Purpose of Training
Training to Shasthyo Shebika		
Basic Training	12,717	To inform and educate them on health components, their role and responsibilities. It includes treatment of ten common diseases, family planning methods, identification and danger signs of pregnancy, immunisation schedule and importance of that, and water sanitation programme and health education on different health issues and record keeping. They are also tutored on utility and promotion of health commodities.
Training to Programme Organiser		
Basic	1,962	To orient them on health components, implementation strategy and their responsibilities. They are also trained to maintain the record, supervision and monitoring Shasthyo Shebika and writing monthly report.
Pregnancy related care	494	To educate them to provide antenatal and postnatal care, to identify high risk pregnancy and pregnancy with complication. They are also coached on importance of referral system, record keeping and reporting.
Facilitation skill development	125	To improve communication and training skill which help them to communicate with a wide range of people from the community to the government officials.
Routine check up	60	To provide annual health check-up routinely to the village organisation members. Through this they will be able to identify any health related problem and could be able to take early measure.
Training to Medical Officer		
Organisational management	25	To orient physician on organisational management issues. They were informed about the organogram, values, rules and regulation of organisation.
Training to Regional Sector Specialist		
Basic Training	52	To train on health related problem and programme required to addresses those issues. It includes health education, pregnancy related care, immunisation programme, monitoring and report writing.
Developmental Communication	53	To improve communication skill for qualitative training, supervision and monitoring of the staff.

## EHC Components

### Health and Nutrition Education

Health and nutrition education is done in two ways: 1) through BRAC organized Health Forums, and 2) through household visits by Shebikas.

**Health Forums:** POs (health) organise one health forum each working day with assistance from the Shasthyo Shebika. The issues discussed in the forum are primarily related to health, nutrition and population, such as adequate diets, family planning, pregnancy related care, immunisation, water and sanitation, child health and tuberculosis.

**Household Visits:** In addition to the health forum, each Shebika visits 15 households each day to disseminate health-related messages. During these visits, she also provides information about where people can obtain health services and refers them to other health service providers if necessary.

### Impact of Health-Related Education

Recent research findings show that the people in BRAC programme areas are more aware about health, nutrition and population issues compared to people in non-BRAC working areas. The coverage of health services has also increased in BRAC working areas. The result is that there is less illness in BRAC households. Several studies (Mahbub A, RED, BRAC, 2000; Ahmed SA et al., BRAC and ICDDR-B-22, 1998) have revealed that reported morbidity was less among BRAC-member household compared to eligible non-member households.

### Water and Sanitation

The Shebikas once again plays a pivotal role in implementing this programme. She helps generate demand for proper water and sanitation facilities where these are still unmet needs and then ensures supply. There is close coordination with the government and other supporting agencies to ensure effective implementation of this programme.

In each area office, a revolving fund of Taka 50,000 is set aside to manufacture slab rings. Each area office has three to five slab ring production centers where two to three trained VO members produce the slab rings. The programme also provides Taka 10,000 as a revolving fund to buy tube-well sets and instruments/chemicals to measure the level of arsenic in the water.

BRAC has found that there is a steady increase in the installation and use of tube-wells and latrines among the project target population. Research findings show improved sanitation and hygiene practices among BRAC member households compared to non-member households (Mahbub et al, RED, 2001). BRAC member households used tube-well water for hand washing more frequently than non-member households. Almost all households now use tube-well water for drinking, but its use for other domestic chores is still limited (Ahmed SA et al., RED, BRAC, 1997).

## Family Planning

Although Bangladesh falls among ten most populated countries of the world, the contraceptive prevalence rate, particularly the number of permanent method acceptors, has increased significantly in the past five years.

During her household visits, the Shebika motivates women to use modern methods of contraception. She provides pills and condoms to clients during these visits, making family planning methods very accessible. For temporary and permanent methods of contraception, she refers people to the government run secondary and tertiary facilities. She also does some counseling on the potential side effects of these methods.

Family planning and the use of contraceptives is an area where there has been much research to show that if women become economically independent and generally empowered (through education or through new economic opportunities), they have much more say with regards to family planning decisions and can ensure the use of contraceptives. Therefore participation in RDP's credit based income-generation programme has also had a significant influence on the contraceptive use rate (Hadi A, RED, BRAC, 1997). This is an area where the synergies between the different RDP programmes becomes clear – health and income-generation are inter-linked in many ways and interventions in each sector can positively reinforce those in other sectors.

## Immunisation

In the 1980s and 1990s, BRAC played a big role in social mobilization efforts for the implementation of the national Expanded Programme on Immunisation (EPI). BRAC has continued to work at the community level to ensure immunisation rates remain high. The Shebika discusses the usefulness of immunization with community members, provides information about immunisation centers i.e. information about where and when parents can get their children immunised and informs parents about possible side-effects.

A total of 1,956,634 children (less than one year old) were fully immunised during the last five years, which was well above the target of 1,259,495.

In addition to routine EPI programme on National Immunisation Day (NID) for polio eradication, BRAC plays a significant role motivating and mobilising the community by appointing more than 100,000 volunteers on NID. Independent observers reported that BRAC volunteers were actively involved in 45% of the centres spread throughout the country during the 8<sup>th</sup> NID. In addition BRAC provided orientation to 83,903 teachers and 86,437 imams before the 9<sup>th</sup> NID. This orientation was undertaken because BRAC believed that school teachers and imams could play an important role in convincing parents of the need for immunization. They are respected and influential members of the community who could easily influence local opinion with regards to immunisation.

## Basic Curative Services

Illness is a major cause of income erosion among the rural poor. However, many of the illnesses that affect the poor are common diseases that can be treated at the community level through basic curative services. Both BRAC's own experience and research findings show that Shebikas can successfully diagnose and treat common diseases (Islam N, RED, BRAC, 1995, Mahbub, A, RED, BRAC, 2000).



In the EHC programme, the Shebika has been trained to diagnose and treat ten common diseases: diarrhoea, dysentery, common colds, halmenthiasis, anemia, ring worm, scabies, peptic ulcer, angular stomatitis and preventive service for goitre. In addition, paramedics at the BRAC Area Office do annual health check-ups of BRAC VO members. This initiative was undertaken in response to research findings that revealed that VO members felt the need for such a regular check-up.

The health check-up was found to increase awareness about health issues among VO members and was considered to be an additional benefit of becoming a BRAC member (Shahaduzzaman, RED, BRAC, 1999).

## Health Commodities

In Bangladesh millions of women use old, used, pieces of cloth they have washed to deal with their menstruation. This is not a very hygienic practice and is often responsible for yeast infections or bacterial vaginosis. To deal with this problem effectively, BRAC realized that it was not enough to simply let women know that they should change existing practices. Poor women also needed to find an affordable alternative. That is why BRAC became involved in the production of affordable and good quality sanitary napkins - 'Nirapod' - for poor rural women. Nirapod is manufactured in three production centers in Baniachang, Manikgonj and Nilfamarí.

BRAC provides many other health commodities for similar reasons - it is not enough to make poor people aware that they need certain goods - such as iodised salt or contraceptives. These goods also have to be made accessible to them, both physically (selling them at people's doorstep, which is specially important for women with restricted mobility) and financially, by making them affordable.

Another benefit from the sale of health commodities is that it provides some monetary compensation and incentive to the Shebikas for the work they do. They do not receive a salary. However, they are able to earn some money from the profit made from the sale of health commodities.

At the start of RDP IV, Shebikas used to receive Taka 260 as revolving fund for selling essential drugs, contraceptives, tube-wells, sanitary latrines and vegetable seeds. To respond to the emerging needs of the rural poor, BRAC subsequently decided to promote several additional health commodities such as iodised salt, oral saline, delivery kits called *alyani*, sanitary napkins called Nirapod and hygienic soap.

BRAC now provides health commodities worth Taka 1,500 to each Shebika. This money acts as a revolving fund for her. When she runs out of supplies, she can contact the nearest BRAC Area Office to get more products as needed. She has a 25 to 35% profit margin from the sale of these items. On average, a Shebika can earn between Taka 200 to 500 a month by selling health products.

## Tuberculosis Control

In order to make tuberculosis diagnosis and treatment service easily available for the poor, BRAC initiated a pilot, community-based, tuberculosis project in Manikgang upazila in 1984. Currently the programme is being implemented in 60 upazilas. The programme will be expanded to another 46 upazilas in 2001. The main feature of the programme is the Shasthyo Shebika's role as a primary service provider in terms of information dissemination, identification of

Graph 5.1: Treatment outcomes of TB patients in 1999



potential patients, implementation of the Directly Observed Treatment Short course (DOTS), and follow-up. The Shebika is also responsible for referring cases with complications.

In 1999, Shebikas diagnosed 5348 sputum positive cases and the cure rate was 89%.

## Pregnancy Related Care

During RDP IV, it became apparent that a major gap in the EHC programme was that it did not adequately cover reproductive health problems, particularly maternal mortality and morbidity. BRAC felt it imperative to provide health services which specifically addressed the special health needs of pregnant women. It was in recognition of the fact that pregnant women constitute a very vulnerable group.

To address this issue, the EHC programme started a community-based, pregnancy-related care package for poor rural women. The objectives of this new initiative are to reduce maternal and neonatal mortality and morbidity by ensuring that women are able to obtain antenatal and postnatal care. BRAC's role is to establish a referral/ linkage system with the government's basic and comprehensive Emergency Obstetric Care (EOC) units.

Table 5.2: Achievements of Pregnancy Related Care

Particulars	Status of October 1999 to December 2000
Region Covered	50
Area Covered	276
Women received ANC	98,557

## Major Achievements

- Providing community based pregnancy related care to rural women.
- The HIV/AIDS campaign disseminated preventive messages to the community successfully. This programme will be expanded nation-wide gradually.
- The EHC programme managed to intensify education on family planning, water and sanitation, and made a satisfactory improvement in contraceptive prevalence rate as well as slab latrine coverage.

Table 5.3: Performance of EHC activities during the last five years (1996-2000)

Components	Achievement					Total	
	1996	1997	1998	1999	2000	Target	Achievt.
<b>Health &amp; nutrition education</b>							
Number of education session	178,920	198,864	216,378	283,121	279,003	1400000	1156,286
Number of participants	3220625	4603,444	3987993	5237748	5349,020	28000000	22,398,830
Children (0-11 months) fully immunised	159,665	242,115	391058	626,306	567,490	1,259,495	1,986,634
<b>Modern FP Method Acceptor</b>							
Permanent	6,765	51,926	205103	234,825	235,607	4,062,271	235,607
Temporary	98,364	537,346	1598449	2027,881	1937,498	-	1937,498
Women received ANC	-	-	-	2,247	96,310	120,000	98,557
Slab latrine installed	66,110	113,472	226442	368,620	249,973	928,800	1,024,617
Tubewell installed	18,292	32,764	37,115	51,040	50,820	93,600	190,031

- Providing a satisfactory monetary incentive to the Shasthya Shebikas for them to carry on with their work. Not only is the monetary incentive being provided by the community, it is also ensuring that the Shasthya Shebika will be accountable to the community rather than to BRAC.

## Pilot Interventions

During RDP phase IV, the EHC programme was expanded to cover several new areas where it was felt that the emerging new health needs of the poor were being neglected. The new pilot initiatives are:

- a) HIV/AIDS Awareness programme
- b) Arsenic mitigation
- c) Health Insurance

These issues have emerged as public health problems which are responsible for a significant level of morbidity and mortality among the rural population. There is a need to identify community-based and cost-effective mechanisms to address these problems.

## HIV/AIDS Awareness

BRAC has launched a new programme on HIV/AIDS prevention in Bangladesh. BRAC believes that raising people's awareness through mass communication and education campaigns can help in the prevention of HIV/AIDS. To prevent the occurrence of an epidemic in Bangladesh, a community based awareness-raising programme has been piloted in Mirzapur and Kalihati upazilas in the Tangail district.

The aim of the pilot project was to demonstrate how a basic and cost-effective HIV/AIDS awareness campaign could work effectively in rural communities and be replicated throughout the country. Information on four specific issues related to HIV is disseminated throughout the community:

- (1) What is HIV/AIDS?
- (2) How is it transmitted?
- (3) How can it be prevented?
- (4) What are the high-risk behaviors associated with HIV transmission?

The methods used to deliver these messages are household visits for educating couples, health forums to reach women, adolescent forum, adolescent and parent forums and refresher training courses for BRAC school teachers. Research findings show that the programme was effective in improving the health and knowledge base in rural, often conservative settings (Nasreen et al., PROWID, USA, 1998)

Table 5.4: Achievements of HIV/AIDS Project in Kalihati and Mirzapur Upazilas

Village	Union	Population	Couples	Youth Club	Couples Educated	CHW Trained	Monitor
258	17	310,165	56,149	195	46,587	123	2

## Arsenic Mitigation

Arsenic contamination in ground water is a major issue of concern in Bangladesh at present. The severity of the problem is internationally recognised. In 1997, a pilot project for arsenic mitigation in two thanas, Sonargaon and Jhikargacha, was initiated by BRAC/DPHE/UNICEF. The objective of the project was to

test all tube-well water for arsenic contamination, discuss alternative options for safe drinking water and create awareness of the problem within the community. In Sonargaon and Jhikargacha thanas, 61% and 35% of the tube-wells respectively are contaminated with arsenic i.e. arsenic found above the Bangladesh standard of 0.05 mg/dl. Action research is being carried out to identify cost-effective, alternative options to ensure arsenic-free, safe, water supply. Research findings also show that Shebikas can be trained to test whether there is arsenic contamination in the water (RED, BRAC, 1999)

## Health Insurance

A health insurance scheme was started in 2000 in Madhabdi on a pilot basis, with a special focus on the poor and ultra poor. The health insurance would be used to meet the medical expenses of the poor. In the case of the ultra poor, BRAC would even pay the premium on their behalf. The project is expected to expand to two upazilas in 2001, and the objective is to ultimately develop a model that can be replicated in other working areas.

## Challenges Faced by the Programme

- Ensuring programmatic sustainability while providing quality health services were central concerns during RDP IV. Possible strategies to ensure sustainability were identified and considered. The EHC management finally decided that the promotion of BRAC health commodities through the Shebika could benefit both the Shebika and ensure some measure of cost recovery for the programme.
- Keeping up with newly emerging health issues in the community and addressing these in a manner that is appropriate for a given community and sensitive to its needs was another major challenge for the EHC programme. One of BRAC's strategy to deal with this issue involved the development of a strong collaboration and referral system with both government and BRAC run clinics at secondary and tertiary level in order to meet the growing need for curative care and to optimise the use of existing health resources.
- BRAC's experience has repeatedly shown that if quality health services can be made easily available to poor people, they will make use of such services. The challenge for BRAC, therefore, is to ensure that the Shebikas provide good quality health services to the households they visit. Regular and adequate supervision is essential to maintain and further improve the quality service provided by Shasthyo Shebikas.

## Future Plan

In 2001, BRAC Health Programme has evolved into two distinct programmes: the BRAC Mainstream Health Programme (BMHP), and the Health, Nutrition and Population Programme (HNPP).

BMHP is designed as a comprehensive health programme, offering a combination of preventive and curative care. To implement this programme, Shushasthyo (the BRAC Health center) is now integrated as a component of BMHP. Shushasthya is expected to support to the community-based health interventions, by providing technical assistance and continuity of care through secondary level of service delivery.

BMHP is also designed to ensure that its interventions are consistent with Bangladesh's Health and Population Sector Strategy (HPSS), which reflects the overall national health priorities. BMHP is therefore careful not to overlap with public sector health provisions.

It is hoped that even in the future, the key feature of BMHP will be its flexibility and its ability to respond to new and emerging health problems by designing and incorporating new initiatives that are sensitive to people's needs. The overall goal of the programme, however, remains that of improving the health and nutritional status of the people of Bangladesh.

Just as in other areas of interventions (micro-credit, enterprise development, education), BRAC's health programme has not always successfully reached the poorest section of the population - the ultra poor. Therefore from 2002, it is hoped that BMHP will be able to start implementing a healthcare programme that has been specifically designed to address the needs of the ultra poor.

BRAC also hopes to undertake action research on tuberculosis control in urban areas in the near future.



# CHAPTER SIX

## **Income Generation For Vulnerable Group Development (IGUGD)**



## Chapter Six

# Income Generation For Vulnerable Group Development (IGVGD): A Ladder For Those Left Behind

### Background

An obvious yet often over-looked aspect of most poverty focussed program design is that the poor do not constitute a homogenous group. Within the ranks of the poor lie groups with low assets, less employment opportunities, greater consumption deficits and having greater vulnerability to periodic economic and social shocks. The dynamics of poverty for this group is varied and this has important consequences for programme design thinking and action. Several studies on categorizing the group of people living below the poverty line broadly suggests that about 5% of the population in Bangladesh are destitutes, 31% ultra-poor, 17% moderate poor and 20% vulnerable non-poor. Detailed estimates also suggest that roughly half of those living below the poverty line live in absolute poverty. Yet despite a phenomenally rapid growth of outreach of the microfinance industry in Bangladesh it tends to fail a significant proportion of the poor and especially those living in extreme poverty. The second round of Impact Assessment Study of BRAC's Rural Development Programme (RDP) carried out by BRAC's Research and Evaluation Division based on a nationally representative survey for instance finds that 41% of the eligible poor did not participate in any NGO activities.

Microfinance though a very effective and powerful poverty alleviating instrument, it is not suitable for all categories of the poor. For those trapped in chronic food insecurity with no asset base to protect themselves from the myriad web of shocks, using microfinance to rearrange a more sustainable and positive livelihood could be ineffective and sometimes counter productive. It is no wonder, then, that non-participation in conventional microfinance programmes appears to be the most acute for this sub set of the poor. However, with an innovative and well thought out combination of well-targeted food transfer to help them attain a basic level of food security, focussed skill transfer to build their confidence and human capital, and timely supply of good quality inputs to give them an opportunity to start income generating activities, can create the right conditions for a lot of them to start benefiting from regular microfinance. Creating missing rungs in the ladder that gets the poor to participate in the manifold of the development process is the essence of BRAC's programmes and the IGVGD programme takes this notion to its greatest challenge of including the poorest. In a prevailing situation where many microfinance programmes have taken the easy way out by claiming that it is not useful for the very poor, programmes like IGVGD bring back the poorest and the most vulnerable into the center of the microfinance policy and programmatic discourse.

In the process of thinking about the challenges of including the hard-core poor within its programmes in a way that is cost-effective yet goes beyond mere transfers, BRAC in 1985 approached the WFP for food assistance under its Vulnerable Group Feeding (VGF) programme to implement a new model for 750 VGF card holders. These women were organised into groups and provided with skill development training in the areas of poultry, sericulture, embroidery, health, nutrition and functional literacy. In addition to training, BRAC provided a package of basic health care services and intensive follow-up and supervision to the participants during the 24 months of WFP wheat transfers. We were enthused to find that the food assistance combined with BRAC's development package enabled the VGF women to earn cash monthly income equivalent to the value of the wheat ration they received--- our inputs into what was essentially a hand-out programme was adding tremendous value. In 1987, following the success of this pilot

programme, BRAC, Directorate of Relief and Rehabilitation (DRR) and Directorate of Livestock Services (DLS) joined forces to scale up this transformed VGF programme --- reflecting the new notion of moving beyond charity to create sustainable livelihood, the programme was renamed as Income Generation for Vulnerable Groups Development IGVD Programme. In 1989, just two years after the creation of the IGVD, we realized that we could further strengthen and make the process of positive changes experienced by most our IGVD members more sustainable if we also provide credit support to them in addition to the other existing services. By 2000, we have 1,384,784 members spread across 914 thanas in Bangladesh. A large majority of them later become regular clients of our microfinance programme.

## Components

The components of IGVD programme where BRAC is involved are:

- a) Skill development training
- b) Credit support
- c) Technical assistance
- d) Essential health care
- e) Social development programme
- f) Training

### Skill Development Training

The VGD women receive skill training mostly in poultry related activities. BRAC has developed an elaborate poultry sub-sector support and development programme (see chapter V of this Report) into which our IGVD members are linked in. Poultry being a traditional rural activity in which almost all rural women have experience in, the skill transfer is very effective. Apart from poultry, they also receive training in vegetable growing and cattle rearing activities. A small proportion of them receive training in other economic skill development activities, like fisheries, grocery shop, restaurant, and small trading.

### Credit Support

After receiving skill development training, VGD women interested in starting income generating activities can get credit support. No collateral is required for taking a loan. The average loan size of the first loan is Taka 2,500 and is for a duration of one year. Before loan disbursement, the borrower is briefed on loan use and repayment processes and procedures. Service charge of a loan is realised at a 15% flat rate.

### Technical Support and Input Supply

Getting quality and timely supply of inputs is a major reason why many income generating activities tend to fail. Technical support is provided to the VGD members to assist them to successfully implement income generating activities. Vaccine, chick, poultry feed, carrying bag for poultry worker, flux, vegetables seeds, fertilisers are the major inputs supplied to the programme participants. Besides, the VGD women can avail technical support and advice provided by BRAC staff and para-professional so that they can get the maximum returns from the income generating activities initiated.

## Social Development Programme

Years of experience in the development field have made BRAC realise the importance of socio-political awareness among the programme participants. This is probably even more important for the most vulnerable and the poorest as they are not only constrained by material barriers such as food insecurity, low asset base, low skill, but also by a lack of knowledge about their rights and the courage to realize them--- both these sets of constraints create severe forms of entitlement failures. Social development staff have designed a more concise legal education course which runs for two days for IGVD group member. This course is based on the HRLE curriculum. BRAC staff felt that the IGVD group members would not have the time to attend a 28 day course and therefore shortened it to capture the essence of the course and provide some basic knowledge about legal rights. The legal issues that are likely to be most pertinent to the women's lives and have been of most use to regular VO members were incorporated in the revised course.

## Essential Health Care

BRAC is trying to improve the health status of the poor through its health interventions. Majority of the poor people are unable to avail health services due to low capability (human and technical skills), lack of opportunity (social-economic exclusion) and inability to pay (income poverty). BRAC's Essential health care programme (EHC) provides a selective combination of basic health interventions to improve and sustain the availability of preventive and basic curative health care services by creating, promoting and strengthening the essential health care system in BRAC working areas. Health services received by VGD members are (i) health and nutrition education, (ii) water and sanitation, (iii) family planning, (iv) immunisation and (v) pregnancy related care. BRAC delivery this services to VGD women through the Shasthyo Shebika (SS)

## Training

Training is given to VGD women depending on income generating activities they are interested in getting involved in. Sector specialists provide training on different income generating activities such as poultry, livestock, fisheries, vegetable cultivation, enterprise establishment, etc. From 1996 to 2000, a total of 1,206,157 VGD women received training in different EIG activities.

An orientation course is given to the VGD-POs for improving their skills in implementing the IGVD programme efficiently. This orientation course gives a basic idea about different programme activities such as group formation, training, credit, monitoring etc. Through this course VGD POs also obtain the skills of maintaining liaison with different government and non-government agencies and their staff. This is a crucial aspect for the successful implementation of the programme.

## Implementation Process and Management

The representatives of local government select the VGD cardholders and distribute the wheat while the rest of the programme is implemented by BRAC. At first VGD women are organised into village organisations (VO) with assistance from the BRAC PO-microfinance. Later these women receive training in various income generating activities. The Area Coordinator (AC) supervises the entire process. In each area there is a VGD PO to help the AC. Together they attend a monthly meeting with the Union VGD committee.

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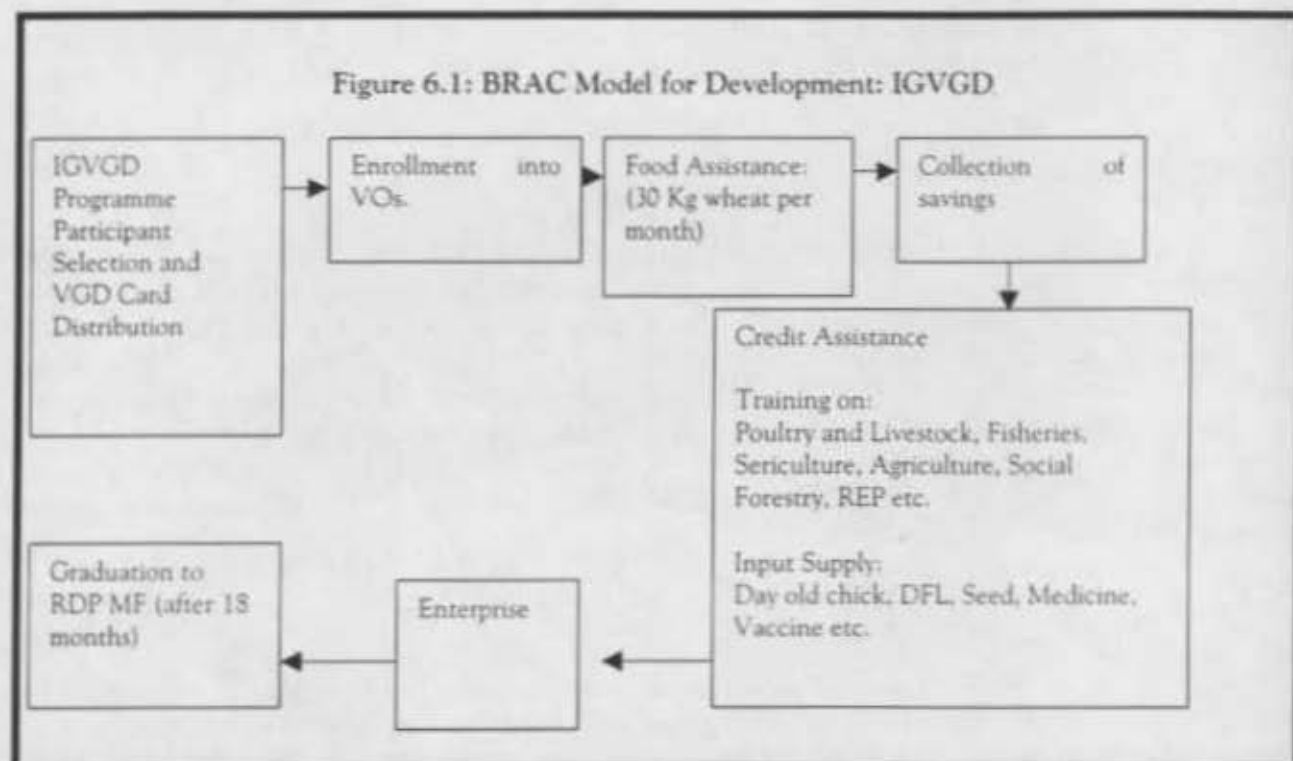
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There is a Regional Sector Specialist (RSS-VGD) responsible for policy making and quality control of the VGD programme at the regional level. S/he has to ensure timely training and training material supply. The RSS has to report to the District Commissioner (DC) regarding the IGVDG programme performance. S/he has to maintain liaison with the Thana Nirbahi Officer (TNO) and with the responsible officers from (i) the Department of Women Affairs (GoB), (ii) the Directorate of Relief and Rehabilitation (GoB), (iii) the Directorate of Livestock Services (GoB) and (iv) World Food Programme (WFP) at the local level. The RSS also attends the monthly meeting of VGD sub-committee, which is held at the Thana level. The RSSs main task is to ensure and monitor the quality of the IGVDG programme. The Regional Coordinator (RC-programmes) has the overall responsibility for implementing the VGD programme at field level.

Figure 6.1: BRAC Model for Development: IGVDG



## Targets and Achievements

Table 6.1: OVERVIEW OF BRAC - IGVGD (1988-2000)

Description	88 - 90		90 - 92		92 - 94		94 - 96		97		98 - 99		99-2000		Total Achievement
	Target	Achievement	Target	Achievement	Target	Achievement	Target	Achievement	Target	Achievement	Target	Achievement	Target	Achievement	
Covered thana	32	32	36	36	84	84	74	74	118	118	296	296	274	274	914
Covered Union	309	294	350	332	650	650	807	783	1,162	1,108	3,323	2,918	2,749	2,678	8,763
No. of covered VGD cardholder	56,378	53,724	80,000	75,000	145,000	125,511	222,000	209,049	257,000	284,873	334,995	323,049	316,930	313,578	1,384,784
No. of selected cardholders	42,000	41,792	56,236	60,391	114,000	107,594	175,100	191,596	257,000	248,469	276,500	304,084	185,500	185,817	1,240,743
Total no. of Trained cardholders	42,000	40,744	60,391	57,929	114,000	105,504	175,100	185,096	257,000	248,129	276,500	284,683	285,500	284,072	1,206,157
Loan Disbursement (in taka)	17,000,000	14,207,400	55,000,000	47,564,700	230,690,000	161,181,399	308,310,000	524,857,033	629,058,000	225,554,403	841,127,281	445,557,755	1,668,450,000	763,400,714	2,182,323,404
No. of borrowers	37,020	16,319	36,360	37,151	85,670	79,834	125,950	178,933	338,186	169,206	231,750	164,533	285,500	190,256	836,232

N.B.: In 1998 - 1999 IGVGD cycle, the total amount of loan disbursement was behind the target due to the flood problem in 1998.

## Impact

Given that the VGD cardholders are among the most vulnerable and chronic poor, the fact that over the RDP Phase IV on average more than 69% of those who were trained in a variety of skills by BRAC later were eligible to get credit from BRAC suggests a move from mere food transfer and charity towards a path of sustainable development for these households. More interestingly, in a nationally representative study on the IGVD Programme, which followed up a cohort of VGD cardholders over time finds that while only 15% had managed to get loans from a microfinance institution during the first round of the survey, after participating in BRAC's IGVD programme, this figure increased to 66% for the same group of households. What was even more revealing was that out of those who did manage to get credit from microfinance institution, not all got it from BRAC --- about 35% of them accessed credit from some other microfinance institution suggesting that BRAC's IGVD programme is not only acting as a 'client grooming' service for BRAC but for the industry as a whole. The same study also finds the following indications of impact of the IGVD programme:

Table 6.2: Impact of IGVD Programme

Variables	1994	1999
% of households without blankets	86	75
% of households without beds	42	36
Tk. Monthly income preceding survey	75	415
% of households earning greater than tk. 300	7	31
% of households saving with NGOs	11	37
% of households begging	18	0
% of landless households	78	not available
% of households with no homestead land	27	not available
% of functionally landless households	94	not available

The following case study describes the process through which BRAC's IGVD programme manages to add value in the lives of the VGD members allowing them to graduate to a life of dignity from what was essentially a handout programme:

### Those Who Made It

Jorimon's husband died of tuberculosis and left her with two daughters, no assets, and a 5,000 taka debt. She worked for wealthier households in the village, sometimes earning a little something, often begging for food. In 1994 she received a VGD card and 31.5 kilograms of grain each month.

Jorimon received a three-day training on poultry raising. She had kept chickens before but she now learned about vaccinations, about keeping the chickens clean, about the right type of feed. She also learned about the importance of savings, about health issues and about how important it was for women to stand on their feet. She then received a 1,000 taka loan from BRAC. She spent part of the money buying high breed chickens from BRAC, some on local variety chickens, and she invested part of the money with someone from the village who was a saree vendor. Jorimon did well with her investments. At the end of the first year Jorimon sold off her old chickens, bought new ones, and with an additional loan, bought two goats.

When the VGD cycle ended in 1996 BRAC workers asked her to join the regular BRAC RDP program. She did and received a loan for a cow. At first, it was difficult without the free grain she was used to receiving but the BRAC loans helped. Jorimon still has some chickens, but she also raises goats that she sells at the Eid market every year. Her cow gives her milk. She sells the morning milk but the afternoon milk she feeds her daughters. Her daughters go to the BRAC school. Last year Jorimon received training in tailoring. She also received a BRAC loan to buy a sewing machine. Jorimon now makes children's clothing and blouses for the women in her village. She's paid off her debts, saves money regularly and dreams of a house for herself. Jorimon is strict about her daughters' schooling. She dreams of good marriages and prosperous lives for them.

### Significant Changes

In RDP Phase IV, the following changes were made to the IGVGD programme.

- Every month each VGD member is required to save Taka 25. Before 1998 they used to save this money either in bank or post-office at union level. The saving was deposited in the bank or post-office by the union parishad (UP) chairman who acted as media for this purpose. Unfortunately, this created a scope for the UP chairmen to mishandle the money, and many incidents like this occurred in different places. To bring an end to the problem it was decided that VGD members would deposit their monthly saving with us. BRAC gives them an interest of XX% on their savings, which they can withdraw after the wheat transfer is over.
- Before 1998, BRAC had no active participation in VGD member selection procedure. From 1998 BRAC has become a member of VGD member selection committee. As BRAC is a grass root level development organisation and its Programme Assistant (PA), front line worker are chosen from the working areas it is possible for BRAC to identify the real vulnerable women of respective area

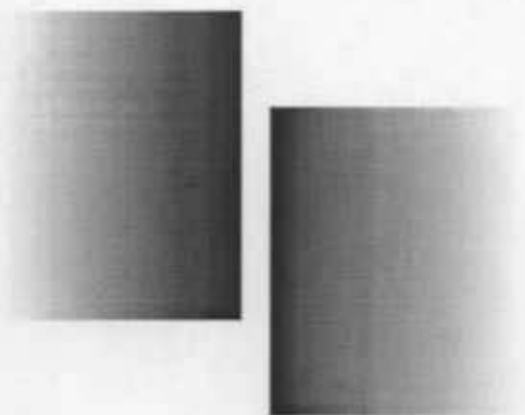
## Lessons Learned

- Selection of VGD women is very crucial. If VGD women are not accurately selected problems arise between the groups. One of the major problems is the lack of coordination between group members. Few group members, whose financial status is better than the hard-core poor show negligence to the poorest women. In order to ensure the most effective targeting, BRAC became an active member of the VGD selection committee.
- IGVGD is a collaborative programme and each partner in this partnership brings a lot of value. Working together as development partners, especially with the government and local government is not very common among development NGOs in Bangladesh and BRAC is a pioneer in this respect. However, we realize that strong commitment, involvement, monitoring and supervision from all the partner organisations is absolutely crucial for the programme to be successful.
- Previously the maximum loan size for VGD women was Taka 1,000. We realized that this amount is in most cases too small for initiating any income generating activity. BRAC decided to increase this amount of loan size, which currently is Taka 1,500-2,500.



# CHAPTER SEVEN

## Management and Capacity Development



## Chapter Seven

# Management and Capacity Development:

### Background

BRAC's managerial strength include an excellent work ethics among its staff and management and great integrity and sensitivity in dealing with its programme participants. The greatest asset we have is an environment of constant learning- both from each other and from our vast field activities.

During last few years, there was a rapid expansion of BRAC activities. BRAC grew fast in terms of increase in village organisation membership and programme participants. Increased working area and large number of programme participants had an over burdening effect on the staff, especially those who are working directly in programme planning, operation and implementation. BRAC coverage was so intense during Phase IV that in many cases BRAC actually achieved more than target plan.

Despite rapid growth, BRAC has been careful to maintain a participatory and decentralised management system. Teamwork and sharing of responsibilities are important values in BRAC and, through its work; it has tried to give real meaning to words like accountability and transparency. The strength it finds among its staff is not merely due to the number; they are a source of new and innovative ideas, and many have proved to be capable role models for future development practitioners. Till December 2000, BRAC had a total of 58,892 full time, and part-time staff.

### Key Components

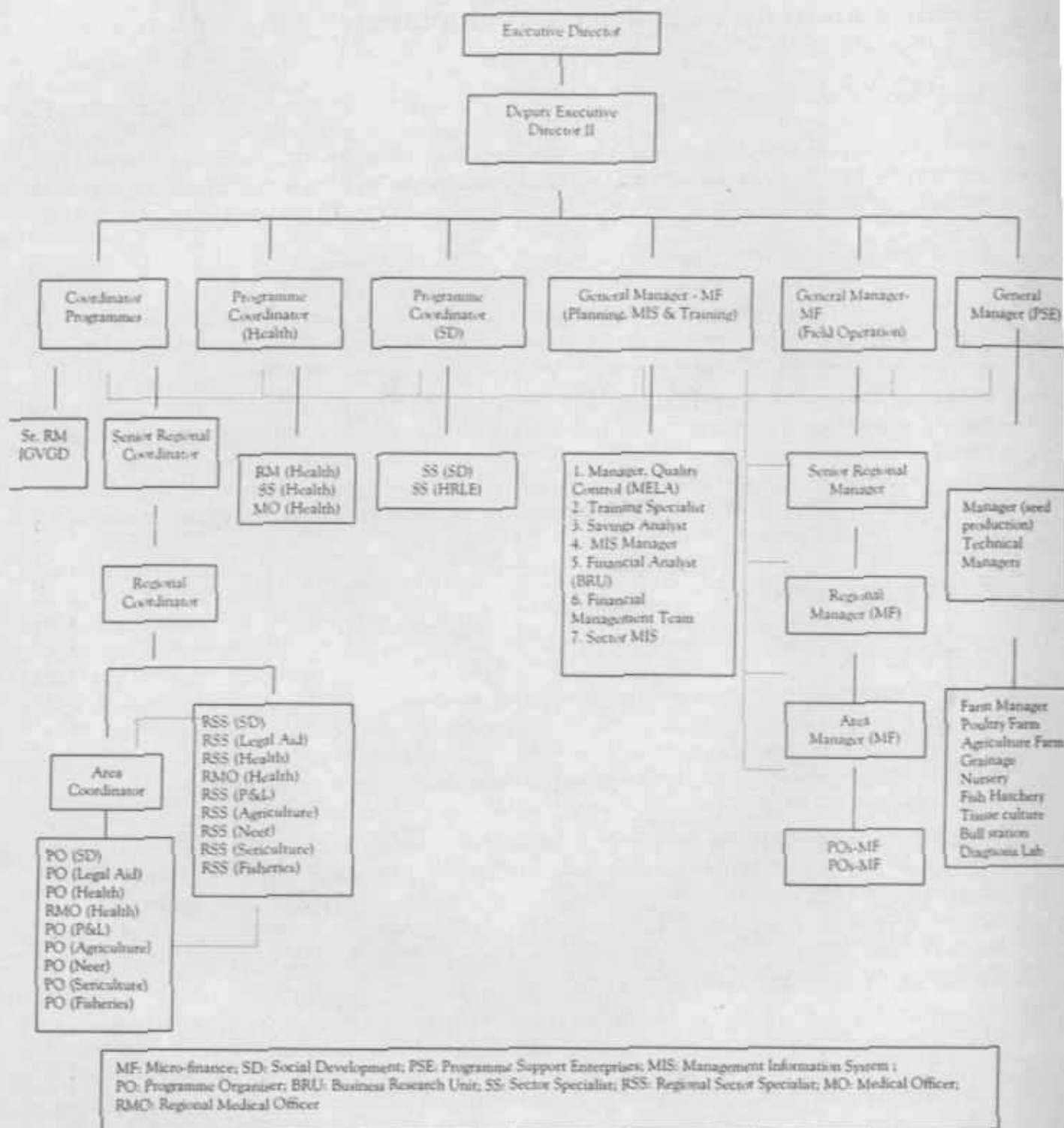
#### Management

The RDP management strategy uses a flat management structure. The key management personnel and the village level staff are delegated significant responsibility and authority to implement the RDP activities. They work in a liaison with RCP and with the support of a network of the field staff in the regional and area offices. The network comprises staff who monitor, evaluate and conduct financial and internal auditing services.

In the beginning of phase IV, the management outline of an area office was: area manager (1), programme organiser (one for EIG, two for organisation development and credit operation (ODCO), 12-13 programme assistants for ODCO, 4-6 PA for sector programmes, 2-4 PA for social development, and health staff according to need. But this structure has been changed for decentralisation of responsibilities and more involvement in programme operation. This change expects to bring increased efficiency of the staff and effective programme performance.

In completion of phase IV RDP has divided its activities into two main segments: (i) microfinance, and (ii) programmes. At the field level there is an area manager-microfinance who oversees all the MF related activities of the respective area and supervises MF staff. On the other hand, the responsibilities of the programmes are with the area coordinator (AC-programmes). AC coordinates all the sector programmes at the area level, and also supervises other programmes such as IGVD, REP/NEER, social development and health programme. All programme staff at the field level are reportable to the AC-programmes. The present organogram(end of December 2000) is presented below:

Figure 7.1: Present Organogram of RDP IV (End of December 2000)



## Training

Training is an integral part of BRAC programmes. In response to the expanding needs of RDP, BRAC has developed regional training capabilities in selected locations. Fourteen Training and Resources Centres (TARC), including two Centre for Development Management (CDM) are currently in operation.

BRAC has adopted the participatory training process in which trainers play the role of facilitators. The various training courses are designed by BRAC to provide necessary information to the clientele (village organization members and development workers both home and abroad), develop appropriate skills, improved tailored attitudes and to strengthen management capacity. Many of the courses are also aimed at developing component staff, keeping pace with the rapid growth of both RDP and BRAC itself.

## Gender

BRAC realizes the connection between women's empowerment and sustainable development. It acknowledges the fact that, it is critical for women (from all spheres of life) to have an enabling environment in order to perform to the best of their abilities. During phase IV, BRAC has sped up its gender sensitization activities, and is taking all kinds of steps and measures to create a favorable environment for its female staff. BRAC's gender policy is dedicated towards creating a healthy environment.

A Gender Unit exists within BRAC, which looks into gender issues across the organisation, and is involved in collecting and disseminating relevant information to staff at all levels. This unit has been placed within the Rural Development Programme, headed by a female Manager, looking into the gender issues in all sector programmes with the aim of making the programmes as gender sensitive as possible. BRAC has always encouraged and promoted capable women to managerial positions, which includes a few Regional Managers as well. Also, BRAC looks for ways to absorb the field workers as regular staff, for instance, HRLS teachers are assigned to work for the Popular Theatre, and the best performing teachers from the Education Programme are retained as Resource Teachers.

## Major Achievements

BRAC Human Resources Department recently developed an extensive performance appraisal form for all levels of staff. This appraisal form is being implemented by managers at all levels and allows for the employees to participate in their own appraisal. The format encourages active participation of both the appraiser and the appraised.

In the year 2000, a Personal Information Management System (PIMS) was implemented by HRD for better administration and updated information about all employees which will inform management decisions of staff promotion, training etc.

BRAC continues to revise and implement old and new operational guidelines. An LFA workshop for RMs was given. Staff received training on LFA based Programme monitoring and evaluation. A series of workshops on strategic planning took place. A performance appraisal form has been introduced by HRD to assess all staff including management.

All RDP's senior staff and management spend significant amounts of time in the field, which ensures easy access and interaction between junior and field level staff.

In order to delegate authority and responsibility a RM can now daily disburse Tk.250,000 without Head Office permission. Branch automation is being done which should ensure faster reporting. This new system will significantly reduce manual data entry. Up to 2000 December, 304 branches have been automated and a comprehensive policy has been adopted to computerise all branches by 2001.

By the end of the December 2000 there are 33% female PO-V, 29% female PO( at supervisory level) and 17% female RM. There are 18% female in the RDP senior (RM and above) positions.

The following table shows the progress of RDP's management capacity on the basis of the agreed indicators as per PP

Table 7.1: Achievements in Management and Capacity Development

Agreed Indicators	Achievement	Comments
RDP planning, implementation, monitoring and evaluation increasingly based on logical framework.	This is in place.	LFA workshop for all regional managers was held during September '97. Monitoring and evaluation are being performed as per LFA indicators.
BRAC's long-term strategic plan reviewed annually and distributed to RDP managers and supervisors, including regional and area personnel.	Reviewed during 1999.	A series of workshops on strategic planning took place.
All RDP staff assessed, in relation to their job descriptions, at least annually.	This is in place.	BRAC's human resources department prepared a performance appraisal format, which has already been approved. The form is now being piloted at field level. In this appraisal format job description is specified and there is a specific criteria for everyone's job evaluation.
RDP organizational structure reviewed annually (internally)	Reviewed during the first half of 1999.	RDP field operations have been reviewed to ensure proper implementation of all the programmes. In this regard, a separate field operation unit has been established where four Senior Regional Managers (field operations) are in charge in their respective areas. BRAC has decided to divide RDP into Micro Finance and Programmes. At the area office level there is an area manager micro-finance and an area coordinator programmes.



Agreed Indicators	Achievement	Comments
By end -1999, Regional Managers have authority to approve disbursement per day per area up to Taka 2,50,000 in loans, and to recruit PO-V without reference to headquarters.	This the case	
At least 50% of AMs have > 4 years of service from 1998 onwards.	58% of AMs have > 4 years of service from 1998 onwards.	On Target
At 50% of RMs have > 8 years of service from 1998 onwards.	90% RMs have > 8 years of service from 1998 onwards.	The reason for this increase on the target is because most of the AMs with at least 8 years service have been promoted.
By end -1999, all staff possess and understand Job descriptions, personnel manual, programme management manual, LFAs and clear accountability system (who will report to whom)	This is the case	Training has been given to the staff to understand job descriptions, personnel manual, programme management manual, LFAs and clear accountability system (who will report to whom)
Audit and periodical financial reports made available on time.	This is the case.	
BRAC involved in joint activities with GOs and NGOs at national/ regional/ local levels in at least 8 sectors (poultry, health, agriculture fisheries, education etc.).	Being achieved (Oxbow Lake Project, SLDP, BINP-nutrition, IGVGD, TB, Education, Fisheries, Family Planning, poultry for nutrition, participatory livestock development program).	In order to ensure the basic needs of the hardcore poor, BRAC in collaboration with government and other organisations, undertakes programme such as health care, education, housing etc.

## GQAL Training

Gender parity and sensitivity have been important issues for the programme. The GQAL cycle took place in 230 RDP AOs covering 921 POs and 5,486 PO-V. One of the expected outcomes of the GQAL programme is that a more favourable work environment will emerge which should encourage more female staff to remain with BRAC.

## Training Module for Social Development Programme

In order to improve the quality of input provided by BRAC, and for staff development, a new nine-day training module for BRAC staff (involved in implementing the Polli Shomaj), and a five-day training module for the Polli Shomaj Chairpersons have also been designed. The training has already started. Besides education the training is also based on socio-economic and political issues, and realities, and information on resources and its mobilization, this new module has contributed a significant portion to the gender related issues. It has covered a wide range of information on Gender

relations; Discrimination based on gender; Gender division of labour; Women and environment, and how sustainable development are connected to all of the above.

The training of Trainers (TOT) with 27 participants, and 30 Regional Sector Specialists (RSS) has been completed. The training for Programme Organizers is in the process of implementation. 450 POs will come under the training (based on this new improved module) in the year 2000.

## **Workshop on Gender and Sustainable Development**

BRAC's Gender Programme has taken a very significant initiative towards its gender sensitization goal. Kamla Bhasin, Coordinator of FAO-NGO South Asia Program has been invited to conduct workshops on "Gender and Sustainable Development". Five such workshops have taken place in 1999. The workshops covered 191 staff from senior management till date.

## **Gender Advisory Committee (GAC)**

GAC comprises of staff from senior management, who represents all programmes. Both men and women are included in the committee. Through regular meetings, the Gender Advisory Committee plays a significant role in operationalizing BRAC's gender policies. It makes sure that gender policies are reflected in programmes and other BRAC activities. GAC also determines ways to find solutions to problems, particularly to gender-relational ones.

## **Significant Changes**

BRAC recognises the stress of managing a growing programme. As the programme expanded under RDP IV the management layer of RDP has only had a modest increase in numbers.

Recently RDP has appointed additional Senior Managers to support the Programme Co-ordinators. Based at Head Office, these Senior Regional Managers take operational responsibility on a divisional basis (supervising 14 ROs) for credit/savings, field operations and employment and income generating programmes.

Some major changes occurred in the organisational structure of RDP. RDP has been divided into two separate units i.e. Micro-finance and Programmes. At the Area Office level the AO Manager position is no longer required as there will be separate managers for the Micro Finance and Programmes. Micro-Finance will have a Manager and Programmes will have a Coordinator.

IGVGD which in the past was supervised by the Area Office Manager will now be supervised by the Area Coordinator Programmes.

RDP is the largest of BRAC's programmes. In order to develop the capacity and capability of all levels of staff, significant changes have taken place in management.

At Head Office there will be three General Managers: 2 for Micro Finance and 1 for PSE as PSE is now separated from Micro Finance and Programmes. All the Sector Programmes will be supervised by the Coordinator Programmes. This is mainly in response to a SSB recommendation made in the 1999 Annual Financial Report.

In RDP management, the role of Regional Manager (RM) and Area Manager (AM) is very important. RDP accelerated its effort to increase the capacity of RM and AM. A comprehensive training with regard to field operations titled as Managing Field Operations (MFO) have developed. It includes office management, accounts, finance, savings and credit, managing EIG, social development and personnel management etc.

As RDP implement comprehensive development packages, it need intensive and close supervision, therefore the number of RDP regions has increased so that AO can be closely supervised and monitored.

A new unit in RDP management called Field Operations has been introduced at Head Office level. RDP Field Operations have been divided into four geographical regions, Dhaka, Rajshahi, Khulna-Barishal, and Chittagong-Sylet. The Programme Coordinator (Field Operations) leads the field operations division. Four senior regional managers have been promoted from experienced RM and assigned responsibility and authority to look after their respective divisions.

In order to remove bureaucracy, administrative and financial authority was given to RM and AM. They can transfer and sanction loan of a certain amount without taking permission from Head Office.

As the Area Office is the centre of all RDP activities all area level staff are now involved in the planning process and determination of yearly plans. This type of activity increases efficiency and manageability of the staff.

Branch automation is being done which should ensure faster reporting. This new system will significantly reduce manual data entry thus freeing up the loan officers' time to spend with group members. Up to December 2000, 304 branches have been automated and a comprehensive policy has been adopted to computerize all branches by 2000.

## **BRAC Culture and Values (BCV) Training**

Based on the values, and the organizational culture that BRAC aims to achieve in its journey towards sustainable development, BRAC has initiated a new training in 1999. The training is expected to enhance the quality of work atmosphere and will also improve the interpersonal relationship among the staff, particularly in terms of gender relations. According to the three-day training module the objectives of the training are

- Conceptualization of organizational values and culture;
- Establishment and understanding of BRAC's own culture and values it puts forward;
- Explanation of the implications of culture and values on staff's behavior and actions;
- Highlighting the constraints (both internal and external) in promoting these values, and taking appropriate measures;
- Develop and encourage personal commitment.

It is important to note that the above mentioned module has integrated gender perspective and gender sensitization issues. Till date a total of 1,811 staff has come under this training, and among them, almost 47% (849) were from the Rural Development Programme.

## Future Plan

Given the rapid growth and diversity of BRAC activities over the past five years, and the growing fiduciary responsibilities to members' through their savings and credit with BRAC, BRAC is committed to a more transparent and accountable governing structure. Recently, the present Executive Director indicated his intention to address the governing structure of BRAC in the coming years.

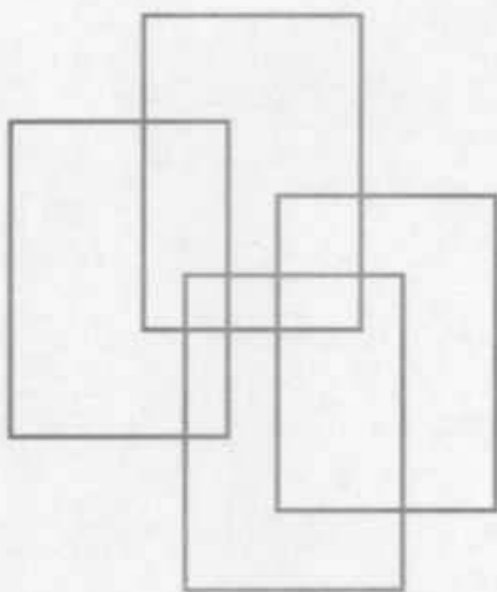
In May 2000, the Executive Director (ED) announced some important decisions regarding his succession. An Executive Director (Designate) has been appointed to take up duties in August 2000 as chief operating officer. The newly appointed EDD, a former senior level civil servant, will take on increasing operating and decision making responsibilities.

The founding Executive Director intends to relinquish administrative responsibilities in mid-2001 and become the full-time Executive Chair of the governing body. In that capacity he will devote his full time to strategy and policy for BRAC and to strengthening the governance of BRAC. A new governing body will be constituted with highly qualified independent members who will have the expertise required to provide BRAC with the dedicated, effective and prudent guidance and oversight to management.

The governing body will oversee the financial and strategic policy decisions of BRAC. It will provide independent advice to management on policy and operating decisions. The Governing Body will have as priorities to ensure the prudent financial management of BRAC, to maintain effective relationships with Government and to develop alliances with NGO networks, including international networks, to strengthen civil society.

# CHAPTER EIGHT

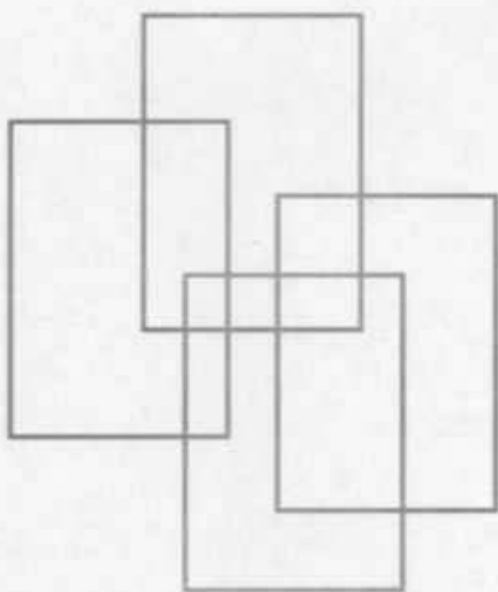
## **NGO Co-operation Unit (NCU)**





# CHAPTER EIGHT

## **NGO Co-operation Unit (NCU)**



## Chapter Eight

# NGO Co-operation Unit (NCU): Leveraging The Experience

### Background

Bangladeshi NGOs learning of microfinance has been largely self-taught and the knowledge driven by constant experimentation and field level experiences. Through this process, Bangladeshi microfinance has emerged as a global leader in designing poverty focussed microfinance programmes having cost effective outreach to a massive number of the poor. Yet, a large number of the NGOs are still pursuing ways of building capacity in effective microfinance operation. BRAC as the largest national development NGO in the world feels that it has a role to play in addressing this gap. In response to this felt need of the NGO's, BRAC embarked on an NGO Cooperation Project aiming to enhance the efficiency of community based small NGO's in effective microfinance management with a view to further increase the effective outreach of poverty-focussed microfinance in Bangladesh.

In 1995, BRAC set up an NGO Co-operation Unit (NCU) to explore ways for BRAC to assist the smaller NGOs, helping them improve their efficiency and expertise and to improve the co-ordination between BRAC and other NGOs. The goal/purpose of the NCU is to help/support the efforts of smaller NGOs in trying to reach the poor in different regions of Bangladesh. NCU provides training, technical, logistic and financial support to smaller NGOs as well as ensuring access to information.

The broad objective of NCU is to develop a synergistic relationship between BRAC and other local NGOs. The specific objectives of NCU are to:

- Extend the coverage of poverty alleviation interventions;
- Establish and develop relationship between BRAC and local NGOs;
- Develop the expertise of small and medium NGO professionals;
- Provide financial assistance to small medium NGOs implementing micro-credit programme;
- Minimise overlapping of working areas among different NGOs
- Enhance the effectiveness of programmes by coordinating activities with other NGOs, which in turn optimises the utilisation of resources;
- Implement various development programmes on a partnership basis; and
- Establish effective linkages with other organisations.

### Implementation Process and Management

NCU follows a set of criteria in selecting an NGO for extending cooperation. The *selection criteria* of partner NGOs are given below:

- The NGO is working in the same upazila as BRAC
- The NGO is working in a small geographic area
- The NGO has registration with the government
- The NGO is not associated with PKSF and owns less than taka 0.3 million as capital
- The NGO is involved in micro-credit activities
- The head of the NGO resides in the project area;
- The NGO works with groups of poor people, such as landless

The steps of partner NGOs *selection procedure* are given below:

- The organisation has to submit a duly filled application form to NCU,
- The Regional Manager or TARC in-charge of the respective area will visit the NGO to send a recommendation to the NCU,
- NCU staff visit the NGO to assess its eligibility. The list of potential organisations is presented at the BRAC board meeting for final approval,
- After approval NCU arranges a one-day orientation for the head executives of the selected NGOs. This is to make them aware of the terms and conditions of the agreement,
- Prior to agreement, the NCU provides two types of operational training to the selected NGOs. Trainings is provided on savings and credit management and accounts management. On completion of such training a deed is signed and loan disbursement takes place.

## Terms and Condition for Financial Assistance

The partner organizations need to confirm the following terms and conditions for getting financial assistance from BRAC;

- The partner organizations should pay service charge @5% to BRAC
- Installment should be quarterly
- Total repayment should be made by 8 installments
- Graduation to PKSF within 2 years of BRAC support
- The partner organisation should charge the beneficiaries 15% or more service charge
- The partner organisation should concentrate in their working villages
- Before further expansion the partner organisations should cover all the target population in their working villages
- The partner organizations should have active village organizations in their working villages
- Each VO should have 15-40 members
- The partner organizations must realize average weekly savings  $\text{৳}$  Tk. 5 per head
- The partner organizations should follow the following VO membership criteria:
- Households with less than 50 decimals of land, and
- Any adult households member needs to sell manual labour 100 days/year for survival

## Monitoring

**Follow-Up:** The NCU staff visits the partner NGOs bi-monthly to supervise this activities. The visit covers group meeting, status of savings deposit and loan realisation, accounts and book keeping procedures, action plans etc. Assistance is provided to identify weaknesses of the programmes of the NGOs, the NCU extends necessary support to overcome these.

**Quarterly meeting:** For effective follow-up the partner NGOs are divided into five zones on the basis of geographic location. Each zone meets in a quarterly meeting. Main focus of this meeting is to review programme activities.

## Key Components

To attain the above objectives, BRAC extends the following support to the partner organizations:

- Capacity Building;
- Technical and logistics support; and
- Financial support;

## Capacity Development

NCU develops skills of the partner NGOs in the field of human resource development through training, follow-up, meeting and workshop. It conducts different types of training courses such as savings and credit management, accounts management and development management for the employees of the partner NGOs to enhance their capacity.

Table 8.1: Performance of Members Training

Name of Training	Participants	Duration	Number of participants	Purpose of the Training
Savings and Credit Management	Director, Supervisor and Field Staff	6 days	207	To enhance knowledge and skills on different aspects of savings and credit management
Accounts Management	Accountant	6 days	136	To acquire adequate knowledge and skills on book keeping and accounts
Refreshers on Accounts Management	Accountant	3 days	82	To refresh knowledge and skills on book keeping and accounts
Development Management	Director	12 days	44	To develop managerial skills.
NFPE Basic Training	Teacher	12 days	05	To enhance knowledge and skills on teaching

## Technical and Logistics Support

This comprises of management information system development, operational system and methodology development, operational issues of sectoral programmes, marketing of products, input supply and logistics.

## Financial Assistance

Though BRAC has no intention of playing the role of microfinance wholesaler, in essential circumstances it provides financial support to the partner organizations in terms of revolving loan fund, and funds for relief activities during disasters.

## Special Support

Special support is given to the partner NGOs to implement innovative ideas:

- Taka 34,250 was provided as grant to one of the partner organisations called 'Disari' to purchase rickshaw vans. These are used to collect garbage in the Mymensing Municipal area.
- Taka 70,000 was provided to 'GROUNDS' as grant to recover the loss of its poultry programme.
- Two employees of 'Nari Unnayan Shakti' (NUS), Dhaka were deployed at Sreepur BRAC office to acquire practical experiences in record keeping and field level programme activities.
- Taka 600,000 was disbursed to 'PARICHARJA' as financial support against its health programme.
- Taka 300,000 was distributed to 10 partner organisations (taka 30,000 per organisation) as interest free revolving fund for launching sanitation programme in their working area.

## Major Achievements

A total of 74 NGOs have received support from NCU. Out of these NGOs 62 have received credit with training and 12 received only training. A total Tk. 59 million have been disbursed to these NGOs. A amount of Tk. 25.7 million has been realized as principle loan amount and the current principle outstanding is Tk. 33.38 million. The overdue is Tk. 150,000, which is only 0.25% of total loan disbursed. The following table shows the financial performance at a glance:

Table 8.2: Financial Performance of Partner NGOs

Total Loan disbursed	Tk. 59,091,714
Total Principal Loan Realised	Tk. 25,712,500
Total Principal Outstanding	Tk. 33,379,214
Total Interest Income	Tk. 2,14,601
Total Overdue	Tk. 150,000
Percent of Overdue	0.25%
Total Cost of Capacity Development	Tk. 1,626,507



The year wise performance of NCU are given in the following table:

**Table 8.3: Year Wise Performance of NCU**

Particulars	Achievements					Total		Reasons for variance
	1996	1997	1998	1999	2000	Target	Achievement	
Number of NGOs covered	-	15	20	39	-	100	74	BRAC did not able to fulfill to the target figure of 100 as it has proven to be too difficult to identify NGOs that meet BRAC's criteria.
# of NGOs received Credit with training	-	15	20	16	11	70	62	Initially the target was set that BRAC will work with 100 NGOs and provide credit support to 70 NGOs. Later BRAC has worked only with 74 NGOs and provide credit support to 62 NGOs.
Fund disbursed (Tk. in million)	-	2.4	7.4	24.48	24.82	60.10	59.09	---

Most of the partner NGOs witnessed substantial improvement in the area of geographical coverage, human resources, savings and credit after joining the BRAC NCU. Partner NGOs show significant improvement in the following aspects.

**Table 8.4: improvement of Partner NGOs Performance**

Area	Performance		Changes	% Of Changes
	From Starting	As of December 2000		
Village Organisation	1,750	2,572	822	43.97
Number of member	36,508	52,637	16,129	44.18
Group Savings (Tk. in million)	14,628,473	46,014,620	31,386,147	
Number of Borrowers	20,359	39,612	19,253	94.57
Outstanding(Tk. in million)	30,952,884	64,494,051	33,541,167	108.36

## BRAC's Interventions to Assist Partner NGOs

The following example shows, how BRAC intervention has created an effect on the performance of partner organization . For this example we have selected three NGO's--- one is Debi Chowdhurani Palli Unnayan Kendra (DCPUK) of Rangpur, another one is Social Development Project (SDP) of Rajshahi and the last one is Samannita Unnayan Seba Sangstha (SUSS) of Jamalpur. Out of these three NGOs, their performance is bad, fair and good respectively. We have identified their performance on the basis of few variables like, impact of training, growth of village organization, savings, loans, use of savings, operating efficiency (income and expenditures, record keeping) and improvements in supervision.

**Profile of the POS:** All the three NGOs were registered either with the Bureau of NGO Affairs or the Department of Social Welfare of the government of Bangladesh. Thus they have legal standing to work in Bangladesh. Judged by the year of establishment, DCPUK appeared to be oldest of the three (1981) than SDP (1992) and SUSS (1994) but in terms of credit operation SDP was the oldest (1992) than DCPUK (1994) and SUSS (1995).

The DCPUK's geographical coverage appeared to be the highest (10 thanas, 72 unions and 927 villages). The outreach figure was 2 thanas, 10 unions and 59 villages for SUSS, and 2 thanas, 7 union and 65 villages for SDP. But despite a larger geographical coverage, DCPUK had only 19 village organisations (VOs) as opposed to 122 and 40 of the SUSS and the SDP respectively. This indicated that the DCPUK's coverage of population in the villages they were working was rather sporadic. On the contrary, despite being a later entrant, SUSS covered more unions (10) than SDP (7). SUSS also formed more VOs (122) than SDP (40). This could be credited to the intensive coverage of populations by the SUSS which is reflective of their quality of work. The number of permanent staff of DCPUK did not rise in 1999 from 1996 whereas SDP and SUSS witnessed a significant increase by 70% and 61% respectively over the same time span. Contrarily SDP did not hire any temporary/project staff in 1999 while the SUSS and DCPUK did. However, when compared between before and after BRAC cooperation, the overall increase in human resources was significant (DCPUK 55%, SDP 70% and SUSS 88%) for all three. The speed with which DCPUK formed VOs remained unchanged after BRAC cooperation, while it increased significantly for both SDP and SUSS by 54% and 62% respectively.

**Staff Training:** The number of staff receiving training on Saving and Credit Management, Management Accounts, and Management Development varies between the POs. In aggregate, the SDP's trained staff augmented to 3 in 1999 from nil in 1996, while for SUSS it increased to 5 from 3, but DCPUK showed no progress in this regard. Although trained human resources and the genuine age of DCPUK was substantially greater, it failed to prove its efficiency in microfinance management. The attrition rate of its older trained staff was widespread requiring new trained for 14 personnel between 1997-99.

**Weekly Meeting of Village Organizations:** Unlike SUSS and SDP the DCPUK was unable to achieve target of weekly meetings of the VOs that is considered as one of the most significant forum to interact with the microfinance beneficiaries leading to a successful programme. The SUSS and the SDP organized almost all the meetings planned in 1996 and 1999. In contrast, the DCPUK was able to hold 60.5% of the planned weekly meetings in 1996. The particular performance even worsen in 1999 (18% achievement on target). None of the POs maintained record at HO on the weekly meeting held. But at the VO level the SDP and the SUSS maintained resolution book of weekly meetings.

**Work Plan and Supervision:** Although all the POs stated to have written work and supervision plans in 1999 but except SUSS none could show copies physically. The area offices of SUSS prepare plans and forward copies to the HO. The HO supervisors routinely visit area officers and field sites, and thereby follow the respective field workers, and thus supervise the fieldwork. Notably, despite the SDP had no written master plan but its field workers used to prepare and follow their plan on fieldwork and supervision each month. The DCPUK, indeed, had no structured plan to follow for effective supervision in reality.

**Loan Discipline:** BRAC encourages the partner organizations (PO)s to follow some agreed loan disciplines in terms of record keeping in various registers. Before BRAC cooperation started the DCPUK did not maintain ledger and subsidiary ledger books. On getting attached with BRAC these NGOs' began to maintain all the recommended registers/ledgers regularly. But the verified result confirmed that the

DCPUK's records were neither updated nor complete in many cases. Even, no savings and loan collection sheets as well as staff attendance and movement registers were found at DCPUK. In contrast, all the needed registers, vouchers and documents of SDP and SUSS were found to be updated and complete.

The following table reflects how BRAC intervention has changed the performance of mentioned three NGOs in terms of scale of operation.

**Table 8.5: Changes of Partner NGOs Performance After BRAC's Intervention**

Particulars	Before BRAC (Upto 1996)			After BRAC (1997-1999)		
	DCPUK	SDP	SUSS	DCPUK	SDP	SUSS
<i>Areas Covered</i>						
Thana Covered	2	1	1	10	2	2
Union Covered	21	2	4	72	7	10
Village Covered	345	10	24	927	65	59
<i>VOs Covered</i>						
Male	-	-	-	-	1	8
Female	19	18	43	19	39	114
<i>Average member per VO</i>						
Male	--	-	-	-	20	18
Female	15	19	13	20	25	16
<i>Staff Position</i>						
a) No. of permanent staff	4	6	9	4	20	23
b) No. of temporary staff/ project staff	29	-	-	73	-	53
c) Total	33	6	9	77	20	76
<i>Performance of Microfinance Programme</i>						
a) Date of starting credit programme	3/4/94	25/2/92	1/2/95	-	-	-
b) Total number of male loanees	-	-	-	-	20	35
c) Total number of female loanees	120	340	392	222	834	795
d) Total Savings	53,732	98,900	238,596	102,499	534,218	1,116,744
e) Total Disbursement	210,000	250,000	1,049,000	631,000	4,302,160	9,998,500
f) Amount disbursed per female VO members	1000-2000	1,000	2,500	3000-4000	3,000	10,000
g) Amount disbursed per male VO members	-	-	-	-	3,000	2,000
h) Amount Realized	100	98	60	58	98	75
i) Total Outstanding	2,500	78,186	421,058	263,270	1,912,600	24,68,108
j) Total Overdue	Nil	1,560	Nil	100%	37,506	Nil
k) Types of loan collection	weekly	weekly	weekly	weekly	weekly	weekly
l) Interest rate on savings	5%	5%	5%	5%	6%	5%
m) Interest Rate on Credit	15%	15%	15%	15%	15%	15%
n) Annual Budget	--	3,400	1,000,000	Not Reported	57,48,688	4,500,000

## Impact of NCU

To assess the impact of BRAC's intervention, RED carried out an exploratory study on BRAC's NGO Cooperation Unit. Impact of BRAC's intervention over partner NGOs are given below:

- Partner NGOs' considered good MIS to be fundamental for effective credit operation
- Most of the NGOs geographical coverage, human resources, savings and credit and annual budget after joining the BRAC NCU increased
- The partner NGOs started to make provision for loan loss at the rate of 2% on disbursement since BRAC cooperation but they never did so earlier
- The partner NGOs' had no overlapping of work with neither BRAC nor with other NGOs

As a consequence of BRAC cooperation, partner NGOs' trustworthiness and image improved, and different donors extended funds to them for implementing other development activities.

## Significant Changes

- At the beginning it was conceived that NCU will provide support to grass-root level organisations. But it is actually difficult for the grass-root level organisations to deploy the required resources. As a result, NCU changed its strategy and decided to work with mid level organisations.
- It was also decided that NCU will provide computer facilities to the partner organisations but this plan was changed due to lack of capacity of the partner organisations.

## Problems Encountered and Future Plan

- The partner organisations working in a small geographic area to cover the target people and deliver services more effectively.
- In case of initiating new programme it is easier to identify potentials and problems of an area.
- Skilled and experienced staff are required to run the micro-credit programme efficiently.
- From the year 2001, NCU is going to emphasis on capacity development rather than increasing the number of partner organisations. BRAC hopes to continue its support for a period of 3 years for capacity development by providing training, technical and logistics support and smooth functioning of the microfinance activities by providing required amount of revolving loan fund (RLF). After 3 years BRAC will pave their way to receive financial support from PKSF.
- Along-with the present package of training supports, cooperation will be extended to development management, financial management and MIS.
- NCU will try to study individual partner organisation regarding their financial sustainability and based on findings RLF support will be continued.
- Water and sanitation program with the partner organisation have been initiated since 1999. BRAC provides financial support as revolving fund to implement the programme at the rural level. BRAC monitors and evaluates the quality and effectiveness of the programme.
- BRAC will assist the partner organisations to extend their employment and income generation activities. The programme will cover a wide range of traditional and non-traditional income generating activities, such as fish culture, nursery, poultry, handicraft, vegetable cultivation.
- The activities of the partner NGOs will be regularly monitored to maintain and sustain quality.

# ANNEX

BRAC  
MICRO FINANCE PROGRAM  
(RCP + RCP + IGVDDCP + MELA)

BALANCE SHEET

	As at December 31, 2000	As at December 31, 1999	As at December 31, 1998	As at December 31, 1997	As at December 31, 1996
<b>ASSETS:</b>					
Current Assets:					
Cash in hand & at bank	490,166,458	54,556,547	295,648,234	201,186,927	368,146,376
Short term investment	818,785,800	678,785,800	632,100,000	443,000,000	225,000,000
Current Accounts with Projects/Area Office	87,007,969	212,568,642	52,518,249	48,343,697	21,852,694
Stocks and Shares	18,426,701	1,376,155	10,870,254	2,835,427	288,000
Advance, Deposits and Pre-Payments	24,993,104	35,163,572	13,832,708	2,316,944	5,950,811
Accounts Receivable	10,738,845	-	-	-	-
Advance to Staff against Motorcycle	94,157,049	98,885,741	44,424,580	22,895,452	-
Loans to VO members	7,805,823,010	7,021,581,762	5,193,368,143	3,895,322,214	3,220,938,158
Less: Loan loss reserve	(544,860,387)	(471,210,780)	(449,536,953)	(201,453,194)	(225,030,596)
Net Loans Outstanding	7,310,962,623	6,550,371,002	4,743,831,190	3,693,869,020	2,995,907,563
<b>Total Current Assets</b>	<b>8,091,238,559</b>	<b>7,637,708,459</b>	<b>5,793,225,222</b>	<b>4,964,447,467</b>	<b>3,817,146,310</b>
<b>Long-Term Assets:</b>					
Loan to Project	30,000,000	60,000,000	90,000,000	120,000,000	150,000,000
Fixed Assets at Cost	888,562,049	811,318,069	690,528,842	520,885,987	231,162,814
Less: Accumulated Depreciation	(179,879,279)	(147,514,770)	(125,963,128)	(104,608,072)	(39,969,702)
Net Property & Assets	808,682,770	663,803,299	564,565,714	416,277,915	191,193,112
<b>Total Long-Term Assets</b>	<b>838,682,770</b>	<b>723,803,299</b>	<b>654,565,714</b>	<b>536,877,915</b>	<b>347,183,112</b>
<b>Total Assets</b>	<b>8,999,821,329</b>	<b>8,356,511,758</b>	<b>6,447,790,937</b>	<b>5,000,526,382</b>	<b>3,958,339,422</b>
<b>LIABILITIES &amp; FUNDS</b>					
<b>Capital Fund</b>					
Accumulated Excess of Income & Exp.	1,302,135,998	1,135,602,062	835,480,390	608,849,882	410,538,054
Adjustment for Previous Year	8,162,544	1,340,943	5,649,083	17,861,116	-
Add: Income from Operation and Grant during Year	208,256,706	165,192,993	294,472,589	208,668,392	193,411,828
<b>Total Capital fund</b>	<b>1,518,555,248</b>	<b>1,302,135,998</b>	<b>1,135,602,062</b>	<b>838,480,390</b>	<b>608,949,882</b>
Donor Fund Invested in Loan	1,461,828,455	1,461,828,455	2,108,381,541	1,874,401,438	1,870,117,538
Donor Fund Invested in Fixed Assets	295,089,383	295,089,383	305,518,048	202,322,245	26,583,888
<b>Total Funds</b>	<b>3,275,474,086</b>	<b>3,059,054,836</b>	<b>3,547,501,649</b>	<b>3,013,204,073</b>	<b>2,310,661,709</b>
<b>Long Term Loans</b>					
Long Term Loans	2,547,688,826	2,068,798,400	1,173,588,000	792,326,200	347,320,758
<b>Current Liabilities:</b>					
Creditor for Expenses	179,461,098	240,432,187	198,934,697	141,619,243	98,027,926
VO Members' Savings Deposits	3,550,373,268	2,902,953,491	1,484,680,043	1,097,856,510	1,151,858,775
VO Members' Group Deposits	503,209	7,466,410	10,148,331	21,263,020	29,580,587
Other Deposits	85,849,759	-	-	-	-
Current and Project Accounts	58,493,082	75,802,434	32,957,217	25,456,336	19,885,666
<b>Total Current Liabilities</b>	<b>3,882,660,417</b>	<b>3,226,657,522</b>	<b>1,726,700,288</b>	<b>1,285,895,109</b>	<b>1,300,366,954</b>
<b>Total Liabilities and Funds</b>	<b>8,999,821,329</b>	<b>8,356,511,758</b>	<b>6,447,790,937</b>	<b>5,000,526,382</b>	<b>3,958,339,422</b>



**BRAC  
MICRO FINANCE PROGRAM  
INCOME AND EXPENDITURE STATEMENT**

	For the Year Ended December 31, 2000	For the Year Ended December 31, 1999	For the Year Ended December 31, 1998	For the Year Ended December 31, 1997	For the Year Ended December 31, 1996
	(in Taka)	(in Taka)	(in Taka)	(in Taka)	(in Taka)
<b>INTEREST INCOME</b>					
Service Charge on Loans	1,893,023,196	1,378,922,205	1,243,869,424	888,056,132	691,267,255
Bank Interest Income	99,982,188	93,918,517	44,542,500	30,845,371	32,257,569
Income from Other Projects	28,637,274	46,644,558	15,511,065	21,627,046	6,954,084
<b>Total Income</b>	<b>2,021,642,658</b>	<b>1,519,485,280</b>	<b>1,303,922,989</b>	<b>940,528,549</b>	<b>730,478,908</b>
<b>NON OPERATING EXPENSE</b>					
Interest Paid on Deposits and Loans	349,474,535	233,452,233	145,356,433	86,570,850	73,575,182
<b>Financial Cost of lending</b>	<b>349,474,535</b>	<b>233,452,233</b>	<b>145,356,433</b>	<b>86,570,850</b>	<b>73,575,182</b>
<b>GROSS FINANCIAL MARGIN</b>	<b>1,672,168,123</b>	<b>1,286,033,047</b>	<b>1,158,566,556</b>	<b>853,957,699</b>	<b>656,903,726</b>
Loan Loss Provision	269,887,571	219,965,842	254,721,277	137,843,857	92,788,228
<b>NET FINANCIAL MARGIN</b>	<b>1,402,280,552</b>	<b>1,066,067,205</b>	<b>903,845,279</b>	<b>716,113,842</b>	<b>564,115,498</b>
<b>OPERATING EXPENSES</b>					
Salaries and benefits	812,315,914	648,651,522	436,272,489	346,831,802	256,991,834
Office Rent	26,132,940	17,188,243	13,312,988	9,504,329	5,113,208
Utilities	20,464,152	19,985,520	14,639,014	10,464,714	5,627,020
Maintenance Expenses	23,320,411	26,104,425	12,602,421	8,784,185	5,714,240
General Expenses	27,225,955	16,441,667	17,012,764	11,484,041	7,574,692
Stationeries	55,643,672	44,722,791	35,288,511	35,738,528	19,222,799
Travelling and Transportation	73,382,419	65,160,632	55,040,770	46,621,203	30,613,885
Depreciation	22,934,105	19,248,702	16,706,814	16,367,149	15,164,906
Staff Training and Development	51,550,275	27,104,115	18,684,117	10,090,904	10,713,252
VO Formation and Development	4,298,268	2,936,910	3,153,097	2,201,887	1,177,099
VO Members Insurance Benefits	30,256,500	26,138,400	-	-	-
Data Processing	16,417,408	-	-	-	-
H/O Logistics & Mgt. Support	38,233,511	40,432,607	22,861,203	19,296,080	12,790,735
<b>Total Operating Expense</b>	<b>1,202,175,530</b>	<b>954,115,534</b>	<b>645,574,188</b>	<b>517,384,822</b>	<b>370,703,670</b>
<b>NET INCOME FROM OPERATIONS</b>	<b>200,105,022</b>	<b>111,951,671</b>	<b>258,271,091</b>	<b>198,729,020</b>	<b>193,411,828</b>
Add: Grants for Credit Services	8,151,684	53,241,322	36,201,498	9,940,372	-
Balance Carried to Balance Sheet	208,256,706	165,192,993	294,472,589	208,669,392	193,411,828
	in US \$				
	3,892,649	3,303,860	6,009,645	4,347,279	4,605,044

BRAC  
MICRO FINANCE PROGRAM  
FINANCIAL RATIO ANALYSIS

FINANCIAL SUSTAINABILITY RATIOS		Year 2000	Year 1999	Year 1998	Year 1997	Year 1996
1	Return on Performing Assets Indicates financial productivity of credit services and investment activities	$\frac{3,313,842,838}{9,827,968,844}$ 33.6%	$\frac{3,319,485,232}{7,691,651,248}$ 43.1%	$\frac{3,353,322,382}{8,724,193,150}$ 38.4%	$\frac{840,319,545}{6,479,412,402}$ 12.9%	$\frac{716,474,504}{3,868,319,422}$ 18.5%
2	Financial Cost Ratio Shows cost of funds affected by rate of interest, staff and fixed assets	$\frac{359,474,818}{9,827,968,844}$ 3.7%	$\frac{322,452,222}{7,691,651,248}$ 4.2%	$\frac{345,356,422}{8,724,193,150}$ 4.0%	$\frac{89,379,840}{6,479,412,402}$ 1.4%	$\frac{72,879,182}{3,868,319,422}$ 1.9%
3	Loan Loss Provision Ratio Indicates provisioning requirements on loan portfolio for retained loans	$\frac{209,487,371}{9,827,968,844}$ 2.1%	$\frac{219,365,842}{7,691,651,248}$ 2.9%	$\frac{284,721,277}{8,724,193,150}$ 3.3%	$\frac{137,843,817}{6,479,412,402}$ 2.1%	$\frac{82,788,228}{3,868,319,422}$ 2.1%
4	Operating Cost Ratio Key indicator of efficiency of lending operations	$\frac{3,353,175,528}{9,827,968,844}$ 33.9%	$\frac{3,654,119,524}{7,691,651,248}$ 47.5%	$\frac{3,455,675,188}{8,724,193,150}$ 39.7%	$\frac{817,384,822}{6,479,412,402}$ 12.6%	$\frac{379,793,479}{3,868,319,422}$ 9.8%
5	Operating Self-sufficiency Shows the credit program's ability to cover costs of performance with internally generated income	$\frac{2,072,842,858}{9,827,968,844}$ 21.1%	$\frac{3,519,485,232}{7,691,651,248}$ 45.8%	$\frac{3,353,322,382}{8,724,193,150}$ 38.4%	$\frac{840,319,545}{6,479,412,402}$ 12.9%	$\frac{716,474,504}{3,868,319,422}$ 18.5%
6	Savings Outstanding Ratio Shows the credit program's ability to fund loans from its savings fund	$\frac{3,559,275,477}{7,859,933,919}$ 45.3%	$\frac{2,210,475,951}{7,821,581,782}$ 28.4%	$\frac{3,034,898,274}{8,193,188,143}$ 37.0%	$\frac{5,118,979,528}{3,898,322,214}$ 132.9%	$\frac{5,191,483,362}{3,220,618,159}$ 161.2%
LIQUIDITY RATIOS						
1	Cash Position Indicator Indicates ability to meet immediate cash needs	$\frac{4,481,908,327}{9,827,968,844}$ 45.6%	$\frac{349,811,088}{7,691,651,248}$ 4.6%	$\frac{893,393,482}{8,724,193,150}$ 10.2%	$\frac{742,319,535}{6,479,412,402}$ 11.5%	$\frac{614,929,372}{1,878,198,711}$ 32.8%
2	External Loan-to-Saving Deposit Ratio Indicates dependency on volatile external loans rather than stable source (savings)	$\frac{3,241,406,818}{3,687,393,939}$ 88.2%	$\frac{2,068,799,480}{3,986,222,216}$ 52.0%	$\frac{3,173,935,002}{5,137,793,891}$ 61.8%	$\frac{792,329,309}{1,544,374,469}$ 51.4%	$\frac{347,239,793}{1,391,319,828}$ 24.9%
OPERATING EFFICIENCY RATIOS						
1	Cost per Unit of Money Lent Indicates efficiency in disbursing loans (for necessary funds)	$\frac{5,202,175,828}{15,221,974,960}$ 34.2%	$\frac{895,119,524}{16,843,441,948}$ 5.3%	$\frac{845,474,188}{8,333,392,846}$ 10.1%	$\frac{517,384,922}{8,684,426,392}$ 6.0%	$\frac{278,703,678}{8,197,689,727}$ 3.4%
2	Cost per Loan Made	$\frac{5,202,175,828}{4,432,538}$ 1,173.6	$\frac{865,119,524}{2,317,918}$ 373.4	$\frac{845,474,188}{2,996,949}$ 282.2	$\frac{517,384,922}{1,889,911}$ 274.0	$\frac{278,703,678}{1,384,231}$ 201.3
3	Number of Active Borrowers per Credit Staff	$\frac{3,392,574}{8,998}$ 377.1	$\frac{2,882,516}{7,798}$ 370.9	$\frac{2,052,782}{8,212}$ 250.0	$\frac{1,882,139}{4,832}$ 389.4	$\frac{1,810,438}{3,468}$ 522.0
4	Portfolio per Credit Staff	$\frac{7,859,933,919}{8,898}$ 883,339	$\frac{7,291,481,782}{7,798}$ 935,023	$\frac{8,193,188,143}{8,212}$ 997,708	$\frac{3,898,322,214}{4,832}$ 806,856	$\frac{3,220,618,159}{3,468}$ 928,662
PORTFOLIO QUALITY RATIOS						
1	Portfolio at Risk Measured amount of default risk in portfolio	$\frac{478,417,187}{7,859,933,919}$ 6.1%	$\frac{384,817,278}{7,291,481,782}$ 5.3%	$\frac{328,438,932}{8,193,188,143}$ 4.0%	$\frac{323,483,482}{3,898,322,214}$ 8.3%	$\frac{199,851,662}{3,220,618,159}$ 6.2%
2	Reserve Ratio Indicates adequacy of reserves in relation to portfolio	$\frac{644,385,387}{7,859,933,919}$ 8.2%	$\frac{471,219,782}{7,291,481,782}$ 6.5%	$\frac{448,838,922}{8,193,188,143}$ 5.5%	$\frac{297,482,124}{3,898,322,214}$ 7.6%	$\frac{339,039,898}{3,220,618,159}$ 10.5%

## RURAL DEVELOPMENT PROGRAMME PHASE IV

## Summary Financial Report

As of December 2000

Amount in Taka

Budget	Actual	3(1-2)	
		Amount	%
January 1996 to Dec. 2000	January 1996 to Dec. 2000		
1	2	4	

## Receipts :

1	Project Income	687,022,343
1.1	Interest Income on Loan	179,736,079
1.2	Service Charge Realised	2,015,327,083
1.3	RCP Financing	24,351,492
1.4	Surplus/(Deficit) of Prog. Supr. Em.	98,667
1.5	Bank interest	2,906,535,664

## II Grants

Sub total of I	2,906,535,664
2.1 DFID	523,459,950
2.2 AKF/CIDA	325,668,570
2.3 EC	741,389,919
2.4 NOVIB/DGIS	676,479,288
Sub total of II	2,266,997,727

## III Financing from Bank loan (for credit program)

Sub total of III	301,400,000
Total Receipts	5,474,933,391

## Payments :

1	Organisation Development & Credit Program	30,683,876	31,425,723	(741,847)	-2%
1.1	Organisation Development	613,784,145	616,670,682	(2,886,537)	0%
1.2	Branch Operating Cost	78,612,014	78,718,046	(106,032)	0%
1.3	Regional Office Operating Cost	50,363,351	50,410,636	(47,285)	0%
1.4	Staff Training and Development	2,349,339,434	2,114,478,820	234,860,614	10%
1.5	Loan Fund Requirement	313,115,153	311,267,901	1,847,252	1%
2	Fabrics	177,253,836	180,748,197	(3,494,361)	-2%
2.1	Poultry and Livestock	81,839,857	81,292,658	547,199	1%
2.2	Social Forestry	323,639,890	330,564,154	(6,924,264)	-2%
2.3	Sericulture and Silk Development	138,424,160	139,007,075	(582,915)	0%
2.4	Rural Enterprise and Craft Development	186,851,598	188,458,617	(1,607,019)	-1%
2.5	Horticulture & Vegetable Program	42,896,635	43,377,922	(481,287)	-1%
2.6	Market Development Unit	243,450,509	243,885,730	(435,221)	0%
2.7	Social Development Program	339,025,779	336,449,384	2,576,395	1%
3	Environment Development Program	32,697,590	33,556,833	(859,243)	-3%
3.1	Essential Health Care	226,910,276	226,365,034	545,242	0%
3.2	Human Rights and Legal Education	39,999,931	37,447,825	2,552,106	6%
3.3	Assistance to Small NGO and CBO	40,000,000	40,324,765	(324,765)	-1%
4	Support Services	403,352,704	390,283,390	13,069,314	3%
4.1	Research and Evaluation	5,712,240,737	5,474,933,391	237,307,348	4%
4.2	Capital Investment				
4.3	VI Support Services				
4.4	Research and Evaluation				
4.5	Capital Investment				
4.6	VI Support Services				
4.7	Research and Evaluation				
4.8	Capital Investment				
4.9	VI Support Services				
4.10	Research and Evaluation				
4.11	Capital Investment				
4.12	VI Support Services				
4.13	Research and Evaluation				
4.14	Capital Investment				
4.15	VI Support Services				
4.16	Research and Evaluation				
4.17	Capital Investment				
4.18	VI Support Services				
4.19	Research and Evaluation				
4.20	Capital Investment				
4.21	VI Support Services				
4.22	Research and Evaluation				
4.23	Capital Investment				
4.24	VI Support Services				
4.25	Research and Evaluation				
4.26	Capital Investment				
4.27	VI Support Services				
4.28	Research and Evaluation				
4.29	Capital Investment				
4.30	VI Support Services				
4.31	Research and Evaluation				
4.32	Capital Investment				
4.33	VI Support Services				
4.34	Research and Evaluation				
4.35	Capital Investment				
4.36	VI Support Services				
4.37	Research and Evaluation				
4.38	Capital Investment				
4.39	VI Support Services				
4.40	Research and Evaluation				
4.41	Capital Investment				
4.42	VI Support Services				
4.43	Research and Evaluation				
4.44	Capital Investment				
4.45	VI Support Services				
4.46	Research and Evaluation				
4.47	Capital Investment				
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4.80	Capital Investment				
4.81	VI Support Services				
4.82	Research and Evaluation				
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4.89	Capital Investment				
4.90	VI Support Services				
4.91	Research and Evaluation				
4.92	Capital Investment				
4.93	VI Support Services				
4.94	Research and Evaluation				
4.95	Capital Investment				
4.96	VI Support Services				
4.97	Research and Evaluation				
4.98	Capital Investment				
4.99	VI Support Services				
4.100	Research and Evaluation				

Note : Details Statement of Actual Expenditure shown in Annex-A  
 Budget for the period January 1996 to December 2000 has been taken Actual up to December 1999 + Operational budget of work plan for the year 2000

Detailed Financial Report of  
Rural Development Programme IV  
As of December 2000

Budget January 1996 to Dec. 2000	Actual January 1996 to Dec. 2000	Variance	
		Amount	%
1	2	3(1-2)	4

**I ORGANISATION DEVELOPMENT & CREDIT PROGRAM**

<b>1.1 Organisation Development</b>				
1.1.1 VO Workshop	27,221,469	27,319,268	(97,799)	0%
1.1.2 Educational Materials	672,972	1,308,371	(635,399)	-94%
1.1.3 H O Logistic & Management Support	2,789,435	2,798,084	(8,649)	0%
<b>Total of 1.1</b>	<b>30,683,876</b>	<b>31,425,723</b>	<b>(741,847)</b>	<b>-2%</b>
<b>1.2 Branch Operating Cost</b>				
1.2.1 Salaries & Benefits of Manager	49,568,813	49,574,821	(6,008)	0%
1.2.2 Salaries & Benefits of PO (Pr)	38,809,868	38,995,942	(186,075)	0%
1.2.3 Salaries & Benefits of PO (Cr)	57,343,075	58,254,828	(911,753)	-2%
1.2.4 Salaries & Benefits of PO (A/c)	30,654,565	31,036,808	(382,243)	-1%
1.2.5 Salaries & Benefits of PA	217,489,408	218,208,374	(718,966)	0%
1.2.6 Salaries & Benefits of Cook	12,948,306	12,031,026	917,280	7%
1.2.6 Travelling and transportation	67,739,380	68,577,554	(838,174)	-1%
1.2.7 Rent	18,456,860	18,572,393	(115,533)	-1%
1.2.8 Utilities	11,188,013	11,693,166	(505,153)	-5%
1.2.9 Office Stationery	31,240,153	31,238,287	1,866	0%
1.2.10 Maintenance	10,508,189	10,784,818	(276,629)	-3%
1.2.11 General Expenses	13,256,387	13,330,093	(73,706)	-1%
1.2.12 H O logistics and Management Support	54,581,128	54,372,572	208,556	0%
<b>Total of 1.2</b>	<b>613,784,145</b>	<b>616,670,682</b>	<b>(2,886,537)</b>	<b>0%</b>
<b>1.3 Regional Office Operating Cost</b>				
1.3.1 Salaries of RM	11,286,201	11,286,729	(528)	0%
1.3.2 Salaries of PO (A/C)	6,689,900	6,694,764	(4,864)	0%
1.3.3 Salaries of Monitor	15,610,330	15,700,350	(90,020)	-1%
1.3.4 Salaries of Computer Operator	416,745	0	416,745	100%
1.3.5 Salaries of Office Asstt	3,445,096	3,506,776	(61,680)	-2%
1.3.6 Salaries of Cook	2,702,017	2,745,138	(43,121)	-2%
1.3.7 Travelling and transportation	12,292,969	12,383,076	(90,107)	-1%
1.3.8 Rent	6,974,848	7,036,736	(61,888)	-1%
1.3.9 Utilities	5,637,374	5,679,990	(42,616)	-1%
1.3.10 Office Stationery	1,014,325	1,130,709	(116,384)	-11%
1.3.11 Maintenance	2,482,290	2,593,951	(111,661)	-4%
1.3.12 General Expenses	3,411,836	3,443,344	(31,508)	-1%
1.3.13 H O logistics and Management Support	6,648,083	6,516,483	131,600	2%
<b>Total of 1.3</b>	<b>78,612,014</b>	<b>78,718,046</b>	<b>(106,032)</b>	<b>0%</b>
<b>1.4 Staff Training and Development</b>				
1.4.1 Staff Training and Development	45,803,046	45,827,851	(24,805)	0%
1.4.2 H O Logistics and Management Support	4,560,305	4,582,785	(22,480)	0%
<b>Total of 1.4</b>	<b>50,363,351</b>	<b>50,410,636</b>	<b>(47,285)</b>	<b>0%</b>
<b>1.5 Loan Fund Requirement</b>				
1.5.1 Loan to VO members				
1.5.1.1 Closing Loan outstanding	595,311,000	311,665,473	283,645,527	48%
1.5.1.2 Loan fund transferred to RCP	1,737,737,090	1,737,737,090	0	0%
1.5.1.3 Opening Loan outstanding	220,472,006	220,472,006	0	0%
<b>Total of 1.5.1</b>	<b>2,112,576,084</b>	<b>1,828,930,557</b>	<b>283,645,527</b>	<b>13%</b>

Detailed Financial Report of  
Rural Development Programme IV  
As of December 2000

Budget January 1996 to Dec. 2000	Actual January 1996 to Dec. 2000	Variance	
		Amount	%
1	2	3(1-2)	4

1 ORGANISATION DEVELOPMENT & CREDIT PROGRAM

<b>1.1 Organisation Development</b>				
1.1.1 VO Workshop	27,221,469	27,319,268	(97,799)	0%
1.1.2 Educational Materials	672,972	1,308,371	(635,399)	-94%
1.1.3 H O Logistic & Management Support	2,789,435	2,798,084	(8,649)	0%
<b>Total of 1.1</b>	<b>30,683,876</b>	<b>31,425,723</b>	<b>(741,847)</b>	<b>-2%</b>
<b>1.2 Branch Operating Cost</b>				
1.2.1 Salaries & Benefits of Manager	49,568,813	49,574,821	(6,008)	0%
1.2.2 Salaries & Benefits of PO (Pr)	38,809,868	38,995,942	(186,075)	0%
1.2.3 Salaries & Benefits of PO (Cr)	57,343,075	58,254,828	(911,753)	-2%
1.2.4 Salaries & Benefits of PO (A/c)	30,654,565	31,036,808	(382,243)	-1%
1.2.5 Salaries & Benefits of PA	217,489,408	218,208,374	(718,966)	0%
1.2.6 Salaries & Benefits of Cook	12,948,306	12,031,026	917,280	7%
1.2.6 Travelling and transportation	67,739,380	68,577,554	(838,174)	-1%
1.2.7 Rent	18,456,860	18,572,393	(115,533)	-1%
1.2.8 Utilities	11,188,013	11,693,166	(505,153)	-5%
1.2.9 Office Stationery	31,240,153	31,238,287	1,866	0%
1.2.10 Maintenance	10,508,189	10,784,818	(276,629)	-3%
1.2.11 General Expenses	13,256,387	13,330,093	(73,706)	-1%
1.2.12 H O logistics and Management Support	54,581,128	54,372,572	208,556	0%
<b>Total of 1.2</b>	<b>613,784,145</b>	<b>616,670,682</b>	<b>(2,886,537)</b>	<b>0%</b>
<b>1.3 Regional Office Operating Cost</b>				
1.3.1 Salaries of RM	11,286,201	11,286,729	(528)	0%
1.3.2 Salaries of PO (A/C)	6,689,900	6,694,764	(4,864)	0%
1.3.3 Salaries of Monitor	15,610,330	15,700,350	(90,020)	-1%
1.3.4 Salaries of Computer Operator	416,745	0	416,745	100%
1.3.5 Salaries of Office Asst	3,445,096	3,506,776	(61,680)	-2%
1.3.6 Salaries of Cook	2,702,017	2,745,138	(43,121)	-2%
1.3.7 Travelling and transportation	12,292,969	12,383,076	(90,107)	-1%
1.3.8 Rent	6,974,848	7,036,736	(61,888)	-1%
1.3.9 Utilities	5,637,374	5,679,990	(42,616)	-1%
1.3.10 Office Stationery	1,014,325	1,130,709	(116,384)	-11%
1.3.11 Maintenance	2,482,290	2,593,951	(111,661)	-4%
1.3.12 General Expenses	3,411,836	3,443,344	(31,508)	-1%
1.3.13 H O logistics and Management Support	6,648,083	6,516,483	131,600	2%
<b>Total of 1.3</b>	<b>78,612,014</b>	<b>78,718,046</b>	<b>(106,032)</b>	<b>0%</b>
<b>1.4 Staff Training and Development</b>				
1.4.1 Staff Training and Development	45,803,046	45,827,851	(24,805)	0%
1.4.2 H O Logistics and Management Support	4,560,305	4,582,785	(22,480)	0%
<b>Total of 1.4</b>	<b>50,363,351</b>	<b>50,410,636</b>	<b>(47,285)</b>	<b>0%</b>
<b>1.5 Loan Fund Requirement</b>				
1.5.1 Loan to VO members				
1.5.1.1 Closing Loan outstanding	595,311,000	311,665,473	283,645,527	48%
1.5.1.2 Loan fund transferred to RCP	1,737,737,090	1,737,737,090	0	0%
1.5.1.3 Opening Loan outstanding	220,472,006	220,472,006	0	0%
<b>Total of 1.5.1</b>	<b>2,112,576,084</b>	<b>1,828,930,557</b>	<b>283,645,527</b>	<b>13%</b>

	Budget January 1996 to Dec. 2000	Actual January 1996 to Dec. 2000	Variance	
			Amount	%
	1	2	3(1-2)	4

1.5.2 Enterprise Loan				
1.5.2.1 Closing Loan outstanding	236,763,350	285,548,263	(48,784,913)	-21%
1.5.2.2 Opening Loan outstanding		0		
		0		
Total of 1.5.2	236,763,350	285,548,263	(48,784,913)	-21%
Total of 1.5	2,349,339,434	2,114,478,820	234,860,614	10%

#### II. EMPLOYMENT AND INCOME GENERATION

2.1 Poultry and Livestock				
2.1.1 Salary of PO Hatchery	7,749,826	7,766,089	(16,263)	0%
2.1.2 Salary of PO	12,370,736	12,870,701	(499,965)	-4%
2.1.3 Travelling & transportation	9,714,242	9,745,311	(31,069)	0%
2.1.4 Staff training and development	4,060,706	4,218,151	(157,445)	-4%
2.1.5 Program Assistant salary	82,459,342	80,992,497	1,466,845	2%
2.1.6 Program Assistant training	5,891,248	5,751,691	139,557	2%
2.1.7 Travelling & transportation	11,121,602	10,650,080	471,522	4%
2.1.8 Poultry Worker training	11,501,506	11,548,144	(46,638)	0%
2.1.9 Key rearer training	8,955,589	8,955,589	0	0%
2.1.10 Chick rearer training	3,855,680	3,911,510	(55,830)	-1%
2.1.11 Poultry feed producer training	837,418	837,418	0	0%
2.1.12 Pravet training	4,038,563	4,038,563	0	0%
2.1.13 Cow rearer training	2,212,824	2,212,824	0	0%
2.1.14 Goat rearer training	1,467,646	1,467,646	0	0%
2.1.15 Calf rearer training	169,529	169,529	0	0%
2.1.16 AI worker training	2,783,789	2,263,332	520,457	19%
2.1.17 Cattle Feed Producer training	128,278	128,278	0	0%
2.1.18 Pullet rearer training	436,694	436,694	0	0%
2.1.19 Model rearer training	762,177	762,177	0	0%
2.1.20 Hatchery training	1,158,059	1,158,059	0	0%
2.1.21 Poultry Worker refresher	1,632,706	1,632,706	0	0%
2.1.22 Chick rearer refresher	453,418	453,418	0	0%
2.1.23 Pravet refresher	384,613	384,613	0	0%
2.1.24 Cow rearer refresher	575,748	575,748	0	0%
2.1.25 Goat rearer refresher	514,068	514,068	0	0%
2.1.26 Calf rearer refresher	40,235	40,235	0	0%
2.1.27 AI worker refresher	70,589	70,589	0	0%
2.1.28 Cattle Feed Producer refresher	1,132,555	879,834	252,721	22%
2.1.29 Experimental project materials	5,373,977	5,578,028	(204,051)	-4%
2.1.30 Motor Cycle	1,117,508	1,278,030	(160,522)	-14%
2.1.31 Feed Mill	21,398,419	21,398,419	0	0%
2.1.32 Poultry Farm	81,116,398	81,116,398	0	0%
2.1.33 H O Logistics and Management Support	27,629,465	27,461,532	167,933	1%
Total of 2.1	313,115,153	311,267,901	1,847,252	1%
2.2 Fisheries				
2.2.1 Salary of PO	11,310,030	11,616,737	(306,707)	-3%
2.2.2 Travelling and transportation	5,650,520	5,908,163	(257,643)	-5%
2.2.3 Staff training and development	3,303,372	2,963,659	339,713	10%
2.2.4 Program Assistant Salary	68,682,032	67,236,339	1,445,693	2%
2.2.5 Program Assistant training	3,332,896	2,856,248	476,648	14%
2.2.6 Travelling and transportation	6,281,089	6,606,147	(325,058)	-5%
2.2.7 Carp Polyculture training	8,743,485	8,944,892	(201,407)	-2%
2.2.8 Sarputi culture training	1,469,211	1,469,211	0	0%
2.2.9 Carp Nursery training	8,015,168	7,820,732	194,436	2%
2.2.10 Small hatchery training	810,082	810,082	0	0%
2.2.11 Baor management training	182,272	(353,386)	535,658	294%
2.2.12 Materials Development & supp	1,220,683	1,075,256	145,427	12%
2.2.13 Experimental and development	3,946,109	4,470,103	(523,994)	-13%



	Budget January 1996 to Dec. 2000	Actual January 1996 to Dec. 2000	Variance	
			Amount	%
	1	2	3(1-2)	4
2.2.14 Motor cycle	2,682,129	2,745,652	(63,523)	-2%
2.2.15 Revolving fund	10,689,090	11,633,907	(944,817)	-9%
2.2.16 Prawn Hatchery Development	25,266,029	28,957,145	(3,691,116)	-15%
2.2.17 H O Logistics and Management Support	15,669,638	15,987,308	(317,670)	-2%
<b>Total of 2.2</b>	<b>177,253,836</b>	<b>180,748,197</b>	<b>(3,494,360)</b>	<b>-2%</b>
<b>2.3. Social Forestry</b>				
2.3.1 Salary of RPO	10,721,701	10,687,390	34,311	0%
2.3.2 Travelling and transportation	3,561,794	3,569,456	(7,662)	0%
2.3.3 Staff training and development	1,791,647	1,819,892	(28,245)	-2%
2.3.4 Program Assistant Salary	33,638,416	33,645,253	(6,837)	0%
2.3.5 Travelling and transportation	1,592,840	1,621,399	(28,559)	-2%
2.3.6 Program Assistant training	1,448,916	1,478,194	(29,278)	-2%
2.3.7 Training of Nursery worker	2,052,262	2,045,811	6,451	0%
2.3.8 Training of Agroforestry Farmer	951,856	1,011,962	(60,106)	-6%
2.3.9 Grafting nursery	420,448	446,642	(26,194)	-6%
2.3.10 Salary of Plantation Worker	3,508,116	2,916,146	591,970	17%
2.3.11 Mother tree preservation centre	7,121,161	7,121,161	0	0%
2.3.12 Revolving fund	6,462,807	6,456,810	5,997	0%
2.3.13 Motor cycle	1,343,206	1,297,600	45,606	3%
2.3.14 H O Logistics and Management Support	7,224,687	7,174,942	49,745	1%
<b>Total of 2.3</b>	<b>81,839,857</b>	<b>81,292,658</b>	<b>547,199</b>	<b>1%</b>
<b>2.4. Sericulture and Silk Development</b>				
2.4.1 Salary of RPO	10,692,539	10,744,337	(51,798)	0%
2.4.2 Salary of Rearing Manager	1,721,719	1,625,328	96,391	6%
2.4.3 Salary of PO	4,810,454	4,947,511	(137,057)	-3%
2.4.4 Salary of Grainage Asstt	1,314,827	1,963,198	(648,371)	-49%
2.4.5 Travelling and transportation	6,642,437	7,183,356	(540,919)	-8%
2.4.6 Staff training and development	3,293,633	3,273,689	19,944	1%
2.4.7 Program Assistant Salary	45,685,262	46,471,058	(785,796)	-2%
2.4.8 Travelling and transportation	5,848,147	5,840,460	7,687	0%
2.4.9 Program Assistant training	2,625,502	2,759,330	(133,828)	-5%
2.4.10 Training of Prograsive Silk Farmer	6,171,464	6,249,760	(78,296)	-1%
2.4.11 Training of Chawki rearer	7,131,835	7,466,338	(334,503)	-5%
2.4.12 Training of Silk worm rearer	9,358,496	9,212,357	146,139	2%
2.4.13 Training of Reeling worker	2,507,857	3,426,577	(918,720)	-37%
2.4.14 Training to abroad	1,046,381	654,963	391,418	37%
2.4.15 Consultancy	4,648,643	2,464,698	2,183,945	47%
2.4.16 Research and development	5,826,524	6,111,896	(285,372)	-5%
2.4.17 Sericulture Resource Centre	18,427,884	17,622,149	805,735	4%
2.4.18 Chowki Rearing Centre	3,908,291	3,950,177	(41,886)	-1%
2.4.19 Grainage Centre	92,191,938	93,467,164	(1,275,226)	-1%
2.4.20 Reeling Unit	20,285,202	23,351,236	(3,066,034)	-15%
2.4.21 Support to Cocoon Product	20,403,705	22,775,247	(2,371,542)	-12%
2.4.22 Cocoon Dryer	516,113	57,444	458,669	89%
2.4.23 Tree maintenance	27,947,199	30,208,616	(2,261,417)	-8%
2.4.24 HO Logistic & Management Support	20,633,838	18,737,265	1,896,573	9%
<b>Total of 2.4</b>	<b>323,639,890</b>	<b>330,564,154</b>	<b>(6,924,264)</b>	<b>-2%</b>
<b>2.5. Rural Enterprise and Craft Development:</b>				
2.5.1 Salaries and benefits	10,220,162	9,432,645	787,517	8%
2.5.2 Travelling & Transportation	3,695,101	3,982,784	(287,683)	-8%
2.5.3 Staff training and development	1,196,435	1,244,148	(47,713)	-4%
2.5.4 Program Assistant Salary	8,173,565	8,471,612	(298,047)	-4%
2.5.5 Travelling & Transportation	1,005,443	961,518	43,925	4%
2.5.6 Program Assistant training	392,011	212,845	179,166	46%

	Budget January 1996 to Dec. 2000	Actual January 1996 to Dec. 2000	Variance	
			Amount	%
	1	2	3(1-2)	4
2.5.7 Consultant	4,123,761	4,236,419	(112,658)	-3%
2.5.8 Training to VO members	3,636,204	3,087,655	548,549	15%
2.5.9 Rural craft and other training	2,276,267	2,341,417	(65,150)	-3%
2.5.10 Training Supplies	1,121,730	1,538,901	(417,171)	-37%
2.5.11 Experimental Project Cost	48,508,943	49,369,600	(860,657)	-2%
2.5.12 Work Place for Rural Craft Centre	40,549,927	40,549,927	0	0%
2.5.13 Motor cycle	940,596	940,596	0	0%
2.5.14 H O Logistics and management Support	12,584,014	12,637,006	(52,992)	0%
<b>Total of 2.5</b>	<b>138,424,160</b>	<b>139,007,075</b>	<b>(582,914)</b>	<b>0%</b>
<b>2.6 Horticulture &amp; Vegetable Program:</b>				
2.6.1 Salaries and benefits	15,614,207	15,409,572	204,635	1%
2.6.2 Travelling & Transportation	6,583,221	7,141,965	(558,744)	-8%
2.6.3 Staff training and development	3,548,942	3,960,403	(411,461)	-12%
2.6.4 Salaries and benefits of PA	70,826,995	71,189,936	(362,941)	-1%
2.6.5 Travelling & Transportation	6,875,855	6,653,494	222,361	3%
2.6.6 Staff training and development	2,427,764	2,346,747	81,017	3%
2.6.7 Farmers Training	10,740,157	10,550,790	189,367	2%
2.6.8 Training for crop diversification	1,096,460	1,543,273	(446,813)	-41%
2.6.9 Training for Fodder Crop	271,920	504,583	(232,663)	-86%
2.6.10 Training for Seed Producer	2,624,962	1,181,822	1,443,140	55%
2.6.11 Research and Development	11,592,487	11,592,487	0	0%
2.6.12 Motor cycle	2,628,309	2,540,138	88,171	3%
2.6.13 Seed Production Centre	35,034,588	36,711,583	(1,676,995)	-5%
2.6.14 HO Logistic & Management Support	16,985,731	17,131,824	(146,093)	-1%
<b>Total 2.6</b>	<b>186,851,598</b>	<b>188,458,617</b>	<b>(1,607,019)</b>	<b>-1%</b>
<b>2.7 Market development Unit</b>				
2.7.1 Salary of Marketing Manager	1,131,424	1,274,052	(142,628)	-13%
2.7.2 Salary of Designer	847,500	130,941	716,559	85%
2.7.3 Salary of Sr. Marketing Officer	5,129,590	5,219,032	(89,442)	-2%
2.7.4 Salary of Marketing Officer	1,868,543	3,120,533	(1,251,990)	-67%
2.7.5 Salary of Market Researcher	802,182	1,835,128	(1,032,946)	-129%
2.7.6 Travelling and transportation	1,015,853	1,597,745	(581,892)	-57%
2.7.7 Training and development	206,740	389,744	(183,004)	-89%
2.7.8 International Consultant	1,076,087	95,069	981,018	91%
2.7.9 Local Consultant	1,309,118	876,215	432,903	33%
2.7.10 Foreign travel cost	1,558,262	1,084,755	473,507	30%
2.7.11 Training expenses	167,948	420,506	(252,558)	-150%
2.7.12 Working capital	24,999,999	24,485,486	514,513	2%
2.7.13 HO logistics and management support	3,998,313	3,563,640	434,673	11%
2.7.14 Trading Income	(1,214,924)	(714,924)	(500,000)	41%
<b>Total of 2.7</b>	<b>42,896,635</b>	<b>43,377,922</b>	<b>(481,287)</b>	<b>-1%</b>
<b>III Social Development Program</b>				
<b>3.1 Human Rights and Legal Education</b>				
3.1.1 Salary of ZPO	6,240,599	6,394,943	(154,344)	-2%
3.1.2 Salary of RPO	14,285,444	13,685,183	600,261	4%
3.1.3 Travelling & Transportation	8,127,624	8,721,943	(594,319)	-7%
3.1.4 Staff training and development	7,479,070	7,854,392	(375,322)	-5%
3.1.5 Program Assistant Salary	110,725,080	109,889,731	835,349	1%
3.1.6 Travelling & Transportation	7,975,038	8,324,911	(349,873)	-4%
3.1.7 Program Assistant training	5,956,713	5,465,194	491,519	8%
3.1.8 Specialised Training of PA	2,281,463	2,410,981	(129,518)	-6%
3.1.9 Paralegal Teachers Training	15,502,231	15,654,775	(152,544)	-1%
3.1.10 Refresher of Paralegal Teachers	6,967,750	7,040,790	(73,040)	-1%
3.1.11 Education Materials	4,799,898	4,799,898	0	0%

	Budget January 1996 to Dec. 2000	Actual January 1996 to Dec. 2000	Variance	
			Amount	%
	1	2	3(1-2)	4
3.1.12 Legal awareness workshop for Com. leader	15,045,244	16,575,158	(1,529,914)	-10%
3.1.13 Honorarium to Teacher	12,127,908	13,183,447	(1,055,539)	-9%
3.1.14 Motor Cycle	2,747,552	2,745,940	1,612	0%
3.1.15 New Inovative Training Methodology	11,543,273	11,256,630	286,643	2%
3.1.16 HO Logistics & management support	22,505,361	22,314,729	190,632	1%
3.1.17 Para legal entry fee	(10,859,740)	(12,432,917)	1,573,177	-14%
<b>Total of 3.1</b>	<b>243,450,509</b>	<b>243,885,730</b>	<b>(435,220)</b>	<b>0%</b>
<b>3.2. Essential Health Care:</b>				
3.2.1 Salary of RPO	15,924,753	13,312,448	2,612,305	16%
3.2.2 Salary of PO	35,414,585	35,707,446	(292,861)	-1%
3.2.3 Travelling & Transportation	15,797,525	15,823,714	(26,189)	0%
3.2.4 Staff training and development	6,033,344	5,739,270	294,074	5%
3.2.5 Program Assistant Salary	160,845,158	161,043,892	(198,734)	0%
3.2.6 Travelling & Transportation	10,097,869	9,710,783	387,086	4%
3.2.7 Program Assistant training	5,759,664	6,051,120	(291,456)	-5%
3.2.8 Health awareness training to SS	15,446,993	16,676,018	(1,229,025)	-8%
3.2.9 Refresher of SS	7,189,871	6,376,242	813,629	11%
3.2.10 Health Education Materials	9,182,855	9,182,855	0	0%
3.2.11 Revolving fund for Drug	20,256,061	20,256,061	0	0%
3.2.12 Motor Cycle	6,581,882	6,308,533	273,349	4%
3.2.13 HO Logistics & management support	30,495,219	30,261,002	234,217	1%
<b>Total of 3.2</b>	<b>339,025,779</b>	<b>336,449,384</b>	<b>2,576,395</b>	<b>1%</b>
<b>3.3. Enviornment Development Program :</b>				
3.3.1 Rural Sanitation Centre	28,419,774	28,493,243	(73,469)	0%
3.3.2 Enviornment Awareness Training	468,934	1,220,687	(751,753)	-160%
3.3.3 ExprementalCost of Solar Energy	3,808,882	3,842,903	(34,021)	-1%
<b>Total 3.3</b>	<b>32,697,590</b>	<b>33,556,833</b>	<b>(859,243)</b>	<b>-3%</b>
<b>IV Special Program :</b>				
<b>4.1. Vulnerable Group Development Program</b>				
4.1.1.Salary of Sr. AM	3,287,124	3,366,295	(79,171)	-2%
4.1.2.Salary of Thana PO	35,578,971	35,661,769	(82,798)	0%
4.1.3.Salary of trainer	108,628,843	107,963,373	665,470	1%
4.1.4.Salary of Cook	2,238,208	2,261,801	(23,593)	-1%
4.1.5.Travelling and Transportation	15,365,962	15,298,369	67,593	0%
4.1.6.Staff training and development	8,320,701	8,374,077	(53,376)	-1%
4.1.7.Training supplies to VGD card holders	19,866,140	19,889,017	(22,877)	0%
4.1.8.Stationeries & supplies	2,221,262	2,298,619	(77,357)	-3%
4.1.9.Rent & Utilities	6,216,520	6,268,782	(52,262)	-1%
4.1.10.General Exp. & Maintenance	2,640,571	2,668,344	(27,773)	-1%
4.1.11.Capital Expenditure				
4.1.11.1 Furniture & fixtures	367,121	367,121	0	0%
4.1.11.2 Motorcycle	2,179,860	2,179,860	0	0%
4.1.12 H.O. Logistics & Management support	19,998,993	19,967,607	31,386	0%
<b>Total 4.1</b>	<b>226,910,276</b>	<b>226,565,034</b>	<b>345,242</b>	<b>0%</b>
<b>4.2. Assistance to Small NGO</b>				
4.2.1 Assistance to Small NGOs	39,999,931	37,447,825	2,552,106	6%
<b>Total of 4.2</b>	<b>39,999,931</b>	<b>37,447,825</b>	<b>2,552,106</b>	<b>6%</b>
<b>V. Support Services</b>				
5.1. Research and Evaluation	40,000,000	40,324,765	(324,765)	-1%
<b>Total 5.1</b>	<b>40,000,000</b>	<b>40,324,765</b>	<b>(324,765)</b>	<b>-1%</b>

Budget January 1996 to Dec. 2000	Actual January 1996 to Dec. 2000	Variance	
		Amount	%
1	2	3(1-2)	4

VI Capital Investment

6.1 Branch Office

6.1.1 land and Building	265,375,947	265,375,947	0	0%
6.1.3 Motor Cycle	26,617,039	16,075,983	10,541,056	40%
6.1.4 Furniture and equipments	20,667,452	18,153,343	2,514,109	12%
6.1.5 Computer	-	-	-	-

Total of 6.1

312,660,438      299,605,273      13,055,165      4%

6.2 Regional Office

6.2.1 Vehicle	14,129,000	14,129,000	-	0%
6.2.2 Furniture and Fixture	2,398,479	2,506,777	(108,298)	-5%
6.2.3 Computer	-	-	-	-
Total of 6.2	16,527,479	16,635,777	(108,298)	-1%

6.3 Head Office

6.3.1 Vehicle	23,258,746	24,150,746	(892,000)	-4%
6.3.2 Computer and Equipment	50,906,041	49,891,594	1,014,447	2%
Total of 6.3	74,164,787	74,042,340	122,447	0%

Total of 6

403,352,704      390,283,390      13,069,314      3%