DRAFT FOR DISCUSSION WITH BRAC

BRAC RURAL DEVELOPMENT PROGRAMME (RDP III)

1993 MONITORING REVIEW

MICRO ENTERPRISE PROGRAMME REVIEW

Report prepared by: Anne Ritchie

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EXECUTIVE SUMMARY

This micro enterprise programme review of BRAC's Rural Development Programme (RDP III) was a macro level review of RDP's sector programmes and also focused on a range of issues that BRAC and its Donor Consortium identified with respect to implementation and development of RDP's micro enterprise development component.

The major conclusions of the review are as follows:

Sector programmes: The sector programmes are generally in good health and on track, although problems have been experienced in both irrigation and sericulture. The long-term sustainability of many of the deep tubewells cannot yet be established, but the irrigation program is implementing many strategies which it expects to soon show some results. The development of the sericulture industry in Bangladesh represents a challenge for BRAC at every level. The biggest constraint at the present time is the low quality of the eggsheets available from the Bangladesh Sericulture Board.

Service charge system: BRAC has done a commendable job in initiating cost recovery in some of its sector programmes. Irrigation has the highest recovery rate, which can be attributed to the fact that payment was deducted from project accounts rather than collected in cash. Collection rates have been low in sericulture due to problems with programme implementation, and in vegetables due to the late start-up of gardening activities.

Rural Enterprise Project: REP is at a strategic juncture in its existence. Traditional, and for the most part, agriculturally-based activities have already been identified by BRAC. As REP seeks new income and employment opportunities for BRAC's members, it faces significant challenges in the critical areas of management and ownership of larger enterprises.

Credit: BRAC is well aware of the programmatic challenges inherent in balancing good loan portfolio management (e.g.: strict weekly repayment, short-term loans, small loan ceilings) with the investment requirements and cash flow of supported activities. It is actively seeking ways to meet these challenges. Because housing loans are not income producing, they face a greater repayment risk than either general or program loans.

Borrowers' Approach to Activity Identification and Management of Borrowed Funds: Sectoral program participants get large amounts of assistance from BRAC in the areas of activity identification and management of borrowed funds. Other VO members get no assistance in these areas, and must make decisions based on discussions within small groups and at the VO meeting. This is a concern for the 78% of BRAC's participants who are female, as most have never been involved in market-level economic activities or development credit prior to their interaction with BRAC.

Major recommendations include the following:

All sector programmes: Review the sectors' management information systems to ensure that they cost-effectively meet BRAC's and members' needs for information. Information on enterprise profitability should be collated in such a way that BRAC can track enterprise success rates, and the reasons for success or failure. Upgrade the skills of senior program and sector staff in financial analysis so that all financial analyses use the same format.

Irrigation: BRAC should only consider reselling the shares of DTWs that already show a net profit, and that have solid prospects for future profitability. New shareholders should be carefully screened, to ensure that they have supplementary income that will allow them to service their DTW loans. In addition, BRAC should identify those DTWs that are likely never to show a profit on a continuous basis and develop a plan to closely monitor those DTWs in the 93/94 boro season, and divest BRAC and VO members of these loss-making assets, if necessary.

Fisheries: Conduct an evaluation of the fisheries program, either separately or as part of a special review of collective management within BRAC. Sector staff should begin to monitor fisheries management structures, disaggregating information on profitability and loan repayment according to management category.

Cost recovery: Systematize the service charge collection system. Decide which month to realize the service charge in each sector, evaluate the policy of having service charges paid in cash at the Area Office, and establish a policy for temporary waiver of service charge in sectors or regions where BRAC has been unable to render appropriate services. BRAC should also decide whether the service charge system will be voluntary or forced, so that appropriate procedures can be established for members who fail to pay.

Rural Enterprise Project: Develop ownership and management models for larger enterprises, assessing the implications for both BRAC and its beneficiaries of each model.

Credit: Ensure that loan contracts and repayment records show consistent information. If BRAC chooses to recognize grace periods on its loan ledgers for certain types of program loans, then it should allow its borrowers to benefit from the policy.

Housing Loans: Build up the economic base of members before giving housing loans. Although this policy may exclude the neediest, the poor are not benefited by a situation where BRAC credit staff are vigorously seeking on-time repayment, but they are unable to pay due to inadequate income. In addition, transform initiatives that some Area Managers have used successfully to ensure good usage and high repayment into firm policies. Issue a circular to Regional and Area Offices that incorporates all changes in housing loan policies and procedures, and integrate housing loan statistics with other loan statistics.

Activity Identification and Management of Borrowed Funds: Consider a re-allocation of resources to small enterprise development within RDP. All VO members, but especially female VO members, should receive training in basic concepts of activity identification and management. Sector program participants might receive less technical assistance than that delivered at present, in order to free up the time of sector staff to deliver this training. Alternatively, BRAC might consider using people from the community as trainers, as is presently done with Functional Education. Re-design the Small Rural Enterprise Management Training course to focus on simple concepts and techniques of feasibility analysis and working capital management, using non-literate training techniques.

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1. BRAC's Portfolio of Economic Activities

1.1 Introduction

BRAC supports a wide range of economic activities with credit and in some sectors, technical assistance and training. The sectoral breakdown, as of 30/9/93, ranked in terms of percentage of loans outstanding, are: rural trading (35%), food processing (28%), livestock (13%), agriculture (9%), cottage industry (5%), irrigation (4%), rural transport (3%), fisheries (2%) and poultry (1%). The true scale of BRAC's involvement in some of these sectors is masked by the relatively small value of the loans given in the sector. Poultry, for instance, is an activity supported in virtually all BRAC villages, but constitutes the smallest sector in terms of credit. Sericulture, where BRAC's involvement is large and visible throughout the Bangladesh countryside, has to date a very small credit component which is subsumed under the "cottage industry" category.

The sectors that BRAC supports through skills training at BRAC area offices (AOs) and on-site technical assistance are irrigation and agriculture, poultry and livestock, sericulture and fisheries. Both irrigation and sericulture, which are arguably the most technically complicated sectors to develop, have benefitted from special reviews by sectoral specialists during the past two years. This review of BRAC's micro enterprise programs is a macro level review and focuses on a range of issues that BRAC's Donor Consortium (DC) has identified with respect to overall program implementation and development. Please refer to Annex 1 for the Terms of Reference and Annex 2 for the methodology used in the study. Current activity levels for each sector are detailed in Annex 3.

1.2 Irrigation

1.2.1 Background

BRAC first became involved with deep tubewells (DTWs) in 1980. At that time, it was also experimenting with shallow tubewells (STWs) and low lift pumps (LLPs). From 1984-1990, it rented a total of 94 DTWs from the Bangladesh Agricultural Development Corporation (BADC). Following BADC's decision in 1989 to sell DTWs to NGOs, BRAC gradually increased its DTW ownership. In 1993, BRAC operated a total of 592, and during the 1993/94 boro season, will reach its full complement of 710. At that point, program expansion will cease.

The special study[1] of BRAC's DTW program concluded that "BRAC's

[1] Mott MacDonald International, Issues Arising from the Proposed Rapid Expansion of the DTW Programme, April 1992.

committed support of landless operated tubewells has brought considerable benefits to its target group and to the small farmers who have benefitted from irrigation". It recommended a number of changes in implementation strategy in the areas of site selection, management skills and training.

Since then, BRAC has significantly upgraded the quality of its technical assistance to DTW groups. Presently, DTWs are supported by a team that includes one Programme Assistant (PA) for every five DTWs and technical Programme Organizers (PO), both mechanics and engineers. BRAC recognizes that it will have to continue to support its DTW groups over a fairly long period of time, and its service charge system is designed to support this configuration of PAs, as well as one PO (Engineer). Through September 1993, it realized 88% of the service charge projected for the year. The realizable for 1993 eventually differed from that set forth in BRAC's April 1993 estimate[2] due to the following factors:

* 592 DTWs were in operation rather than the scheduled 665.
* Command areas were smaller than anticipated for third and fourth year (and above) DTWs.

1.2.2 Profitability

BRAC's report for the 1992/93 boro season shows that of the 592 DTW in operation, 344 (58%) made a net profit and 248 (42%) made a net loss. BRAC, however, argues that gross profit is a more accurate indicator than net profit, primarily due to the fact that the DTWs are depreciated over a ten year period, but are expected to last up to 30 years, and that interest charges will decrease as capital loans are paid off.

Gross profit can be compared for the past three years, using BRAC's published reports:

Table 1. Gross Profit/Loss of BRAC Deep Tubewells

	1990/91		1991/92		1992/93	
	Total	%	Total	%	Total	%
Profit	185	61	512	90	520	88
Loss	120	39	56	10	72	12
Total	305	100	568	100	592	100

[2] Report on BRAC's Cost Recovery System of Sector Programme, April 1993.

Reasons advanced by BRAC for the failure of a greater percentage of DTWs to move into the gross profit category include the following:

* lower price of boro rice in 1993 than 1992
* lower yield (43.24 mnd/acre in 1993 compared with 45.05 in 1992) due to "heavy rainfall and early flash flood in some places during the harvesting and post harvest period"[3]

BRAC's strategy to counteract these types of risks is to seek, wherever possible, to have farmers pay for water in cash, rather than crop share. Other strategies that BRAC is using (or will use) to increase performance include the following:

* increase the command area by encouraging STW owners to remove their STWs from the DTW command area
* decrease costs by pumping the necessary amount of water rather than the amount of water that farmers demand (which is often more than required)
* decrease costs by converting from diesel to electricity wherever possible (although this increases costs in the short-run)
* increase yields by irrigating a second crop such as T. aman, wheat or HYV aus (276 had a second crop this year)
* increase yields by providing seed, fertilizer and pesticide to farmers, if necessary

BRAC has had success with STW removal in 1993. The number of STWs in DTW command areas decreased from 971 in June 1993 to 399 by November. This result was achieved by a mix of persuasion and cash incentives.

The last strategy will commence in 1994 and only be applied to DTWs that are still managed on a crop share basis, and that are located far from market towns, making inputs hard to get. DTW shareholders will receive Tk 10,000 as part of their operating loan and stock modest amounts of the required inputs, which can be sold to farmers on a cash basis with a 10% mark-up to cover transport costs.

Senior BRAC staff all agree that some of the DTWs will never be profitable due to poor site selection. Although estimates vary, this may include up to 10% of the total. BRAC's current strategy is to explore every avenue for profitability, so it has been unwilling up to the present to declare any of the DTWs unviable.

1.2.3 Transfer of Shares

During 1992, BRAC bought back the shares of 35% of its DTW

[3]Report on Irrigation Program (1992-93 Boro Season), August 1993.

shareholders.[4] All of these shareholders were VO members who had defaulted on their irrigation loans. Although some of these shareholders are still members in good standing of their respective VOs, the majority were expelled from the VO at the same time.

BRAC intends to sell back the excess shares that it now owns to the VOs. Shares may be purchased by existing VO members (including those who already own shares) or by new members (who will replace those who were ejected from the VO). BRAC is already holding meetings with the respective VOs, explaining how the losses occurred, why BRAC thinks that the DTWs can be profitable and how technical assistance will be rendered.

As mentioned in Section 1.2.2, some of the DTWs will probably never be profitable. Senior BRAC staff maintain that BRAC will not sell these DTWs back to members in the current plan, nor will it coerce members to buy shares.

Interviews with field staff and with DTW shareholders show that attitudes towards the DTWs are largely influenced by profitability. If the DTW has shown a profit in the past, members are enthusiastic about buying shares. If it has not, then they are skeptical. Therefore, BRAC's plan for VO repurchase is realistic only for those DTWs that have shown a profit, and that will continue to show a profit. Although BRAC prefers to use gross profit as an indicator of success, a more conservative and preferable approach is to focus on the net figures. Virtually all VO members who buy shares need a loan to do so, so the 20% interest that BRAC charges is a real cost.

There will be several negative outcomes if DTW shares that have been re-sold do not continue to make a profit. The first relates to the quality of the loan portfolio. BRAC's repurchase of shares significantly improved the overall health of the portfolio. If the DTWs continue to show a profit, it can reasonably be assumed that, with proper selection of new shareholders, members will be motivated and able to repay their loans.

Motivation is an important point because DTW loans are not generally repaid from DTW income but are instead repaid from additional income sources in weekly installments (see Section 4.2.3 for discussion of this policy). Effective screening of new DTW shareholders for additional income sources is also key. Although the record shows that most DTW shareholders who had their shares bought back were considered to be undesirable VO members, didn't attend meetings and were thus deleted from the VO list, most BRAC staff interviewed in the field stated that insufficient income from secondary sources was the principal reason for failure to repay the

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[4]Financial aspects of these transactions are included in the Credit and Financial Management Monitoring Review.

DTW loan. This could also explain their failure to show up for VO meetings or otherwise participate in VO activities. BRAC should be careful to ensure that its desire to re-sell the shares does not lead it to sell shares to unsuitable VO members.

Another negative potential outcome relates to the cohesiveness of the VO and BRAC's reputation. Although BRAC staff are confident that the VOs are stronger without the ejected members, that they will be replaced with good new members over time, and that BRAC's standing in the communities in which it works is still high, there may be less tolerance of failure the second time around.

Finally, it is interesting to note that some VOs not only want to buy back the shares that BRAC took, they also want to buy BRAC's 20% shareholding. BRAC holds 20% in this economic activity, as well as in several other economic activities, in order to keep control, fearing that stronger members may dominate the weaker and gather full ownership to themselves. BRAC maintains that in the long run, as the groups become stronger, this policy may change. BRAC's objectives do not include a desire to earn a return on economic activities that can be adequately managed by members.

1.2.4 Development Potential

BRAC believes that its DTWs will fundamentally alter the social relations between the landless groups that own the tubewells and the landowners who are the users of the water. However, from an economic point of view, there is considerable evidence that DTWs are not viable if valued at the full cost of the investment. Indeed, the reason that BRAC and others rushed into deep tubewells in 1990 was because BADC was selling them at a 70% discount.

The majority of the DTWs that BRAC currently owns may yet realize their potential, especially if BRAC's commitment to them remains strong and cost recovery via service charges enables BRAC to continue to render technical assistance to its members for the foreseeable future. However, there is no potential to expand the scope of this program.

1.2.5 Conclusion and Recommendations

Conclusion:

BRAC has a number of strategies for improving the profitability of the DTWs. It cannot be conclusively determined at this time what percentage of BRAC's DTWs will be financially sustainable on a long-term basis. However, the DTWs represent a "sunk" cost for BRAC, whose potential benefits (in income, employment, social relations and BRAC's demonstrated ability to charge members with the cost of technical assistance) outweigh the salvage value of the equipment.

Recommendations:

1.2.5.1 Continue with present efforts to decrease costs, increase command area, increase boro rice production and introduce second crops where feasible.

1.2.5.2 Modify the irrigation management information system so that the success of the various strategies that BRAC is pursuing to enhance profitability can be tracked, and profitability of each DTW can be compared with loan repayment.

1.2.5.3 Identify those DTWs that are likely never to show a profit on a continuous basis and develop a plan to:
- closely monitor those DTWs in the 93/94 boro season
- divest BRAC and VO members of these loss-making assets, if necessary.

1.2.5.4 Assess the social and economic benefits and costs to farmers who are asked by BRAC to remove their STWs in the DTW command areas to ensure that BRAC's objectives are not in conflict with the interests of the small farmers.

1.2.5.5 BRAC should only consider reselling the shares of DTWs that already are profitable, and that show solid prospects for future profitability. The 42% of DTWs that did not have a net profit in the 1992/93 boro season should not be sold back at the present time.

1.2.5.6 New shareholders should be carefully screened, to ensure that they have supplementary income that will allow them to service their DTW loans.

1.3 Fisheries

1.3.1 Activities

BRAC's fisheries program promotes two types of pond culture: a carp poly-culture for larger ponds and Thai sarputi culture for small seasonal ponds with turbid water. Economic activities within the sector include small fish hatcheries, nursery ponds and grow-out ponds. The sector is also involved with the development of fisheries in oxbow lakes, but as this activity is outside the scope of DC funding, it has not been included in this review.

The sector has also recently been re-assessing opportunities for its carp farmers in the area of prawn-carp polyculture (the species macrobrachium rosenbergei, which is also known as fresh-water prawn, or "galda" in Bangla, and often incorrectly referred to as "shrimp"). Activities in this area were stopped several years ago due to shortage of hatchlings. In the meantime, the number of privately owned hatcheries has expanded in Bangladesh, and a marketing network is already in place in some RDP working areas (Jessore, Satkhira).

During the period of this review, BRAC has taken the decision to build a freshwater prawn hatchery at Jessore. Given the presence of a new private hatchery in Jessore, BRAC should re-consider this decision until it has assessed the capability of the private hatchery to supply its needs and evaluated the receptivity of its fish pond cultivators to the introduction of this species. Prawn culture has risks that should be explained to participants prior to their involvement. Given the high price of prawn on the export market, the potential return probably outweighs the risk, if the risk is managed through a prawn-carp poly-culture. Nevertheless, it would be sensible for BRAC to introduce this activity slowly, and not commit itself at this early stage to a technologically complex hatchery that may not be needed.

1.3.2 Marketing Situation of Products

Sarputi has an excellent village market due to its small size and cheap price. Carp is a larger, more expensive fish and so is usually transported from the village to urban markets. A private marketing infrastructure is already in place throughout Bangladesh. Farmers usually sell at the pond site to a specialized group of traders called "nikari" who bring their own net, harvest the fish, pay cash and transport the fish to urban wholesalers.

BRAC is considering intervening in this market by developing marketing cooperatives; the objective would be to increase the price that BRAC fish farmers receive for their product. However, a review of BRAC's estimate of average return on investment (ROI) shows that both carp and sarputi are profitable: carp's ROI is 99% per annum and sarputi's is 78% per season. Therefore, intervention in a private market that functions extremely well may not be the best use of BRAC's resources. Furthermore, the difficulty of ensuring effective management of complex group activities - especially when money is involved - has been consistently demonstrated both inside and outside of BRAC.

Freshwater prawn is an expensive product that is cultivated for the export market. Due to the presence in the Satkhira/ Bagerhat area of a thriving brackishwater shrimp industry that also caters to the export market, marketing linkages are already established between growers and processors. Fish processing plants in both Khulna and Chittagong report that demand for freshwater prawn is vigorous and lacking the wide swings in price that characterize the international shrimp market. BRAC growers should be able to tap into this marketing infrastructure without difficulty.

1.3.3 Collective Management

Fisheries is the principal area where BRAC previously had a great deal of exposure to collective loans. As a result of significant bad experience, BRAC has changed all loans from collective to individual. However, management of fish ponds is still very much a group activity. This is because ponds are usually too large for an individual to manage with the investment resources available through a BRAC loan. In addition, many BRAC fish farmers have not traditionally engaged in fish cultivation, so they need to acquire technical expertise before the risks can be adequately managed.

Group management of an economic activity is often problematic. BRAC has had its share of problems with group managed fisheries and so has instructed its Sector PAs to promote small rather than large groups. Individuals are to be encouraged to lease ponds of up to 1/2 acre, two persons for ponds of one acre and so on. However, site visits to a number of BRAC fish ponds showed that large group ownership is still being promoted, even in new ponds. This is not necessarily bad. Interviews with a number of BRAC fish groups showed that some groups are using a variety of management strategies that they insist keep their Management Committee honest. Factors mentioned which may mitigate against failure include:

* group solidarity through the VO
* group control through elected Management Committees
* group harvest at a predetermined time
* presence of the buyer at the harvest
* known price for the varieties of fish that are marketed
* weighing of the catch on the spot

Factors which may lead to failure include:

* members' unwillingness to contribute the labor required for effective pond management
* cash management problems

Time limitations and the macro level nature of this review limited the insights available to this reviewer. However, it is obvious that the BRAC program and its staff and members hold a significant amount of valuable experience about group-based fisheries management in Bangladesh. BRAC should begin to document this experience through its management information system and through an evaluation of the fisheries program.

1.3.4 Development Potential

Fisheries is a sector that is constrained by the availability of cultivable ponds. BRAC fisheries sector staff are vigorously identifying ponds that might be suitable for lease by BRAC participants. However, the development potential of the sector is definitely limited by these physical constraints to program expansion.

1.3.5 Conclusion and Recommendations

Conclusion:

BRAC has abolished collective loans in the fisheries sector due to significant problems and switched to a system of individual loans. However, collective activities are still very much part of the BRAC program. Experience in this area needs to be documented and evaluated.

Recommendations:

1.3.5.1 Conduct an evaluation of the fisheries program, either separately or as part of a special review of collective management within BRAC (also see recommendations for the Rural Enterprise Program). A special study should be done by a team that has the resources to select a random sample of BRAC collective activities.

1.3.5.2 Sector staff should begin to monitor fisheries management structures. Information on profitability and loan repayment should be disaggregated according to management category, such as individually managed, small (group of 1-5 members), medium (6-30) and large (greater than 30).

1.3.5.3 The sector may also want to collect information on management practices, such as following recommended technical practices and stocking densities and performing labor tasks in a timely and appropriate fashion, to determine if this is related to type of management (individual vs. collective).

1.3.5.4 BRAC should not at the present time add a marketing specialist to its fisheries sector, nor should it promote collectively managed marketing structures.

1.3.5.5 In the 1994 season, BRAC should make contacts with private macrobrachium hatcheries in selected areas, evaluate these sources of supply, experiment with nurseries and grow-out in a small-scale way if the hatchery situation seems tenable, and monitor Proshika's experiences before taking the activity to scale.

1.3.5.6 BRAC should not finance prawn mono-culture under any circumstances, even though this practice is already prevalent in some areas. The risks to its borrowers of total loss through an outbreak of disease are too high.

1.4 Poultry and Livestock

1.4.1 Activities

BRAC supports a number of vertically integrated activities within the poultry sector. In addition to the two principal activities - the rearing of day old chicks and the rearing of mature chickens for egg production and eventual sale - the sector also supports poultry workers, who vaccinate the chickens, and egg collectors, who market poultry rearers' eggs in nearby towns.

This year the sector has added a new activity to the mix: village-level hatcheries. The purpose of the intervention is to relieve the constraint imposed by Government of Bangladesh (GOB) failure to supply BRAC with day-old chicks according to the demand of their chick rearers. The technology used comes from China and uses rice husks as well as lamps to provide warmth to the eggs.

The poultry sector's principal strategy for limiting the risk of its poultry rearers is to recommend a 40%-60% mix of high yielding and local varieties in the first year and a 60%-40% mix thereafter. High yielding varieties have increased managememt needs as well as higher feed costs and increased susceptibility to disease.

The financial analysis provided by the poultry sector shows an average return on investment of 215% for poultry rearing and 84% for chick rearing. However, the analysis does not provide an analysis of the number and percentage of enterprises that have made a profit or loss. (Other sectors also lack this analysis; see Section 7.1 for further discussion.) Thus, it is impossible to determine from the data whether or not BRAC's strategy of promoting high yielding varieties is overly risky for beneficiaries.

A concern regarding the poultry program relates to the intensive level of support provided by BRAC. As BRAC intervenes directly to determine the correct mix of activities, it is unclear whether the activities in the aggregate would be sustainable were BRAC to withdraw services. For example, if a chick rearer were to stop rearing day-old chicks, what impact would this have on the poultry rearers who rely on the chick rearer for their supply of birds? This is an important issue with respect to the future of service charges within the poultry sector (see Section 2.4 for further discussion).

In livestock, BRAC provides loans for both cows and goats. Due to previously poor repayment performance of livestock loans (see Section 4.1), cow rearing is no longer considered a start-up activity for BRAC members. The loan duration has been shortened from three years to one year, and repayment is due on a weekly basis. Therefore, a cow rearer now needs another economic activity in order to earn the weekly repayment on the cow loan.

1.4.2 Marketing Situation of Products

Poultry and livestock are traditional activities in Bangladesh. Demand for meat products is seasonal, peaking at the times of major religious festivals. Eggs and milk can both be sold locally, though a price differential of up to 100% exists between the rural and urban areas. This is the main reason that BRAC has intervened in the egg market and may in the future intervene in the milk market.

BRAC ensures a market for its chick rearers by providing credit and technical assistance to a number of poultry rearers in the immediate vicinity. Egg collectors in turn purchase eggs from the poultry rearers and sell to wholesalers in the nearest market center. The most interesting element of BRAC's approach to poultry marketing is that it has developed the market linkages through creation of a new economic activity, rather than through direct marketing by BRAC itself. This should be the method of choice whenever possible.

1.4.3 Development Potential

BRAC believes that the potential for poultry products is nowhere near the saturation point. Poultry rearing is considered to be an ideal start-up activity for BRAC members, especially women, as it is home-based and the investment requirements are small.

The potential of cow rearing is constrained by a fodder shortage. BRAC is addressing this through its agriculture program and through the introduction of feed businesses. This season some BRAC vegetable growers were introduced to maize cultivation. Maize is cheaper than wheat as a key ingredient in feed. BRAC at the present time is buying all the maize that the growers can produce and selling it to its newly established feed producers.

Lack of sufficient fodder also means that the number of cows in Bangladesh cannot grow unless high yielding varieties (HYVs) are introduced. However, HYVs require both increased management and increased investment. BRAC believes that the increased investment means that farmers must be guaranteed a market for their milk. BRAC intends to do a feasibility study on the dairy business in the near future, using consultants familiar with the development of Indian dairies. According to the current thinking, the milk would be collected at village level, sent to a local chilling center, and then transported to a central processing facility by milk tanker.

All of these new initiatives represent creative new strategies on BRAC's part for realizing the potential of the livestock sector. It is too early to tell whether or not they will be successful.

1.4.4 Conclusion and Recommendations

Conclusion:

BRAC has worked hard at developing all the economic activities within the poultry sector. Livestock loans have been problematic due to a number of factors, including the risk that the animal may die or that it may be sold prior to the end of the repayment period. Recent changes in credit policies for livestock loans should improve the repayment performance of new livestock loans.

Recommendations:

1.4.4.1 BRAC should upgrade its management information system for the poultry and livestock sector so that it can track enterprise success rates, and the reasons for success or failure. (This recommendation also applies to other sectors.)

1.4.4.2 BRAC should decide how members with old livestock loans can earn the income required to pay back the loans. If the animals died or were sold (as many BRAC staff think), members may not realistically be able to earn the income required to pay back the loans. If this is the case, BRAC should write the loans off.

1.5 Sericulture

1.5.1 Activities

Sericulture was not included in the Terms of Reference for this review, principally because it was the subject of a special review by sericulture experts in 1992.[5] However, BRAC staff were keen to show the sericulture activities to the consultant and discuss the opportunities and risks presented by this expanding sector. This section briefly describes the problems that BRAC has recently faced, and how it intends to deal with currently identified challenges. Those interested in a detailed assessment should refer to the afore-mentioned study, whose conclusions and recommendations are still valid.

BRAC's biggest problem in 1992 and 1993 has been the supply of disease-free layings (DFLs) from the Bangladesh Sericulture Board (BSB). A major outbreak of disease in 1992 coupled with BSB's inability to supply eggsheets has meant that many silkworm rearers have not realized a gain. BRAC needs to resolve problems with secure supply of high quality eggsheets as soon as possible. Otherwise, it risks alienating its silkworm rearers and causing loan default. Although rearing loans to date represent a small part of the portfolio, each of these borrowers were encouraged to undertake this activity by BRAC, and BRAC is therefore responsible for ensuring that it provides the input supply and marketing infrastructure that is required for success. The many thousands of other rearers who did not take loans invested their own resources

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[5] Neungpanich Sinchaisri and Sanjay Sinha, Developing Bangladesh Sericulture: An Appraisal of BRAC's Proposal 1993-5, July 1992.

in rearing trays and shelves within their homes and are expecting a return on their investment.

BRAC is using two strategies to cope with this situation, one interim and one long-term: it is importing eggsheets from India (three consignments to date) and it is investing in an egg multiplication center. As an egg multiplication center is a sophisticated technology in which BRAC has no prior experience, its ability to succeed with this strategy is uncertain. However, BRAC really can't afford to depend completely on the BSB, given the investment in millions of mulberry saplings and thousands of silkworm rearers.

1.5.2 Marketing Situation of Products

Sericulture presents a complex set of marketing challenges. BRAC is attempting to revitalize a moribund industry and in so doing, must simultaneously create all the activities in the industry and establish the marketing linkages. For example, BRAC at the present time has an obligation to purchase the output of its village-based silkworm rearers, because a developed cocoon market does not exist in most parts of Bangladesh. Similarly, BRAC's reeling centers are far from the traditional base of the silk industry, so BRAC has to identify purchasers for its silk yarn. Finally, BRAC's Rural Enterprise Project (REP) is experimenting with retraining cotton weavers in silk production. Naturally, the first question the weavers have regards the market for the product.

Consequently, BRAC does not have much flexibility to change its direct approach to silk marketing in the near future. The sericulture program has one marketing specialist programmed at the moment and will add several more staff later as the volume of production rises. The sector intends to do an initial study of the export market for silk cloth in 1994, although it does not anticipate needing this market over the next couple of years. This study will help sericulture staff to understand the international silk market and begin the process of identifying a potential niche for Bangladeshi silk.

1.5.3 Development Potential

Senior BRAC staff believe that sericulture has huge development potential. Silkworm rearing in particular is an ideal activity for women who want to work at home. At the same time, sericulture presents a large and visible risk for the organization. Bangladesh, and BRAC's producers, have yet to show that they can produce a quality of silk that can compete in international markets or even at home, now that the domestic market has been opened to low priced imports. If they cannot, then the potential is constrained by these factors.

1.5.4 Conclusion and Recommendation

Conclusion:

The development of a sericulture industry in Bangladesh represents a challenge for BRAC at every level. The biggest constraint at the present time is the low quality of the eggsheets available from the Bangladesh Sericulture Board. Without high quality eggsheets and high quality mulberry, BRAC will not be able to produce high quality silk that can be marketed domestically or internationally.

Recommendation:

Given the dramatic improvement in quality and design that will be needed before BRAC can hope to find a niche in the export market, establishing an initial understanding of this market appears to be a good move. BRAC should recognize, however, that its products may not be able to compete internationally in the short or even the medium-term, and plan its production accordingly.

1.6 Rural Trading

1.6.1 Activities

Rural trading is the single largest sector supported by BRAC, accounting for 1/3 of the loan portfolio. The types of products traded by BRAC members includes virtually anything that anyone would want to buy in the rural areas. The most recent classification of rural trading loans, as of September 1993, includes 105 categories. Annex 4 shows these categories.

Although some believe that rural trading is undertaken principally by men, the statistics do not bear this out (unless women are taking trading loans and passing them through to their husbands). Cumulatively up through June 1993, 68% of all rural trading loans were taken by women. Many poor women are willing to engage in headload trading within the village. This activity requires no specialized skills, and does not expose them to the social constraints that they would face selling at weekly markets or in towns.

Also contrary to the expectations of some, rural trading does not pose any special risks for the loan portfolio. Table 4 in Section 4.1 (page 28) shows the break-down of BRAC's loan portfolio by sector, and analyzes the delinquencies. Although 26% of the loans with past dues greater than 26 weeks are in rural trading, this is less than average, considering that 35% of the loan portfolio is in trading activities.

BRAC staff in the field confirm this impression that trading loans are not necessarily risky. Much depends upon the sincerity of the borrower, as trading loans are less visible than loans for assets such as chickens and cows, and thus harder to supervise. Moreover, trade has the advantage of quick turn-over, which should facilitate weekly loan repayment.

BRAC has recently changed its policy regarding utilization of general loans, which include trading loans. Those with general loans may now divert the loan from the economic activity they specified at the time the loan was disbursed to any economic activity they wish. This policy change reflects the difficulties of supervising proper utilization, as well as a recognition that engaging in the same activity for the annual loan term without regard for seasonal variations in demand is not a rational strategy for anyone attempting to maximize her income with a BRAC loan.

The reviewer agrees with BRAC's policy change in this area. However, area office managers interviewed are fearful that higher loan default will result if borrowers switch from one activity to another without a good understanding of the new activity that they are undertaking. Many are not alerting members to the change in policy.

Given the fact that at the present time BRAC does not provide any type of training to members with general loans in activity identification or management, there does not appear to be any firm reason to believe that members will have a poorer understanding of the new activity than they did of the original one chosen. (Please see Section 5 for a complete description of members' approach to activity identification and recommendations in this area.)

1.6.2 Development Potential

The biggest problem with trade is that it is non-productive. As such, it doesn't have any development potential. Furthermore, it's quite likely that if a member starts up a trading activity with BRAC financial support, that she is displacing an equally poor person who is already engaged in that activity. This is because the size of the market for most basic products is fairly static. In a rural economy, incomes can generally only increase as production and productivity rise. Trading goods does not contribute to this process.

1.7 Vegetable Cultivation and Social Forestry

1.7.1 Activities

The two activities viewed in this sector were vegetable cultivation and small nurseries. Vegetable cultivation in RDP is a marketoriented activity; homestead gardens whose principal purpose is domestic consumption are part of the health program. Participants typically receive a loan to lease land and purchase inputs, which may include seeds, hand tubewells, fencing materials, fertilizer and insecticides. The nursery program is for the commercial production and sale of seedlings, both timber and fruit species.

Data provided by sector staff in Dhaka show an average return on investment for nurseries of 399% for the nine month period ended September 1993 and 198% for vegetable cultivation. This data was consolidated from the monthly reporting forms of the 1,336 nursery workers and 11,512 vegetable growers currently in the program.

The Sector PA visits the growers four times per month and records the number of kilograms and value of sale and home consumption, as well as expenses. Each vegetable is calculated separately for each and every garden. He then summarizes this information and submits it to the PO for vegetables, who summarizes it again for all the Sector PAs under his supervision. In this way, the consolidated information eventually reaches Dhaka head office. (Please see Section 1.4.4 and Section 7.2 for recommendations regarding the scope of the reporting carried out by the sector programs.)

1.7.2 Marketing Situation and Development Potential

The vegetable growers interviewed indicated that they had not faced any difficulties marketing their vegetables in nearby towns. However, BRAC field staff said that the large drop in the price of vegetables during the high season can be a problem for some growers. Sector staff are encouraging participants to plant early, so that they can capture the early market for each crop.

As not all growers are cultivating the same mix of vegetables, nor are they marketing in the same location or at the same time, BRAC's calculation of average return on investment does not reflect the wide variation in potential for both seedling nurseries and vegetable cultivation.

Vegetable producers can be expected to have better sales if they can market their produce in urban areas. Those who have access to the biggest markets such as Dhaka obviously have more scope for growing high value exotic species. Therefore, the potential for expansion of the vegetable cultivation program will vary from region to region.

Demand for tree seedlings also varies from region to region. As long as BRAC is buying the output, as is the case with mulberry saplings, the grower does not face a marketing risk. But with commerical nurseries whose output must all be sold within the villages or at weekly markets, BRAC must be careful that it does not promote more nurseries than the local market can sustain.

2. Cost Recovery of Sector Programs

2.1 Overview of Service Charge System

BRAC's proposed system for recovering the cost of service provision to beneficiaries of the sector programs is detailed in the April 1993 report entitled "BRAC's Cost Recovery System of Sector Programme". Briefly, the collection mechanisms for each sector are shown in the table below:

Table 2. Cost Recovery Mechanisms for Sector Programs

Sector	Economic Activity	Cost Recovery Mechanism
Sericulture	Silkworm rearing	Tree use charge
Poultry	Chick rearing	Transport charge
Livestock	Cows	Vaccine card
Irrigation	Deep tubewells	Fee per acre
Social forestry	Nurseries	Fee per nursery
Vegetables	Vegetable gardens	Fee per decimal
Fisheries	Hatcheries	Fee per hatchery
Fisheries	Nurseries	Fee per decimal
Fisheries	Grow-out ponds	Fee per decimal

2.2 Current Status of Service Charge Collection

Collection in some sectors is inherently easier than in others. For example, the service charge for chick rearers can be justified to beneficiaries by a transport charge for door-to-door delivery of day-old chicks.

The service charge is normally paid at the Area Office in cash, although there are exceptions. The chick rearing charge is added to the cost of chicks, and the irrigation service charge is deducted from the DTW Project Account that is kept at the AO.

The following table shows the status of service charge collection as of September 1993, and indicates the principal reasons for less than expected revenues.

Table 3. Percentage of 1993 Service Charge Target Realized Through September 1993		
Sector	% realized thru 9/93	Principal Reasons for Low Collection Rates
Sericulture	14.71%	Diseased eggsheets led to poor or non-production by rearers
Poultry/Livestock	46.25%	GOB failure to supply chicks in quantities requested; vaccines not available for livestock
Fisheries	56.32%	Payment collected on nurseries and hatcheries but farmers have not yet harvested their catch.
Vegetables/Social Forestry	20.05%	New program; growers initiated activities more slowly than expected
Irrigation	88.00%	Second crop not yet harvested

Although there are certainly technical reasons why service charge realization has not been up to target this year, as shown in the table above, it is possible that BRAC's insistence that members pay in cash at the AO is a contributing factor. The irrigation sector's high payment rate, despite continuing profitability problems with many of the DTWs, suggests that collection by deduction from accounts is an effective technique. It's also cost-effective because BRAC staff don't have to continually remind members to come into the AO to pay.

It's possible that members are willing to pay the fee, but are not motivated to pay the rickshaw fare to the AO. The amount of service charge may not even justify the expense of travelling to the AO. Certain activities facilitate collection at the AO, such as silkworm rearing, as BRAC purchases the cocoons from the members at the AO for cash. However, most activities realize their income outside of BRAC's immediate vicinity.

Anecdotal evidence to date shows that members are generally willing to pay the service charge, so long as they recognize that they are learning something from the sector PA and are getting a financial benefit from the activity. Initially, some members were reluctant, due to the traditional mentality that BRAC as a voluntary agency should provide services for free, but staff at all levels say that education about the reason for the charge generally has had a positive effect.

2.3 Other Benefits

BRAC staff have already started to notice non-financial benefits from the service charge system: sector PAs are motivated to work harder, partly so that they will have no problems collecting the service charge and partly because they feel obligated to visit members more frequently, given that they are paying for the service. In addition, members may be more likely to accept advice from the PA if they're paying for it.

Some sector staff believe that the PAs should be required to keep extensive records of each participant in the sector programs as a supervisory measure (see Section 7.2 for a discussion of this issue). The imposition of service charge may prove to be a good way for BRAC staff who have supervisory responsibilities to ensure that the PAs are really out there doing their technical assistance work effectively. This might enable the sectors to cut back on the reporting requirements, which can consume 25% or more of a PA's time.

2.4 Potential Constraints to 100% Cost Recovery

BRAC's strategy at the present time is based on providing a good service and thus gaining the support of members for voluntary service charge payment. However, in the future, as the learning curve of members becomes less steep, attitudes towards payment may become less positive. It is easy to envisage a situation evolving where members feel that they no longer need the support of the sector PA, and certainly not for a fee. In this case, what should BRAC do? Should it drop support to members who do not want it? Or should it force members to continue to pay the service charge?

BRAC may be reluctant to give up its supervisory role, with all the attendant risks of falling repayment rates. But if attitudes harden, especially towards "softer" technical assistance such as on-going advice to fish pond owners and vegetable growers, BRAC will have limited choices if it wishes to attain 100% cost recovery:

* attract new members to the sector programs,
* force borrowers for sector programs to pay the service charge and accept technical assistance, or
* withdraw staff down to the level at which 100% cost recovery can be attained.

In some sectors, such as fisheries, physical constraints (number of ponds) will limit the potential growth of the sector; in others, such as vegetables, market limitations may have the same effect in some regions. Thus, it is possible that BRAC will be able to sustain some programs, such as sericulture, through the provision of inputs, whereas support in other sectors will have to be gradually withdrawn.

The alternative is to take a harder stance on service charge collection. Just as BRAC forces its participants to save and to buy insurance, it could also force participants to pay a service charge by deducting from the loan "off the top" in a similar fashion. Some BRAC staff who were interviewed on this issue believe that services to members should be demand driven, and this consultant agrees. But BRAC's previous experience in Manikgonj and Sylhet was that activity levels dropped as services were withdrawn. The question then is: Which activities were dropped by members? And why? If BRAC has really helped its members to raise their incomes through activities that they can manage themselves, it seems unlikely that they would stop doing them if BRAC stopped providing technical assistance.

BRAC staff rightly believe that they are providing valuable services to their beneficiaries. But it would be sensible to let the question of how long those services should be continued be decided by the beneficiaries themselves. The service charge system is a perfect means of giving members this choice, provided that it is voluntary rather than forced. If BRAC adopts this policy, it will need to be flexible about its staffing structures and vigilant about comparing service charge revenues to program costs on a regular basis.

BRAC will also need to be flexible about the service charge structure as the strategies of the sectors change with respect to the economic activities that they support. For example, the Poultry and Livestock sector is convinced that technical assistance needs to be continued after member training finishes, because of the dangers of new diseases breaking out. However, their evolving program strategy may eliminate, or reduce, the service charges that they can collect. The recent introduction of village-based chick hatcheries will, if successful, result in a loss of service charge revenue for the sector.

Another issue that emerged in discussions with staff centered around whether service charges should be collected for services rendered, or for benefits received. In some instances, the case is clear-cut; this year, for example, silk rearers did not realize income benefits due to BRAC's delivery of diseased eggsheets from the Bangaldesh Sericulture Board. Imposing a service charge when BRAC has admittedly failed in its role as service provider is obviously unfair, and these participants should be exempted from service charge in the current year. However, in all other cases of non-payment, BRAC should accrue the charge to the borrower's account.

2.5 Conclusions and Recommendations

Conclusion:

BRAC has done a commendable job in initiating cost recovery in some of its sector programs. Collection rates have been low in sericulture due to problems with program implementation, and in vegetables due to late start-up of gardening activities.

Recommendations:

BRAC should systematize its service charge collection system, paying attention to each of the following areas:

2.5.1 Decide which month to realize the service charge in each sector and set a deadline by which time members are expected to pay. At the present time, members may pay the charge any time they wish, which makes follow-up difficult for the PAs.

2.5.2 Evaluate the policy of having service charges paid in cash at the Area Office, and consider alternatives, such as having the service charge collected at the VO meeting.

2.5.3 Provide PAs with a list of members who have not paid their service charge from the prior year, so that they can continue to reinforce BRAC's message regarding the purpose of the charge.

2.5.4 Decide whether the service charge system will be voluntary or forced, so that appropriate procedures can be established for members who fail to pay.

2.5.5 Remedial action such as discontinuation of services (in a voluntary system) or deduction from loan (in a forced system) should be considered if members fail to pay the charge for two years running. As the service charges become institutionalized in BRAC, with widespread understanding of the purpose, this time period should be tightened.

2.5.6 Allow Regional Managers to request a service charge waiver for activities that should be exempted from service charge in the current year due to BRAC's inability to render the services in a fashion that enables members to realize a profit.

2.5.7 BRAC should monitor attitudes towards service charge in each sector. If members do not want services to continue, the reasons for that choice should be solicited. This will help BRAC to fine-tune its service charge and sector staffing strategies as conditions change. The Monitoring Department should be responsible for this task.

able to explain how they use the information from the records. Furthermore, keeping a cash book (cash in, cash out and balance) doesn't teach the women to manage their stocks. One grocery shop was visited that only had stocks of biscuits and pan. It's hard to imagine that this woman could finance her loan repayment with such a small variety of goods.

Recommendations:

3.1.1.1 Continue with efforts to support female household heads so as to avoid BRAC's role as a "policeman" in enforcing female control of the enterprise.
3.1.1.2 Experiment with relaxing the bookkeeping requirement.
3.1.1.3 Re-orient technical assistance from bookkeeping to a teaching of basic management concepts, especially working capital management (cash, credit and stock control). Use training techniques suitable for non-literate women.

3.1.2 Mechanical workshops

The rationale for establishment of the mechanical workshops was the desire to support DTWs with high quality repair services at reasonable prices. The BRAC mechanical workshops are in direct competition with privately owned workshops that exist in every major town. Their advantages include good equipment, a captive market for BRAC supported DTW repair and financial support from BRAC. Their biggest disadvantage may be their inherent lack of sustainability.

Although mechanical workshops are a very small part of the BRAC program, they provide an interesting example of a type of enterprise that perhaps cannot be effectively transferred from REP to RDP, or from BRAC management and ownership to VO management and ownership.

Mechanical workshops are characterized by large investment requirements (approximately Tk 300,000) and the need for skilled manpower. VO members have neither the resources nor the skills to engage in this type of economic activity. Consequently, BRAC has set up the workshops with REP POs as managers. People employed in the workshops are not usually VO members, due to the specialized skills required. Therefore, there are no significant employment benefits for BRAC's target group.

BRAC is now considering ways to transfer ownership of these workshops to the VOs. One idea under consideration is that of limited liability companies whoses shares would be sold to VO members. These shareholders would necessarily be "passive" owners, as they would be separated from the enterprise both by distance (village-based owner vs. town-based enterprise) and by understanding (of the complexities of the workshop).

The manager would, in this situation, have ample opportunity to engage in business that never showed up on the enterprise's books. Managers interviewed verified that a mechanical workshop is a service-oriented business; thus, the price of most repairs is negotiated with the customer. Consequently, REP's plan to have the AO monitor the workshops on behalf of the VO owners by auditing the books would be unlikely to detect a diversion of funds. A manager could easily keep books that showed a small profit and pocket the balance of the cash. (Some may consider this scenario to be overly pessimistic; however, BRAC members interviewed throughout the consultancy about methods of group-managed cash control showed that BRAC's beneficiaries are all too well aware of the dangers of entrusting one's money to someone else.)

Another ownership possibility being considered by BRAC is that of a joint venture between BRAC and a family. The family would initially purchase Tk 14,000 of shares (two loans of Tk 7,000 each) and gradually purchase the remaining shares as they earned profits from the business. This plan would have the advantage of limiting the family's risk as they gained skills. However, mechanical workshops have investment and skill requirements so large that BRAC would probably never fully divest itself of its shares in a venture of this type.

A third possibility (identified by this consultant and not currently under consideration) is for BRAC to expand its definition of target group and set up a separate credit line for loans to small business people. Although this may not be realistic within RDP/RCP, BRAC may want to consider this option when RCP becomes the BRAC Bank. At the present time in Bangladesh, credit is available to the landless and assetless poor through NGOs and to established businesses through the banks. However, there are currently no programs that effectively channel credit to a middle group of small business people who fall outside of the formal banking sector but do not qualify for support from NGOs.

Conclusion: BRAC might facilitate quality DTW repair services in a more sustainable fashion if it supported the mechanical workshops currently operating in the private sector with loans for improved equipment rather than setting up its own workshops.

Recommendation: BRAC should not expand the number of mechanical workshops in its program until ownership issues have been resolved.

3.1.3 Carpentry Workshops

Carpentry workshops are a new REP initiative that started in May 1992. The workshops are currently training centers for interested female VO members and girls who are graduates of BRAC's Kishor-Kishori (KK) schools for adolescents. Each workshop has ten female trainees and one male trainer. The trainees are learning carpentry skills, but have not yet been exposed to business management.

The workshops are managed by BRAC as collective enterprises. Each workshop receives a Tk 60,000 loan for equipment and working capital, which is managed by the AO through a Project Account. The workshops are expected to make and sell a sufficient number of products to cover their expenses after only a one month subsidy period.

Long-term ownership issues have not yet been addressed. Possibilities that were mentioned by various staff within BRAC include 1) private limited companies, 2) employee-owned collective enterprises, and 3) continuation as training centers. The third option would involve periodic graduation of trainees who would then be set-up with a BRAC loan either individually or in small groups in their home villages.

Recommendation: Develop several management and ownership models for the workshops, and develop a step-by-step plan for testing out each model. Each model should include a business management component appropriate for the complexity of the model.

3.1.4 Other Activities

Apiculture: REP is expanding the bee-keeping program, but has no plans to turn this activity over to RDP because there is no scope for mass replication.

Pearl culture: REP is financing this activity, but it is being managed by the Fisheries sector. Results have not yet been obtained.

Silk weaving: The purpose of this experimental project is to determine if traditional cotton weavers who are VO members can be successfully re-trained as silk weavers. The project pays the weavers a labor charge for the weaving and takes responsibility for the marketing of the silk fabric. This is separate from the Sericulture sector program, which sells most of its reeled yarn to traditional silk weavers, who are located near Rajshahi.

Godowns: One godown (warehouse for the storage of grain) has been operated by REP on an experimental basis, but the program will shortly be expanded to 56. This godown has been run entirely by BRAC. As with mechanical and carpentry workshops, long-term ownership and management issues have not yet been addressed.

Planned Initiatives: REP has just finished doing a feasibility study for tempos, which would be managed as part of the mechanical workshops. Activities that are currently being considered for women are tailoring, laundry and ironing businesses.

3.2 Mechanisms for Transfer to RDP

REP has several types of operational relationships with RDP. First of all, REP field staff operate from RDP's Regional Offices and report jointly to the Regional Manager and to the REP Manager in Dhaka. Secondly, REP Head Office staff share office space with RDP and so communicate on a daily basis.

The activity most recently transferred from REP to RDP was women-managed restaurants. REP distributed to the AOs a written model which included a financial plan as well as specifications about building type, equipment, location of cooking space, etc.

The most noticeable gap in REP's present enterprise development program is weakness in identifying, analyzing and experimenting with suitable management and ownership structures for larger enterprises, such as mechanical workshops, carpentry workshops and godowns. These enterprises should not be transferred to RDP until these issues have been resolved. This may be a long-term process.

3.3 Challenges

In the future REP will be increasingly challenged to identify new income earning opportunities for BRAC's members. In doing this, it will have no choice but to explore small economic activities that have not traditionally been the domain of its members. This is because BRAC has already identified the principal economic activities that offer income and employment potential for its members, and is pursuing the growth of these activities through RDP's sector programs.

Furthermore, expansion of activities within the sectors is now primarily the responsibility of the sectors. For example, exploring the potential for village-based poultry hatcheries falls within the Poultry and Livestock sector and reconsidering the potential of fresh-water prawn - a REP activity suspended several years ago - is now on the agenda of the Fisheries sector. The one notable exception at the present time is REP's experimentation with conversion of cotton weavers to silk.

Because the majority of BRAC's members are female, and the majority of the non-farm-based and non-household-based activities are the preserve of men, the challenge will be doubly demanding.

3.4 Conclusion and Recommendations

Conclusion: REP is at a strategic juncture in its existence. Traditional, and for the most part, agriculturally-based activities have already been identified by BRAC. As REP seeks new income and employment opportunities for BRAC's members, it faces significant challenges in the critical areas of management and ownership of larger enterprises. In order to effectively manage these challenges, it needs guidance from experienced senior field staff. BRAC's addition this month of a senior Regional Manager to its REP team is appropriate.

Recommendation: Develop ownership and management models for larger enterprises, assessing the implications for both BRAC and its beneficiaries of each model. It is recommended that this exercise be carried out by a team that includes senior RDP managers and the Director of Programmes, as well as REP. It might also be the focus of a special study, with the participation of the Donor Consortium. Potential models include (but are not limited to) the following options:

* Group management and ownership.
* Joint ventures between BRAC and individual members, whereby BRAC owns a portion of the enterprise as the individual gains experience and skills, and earns income sufficient to buy back BRAC's shares.
* Joint ventures between BRAC and groups of members.
* Establishment of limited liability companies, whose owners are "passive" shareholders; enterprise managers report to a Management Committee of the shareholders.
* Individual ownership through larger loans (expansion of BRAC's target group and establishment of a new credit line for individuals who qualify).

Note: Recommendations for restaurants, grocery shops, mechanical workshops and carpentry workshops are included in earlier sections.

4. Credit

4.1 Sectoral Repayment Performance

The following table shows where the problem sectors lie within BRAC's credit portfolio:

Table 4. Sectoral Repayment Performance as of 9/93			
Sector	Sectoral % of total loans outstanding (excluding housing)	Sectoral % of total loans outstanding that have payments > 26 weeks past due	Percentage of the sector's portfolio that is current (0 weeks past due)
Rural trading	35%	26%	70%
Food proces'g	28%	20%	70%
Livestock	14%	29%	56%
Agriculture	9%	5%	82%
Cottage Ind.	5%	3%	82%
Irrigation	4%	8%	47%
Rural Transprt	3%	7%	55%
Fisheries	2%	2%	77%
TOTAL	100%	100%	N/A

The problem areas are those whose share of total overdue loans (defined as those which have payments that are greater than 26 weeks past due) is greater than their share of the overall portfolio. These are, in order of magnitude: livestock, irrigation and rural transport. The third column, which shows the percentage of loans in each sector that have no payments past due, corroborates this finding. The reasons for the problems in these sectors has been outlined in Sections 1.2 and 1.4.

4.2 Credit Policies and Procedures

4.2.1 Term Structure of Loans

BRAC has greatly reduced the number of medium-term loans over the last two years as it's become evident that loan duration and repayment performance are connected. One problem with medium-term loans is that the borrower may sell the asset prior to the end of the financing period. With livestock loans, the animal may die prior to the end of the loan period. Once either of these situations happens, repayment problems often occur.

The loan repayment statistics support this premise. Other than irrigation, the two worst performing sectors are livestock and rural transport, both of which previously gave medium-term loans. Rural transport includes both animals that may die and assets that can be easily sold.

Psychological factors are also important when considering loan duration. Field staff have observed that members are anxious to repay their loans quickly so that they can get new, larger loans. They lose patience with continuous repayment whose end never seems to be in sight.

Given that short-term loans for relatively expensive assets require a larger weekly repayment, the trend to short-term loans has implications for BRAC's poorer borrowers. They need to start with economic activities such as poultry rearing that have a quick return and step up to larger loans as their economic circumstances permit.

BRAC still does make medium term loans, as the loan size is simply too large for repayment within one year. These are usually program loans for sector-supported economic activities such as fish hatcheries and chick rearing units.

4.2.2 Size of Loans

BRAC's current policy limits the loan size according to the level of experience with BRAC: the first loan has a maximum of Tk 3000, the second Tk 5,000 and the third Tk 7,000.

There are a number of exceptions to this policy, for the simple reason that many economic activities cannot be financed within these limits. BRAC has a list of activities such as chick rearing, sericulture sapling nurseries, horticulture nurseries and fish hatcheries which are exceptions. The Regional Manager can recommend to the Director of Field Operations in Dhaka that certain individuals and activities be granted an exemption from the requirement.

In general, it is the responsibility of the Credit PO to assess borrowers' ability to repay sizable loans. As most of the larger loans are for sectoral activities, the PO for employment and income generation (EIG-PO) also often gets involved in the selection process. Each of these cases is assessed according to criteria which include the person's aptitude and resources. In the case of women, ability and willingness to operate outside the confines of the home is an important factor if the activity requires her to interact with outsiders.

4.2.3 Repayment and Grace Periods

All BRAC loans have a weekly repayment schedule, irrespective of the cash flow from the financed activity. BRAC staff are all completely in agreement that the discipline of a weekly payment is essential for good repayment performance. However, BRAC is aware that this policy imposes hardships on borrowers who have activities that generate income only occasionally. This includes vegetable growers, fish pond cultivators, chick rearers and deep tubewell shareholders. The policy can also make the repayment statistics look worse than they really are, as some sincere borrowers may be behind on their weekly installments solely due to a lack of other income generating activities with a regular income stream.

In response to these problems, BRAC has recently introduced grace periods ranging from three to six months for sectoral activities with income tied to a production cycle. The Regional Managers are responsible for deciding which members may benefit from the grace period. To date, the grace period has had more of an effect on the accounting system than on the borrower. Many, perhaps even all, borrowers are told that weekly repayment is required and the loan contract still shows the weekly installments that are due. This procedure reflects the deep-seated fear that allowing the borrower to make no payment for months will lead to default.

Thus, the policy and procedure of grace period as practiced to date helps BRAC by reflecting a more activity-oriented situation on BRAC's credit books. It doesn't do anything, however, to relieve the burden on borrowers who don't have other income generating activities. Furthermore, even those who do have other activities may need the income from those activities to pay their household expenses.

The financial analysts suggested[6] and BRAC has agreed that at least 25% of the otherwise "normal" weekly installment should be repaid by borrowers benefitting from the grace period. This appears to be a good compromise between the need for tight repayment discipline and the genuine hardship that weekly repayment may cause.

4.3 Constraints Borrowers Face Under General Loans

There is great disparity between the assistance rendered to those with general loans and those with program loans. Program loans are given to those members who are linked with one of RDP's sectoral support programs. The assistance includes:

* identification of members who sectoral staff believe could

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[6]See the 1993 Credit and Financial Management Monitoring Review.

effectively manage (or have the resources for) a sector activity

* assistance with assessment of feasibility (in non-traditional activities, the sector staff do the feasibility; in traditional, they assist the member)
* delivery of inputs in some cases; e.g.: silkworm eggsheets, day-old chicks
* direct marketing assistance (e.g. sericulture) or linkages to other BRAC members who provide a ready market (e.g. poultry)
* training at the BRAC AO
* weekly technical assistance visits from the Sector PA
* a project account at the AO which serves to manage the activity's working capital

Those with general loans receive no technical assistance or training in any subject related to micro enterprise development. This is a major constraint, particularly for women who have never operated an economic activity prior to their association with BRAC. They do not know how to conceptualize the various activities that they might start up, and once they have the loan, they are unfamiliar with basic strategies related to working capital management. Section 5 contains recommendations for BRAC on ways that it might address this imbalance.

4.4 Relationship between Credit and Sector Programs

The relationship between the credit and sector programs appears to be smooth. At Dhaka headquarters, both sector staff and credit staff share offices on the fifth floor. At field level, sector and credit staff interact at the Area Office on a daily basis. Sector PAs attend some VO meetings and explain their programs in an effort to identify members who are suitable for program loans. These choices have to be approved by credit staff, who examine their repayment history and financial resources. It is possible that there is, or has been, a certain amount of tension between sector staff who may feel that credit staff are preventing them from reaching their targets. But as they work together, they become increasingly aware that their work is mutually beneficial. Credit staff help sector staff by screening out those who are likely to cause problems. Sector staff help credit staff by providing intensive technical assistance that effectively ensures that very little program money gets diverted and very few sector enterprises are a total failure.

4.5 Conclusion and Recommendations

Conclusion: BRAC is well aware of the programmatic challenges inherent in balancing good loan portfolio management (e.g.: strict weekly repayment, short-term loans, small loan ceilings) with the investment requirements and cash flow of supported activities. It is actively seeking ways to meet these challenges.

Recommendations:

4.5.1 As so many sectoral activities require exceptions to the loan size policy, BRAC should consider devolving responsibility for these decisions to its Regional Managers, who are able to personally visit the cases for which an exception is requested.

4.5.2 Loan contracts and repayment records should show consistent information. If BRAC chooses to recognize grace periods on its loan ledgers for certain types of program loans, then it should allow its borrowers to benefit from the same policy.

4.5.3 The financial analysts' suggestion that grace period beneficiaries be required to pay 25% of the normal weekly repayment is a good compromise between tight credit discipline and recognition of the hardship on borrowers of loans that are not tied to the cash flow of the activity.

5. Borrowers' Approach to Activity Identification and Management of Borrowed Funds

5.1 Overview

There are two basic ways that economic activities are identified by BRAC and its members:

* By borrowers themselves, assisted by discussions within their small groups or at VO meetings.
* By sector PAs and POs.

BRAC staff play a significant role in identifying members who are suitable for the sector programs. The sector POs and PAs look for certain kinds of people, depending upon the type of activity. For example, fish and vegetable cultivators need access to ponds and land, respectively. Grocery and restaurant owners should be sociable, vocal at VO meetings, have no household responsibilities which require them to remain at home, and a willingness to go out into the market areas.

Group members who are not chosen for sector programs select their own activities. The main mechanism for this is discussion within the small group and subsequent approval at the VO meeting. Although BRAC does not consciously discriminate against any of its members, those who are selected for sector programs tend to be those who have greater access to resources, greater experience, greater social mobility and greater aptitude (a "business mentality"). Shy women who have never ventured far from their own neighborhood or been involved in any kind of economic undertaking will not get selected for any sector program other than poultry rearing.

This is a sensible approach, given the technical and investment requirements of many sector programs. However, it does mean that those taking general loans are likely to need help with feasibility analysis and basic management just as much, if not more, than the sector participants.

BRAC does not provide generic training to its members with general loans in either of these areas. But sector participants - who are already likely to be more able and resourceful - get assistance with the assessment of feasibility, the determination of the required loan amount, training at the AO, weekly technical assistance visits and a Project Account at the BRAC AO which assists them to manage their working capital.

Given that 78% of BRAC's members are female, and most have never managed an economic activity prior to their involvement with BRAC, BRAC should consider whether it should provide more of an "enabling environment" for all its members in activity identification and basic management. It might be appropriate to revise the allocation of resources for small enterprise development within RDP, so that sectoral program participants get less assistance and other members with general loans get more.

BRAC already has one training course entitled Small Rural Enterprise Management Training (SREMT). This was initiated in 1993 for the VO's Management Committee members and other potential group leaders. This course has not been designed as a Training of Trainers (TOT), so it is unlikely that participants attending it would be able to subsequently train the small group members. Even if it were a TOT, it is debatable whether the participants would have the skills required to pass along the learning to other members.

Field and head office staff with whom discussions were held on the content of a proposed re-structuring of the small enterprise training felt that it could be conducted by the POs or possibly by the PAs. The consultant's initial impressions of PA skill levels and the simple level at which this training is envisaged make it likely that such training, if appropriately designed, could be delivered at village level by the PAs. However, as these individuals might not have the time, another possibility discussed was using women from the community similar to those currently used for BRAC's Functional Education program.

Whichever option BRAC decides upon, the trainers should be trained at the TARC and the VO members should be trained in the village in a series of sessions that preferably would take place prior to the first loans being given. If the sessions were staggered over a period of several weeks, members would have the opportunity to go back to their homes and apply the learning from the course in the identification of their first BRAC-supported economic activities.

The SREMT training course needs significant revision. It should focus on simple concepts and techniques in two areas: feasibility analysis and basic working capital management. Weaknesses noted in the current course that should be addressed in the revised course include the following:

* As most group members are non-literate, the course should use appropriate concepts such as the "five fingers approach" and techniques such as visual aids to introduce the basic concepts of feasibility analysis that should always be considered by a member prior to starting up an economic activity. The former teaches the five most important concepts of business planning through reference to the fingers of the hand, and the latter consists of colored posters that illustrate the concepts. A set of pictures should be developed for a variety of economic activities that participants commonly engage in, such as paddy husking. Experienced BRAC trainers might have ideas on other suitable non-literate techniques that could also be used.
* Trainers should stop using literate techniques on the blackboard to demonstrate income and expense calculations. One idea is to replace this with a large group demonstration and then a small group exercise in which trainees use play money to figure their income, expenses and profit.
* The course should cover the basic elements of working capital management, again using non-literate training techniques. Members should be taught to allocate their sales income to the following categories: working capital or "working taka" fund for replenishment of stocks, loan repayment, savings and household expenses. The concept that money should never be taken from the business for household expenses until this allocation has been made should be stressed.

5.2 Conclusion and Recommendations

Conclusion: Sectoral program participants get large amounts of assistance from BRAC in the areas of activity identification and management of borrowed funds. Other VO members get none, despite the fact that 78% of BRAC's participants are female and most have never been involved in market-level economic activities or development credit prior to their interaction with BRAC.

Recommendations:

5.2.1 BRAC should consider a re-allocation of resources to small enterprise development within RDP. All VO members, but especially female VO members, should receive training in basic concepts of activity identification and management. Sector program participants might receive less technical assistance than that delivered at present, in order to free up the time of sector staff to deliver this training. Alternatively, BRAC might consider using people from the community as trainers, as is presently done with Functional Education.

5.2.2 The Small Rural Enterprise Management Training course should be re-designed to focus on simple concepts and techniques of feasibility analysis and working capital management. Non-literate training techniques should be used at all times.

6. Housing Loans

6.1 Criteria and Mechanisms of Housing Loans

Housing loans are made in four monetary categories ranging from Tk 6000 to Tk 2500. One of the loan conditions is that the borrower must construct the roof from CI sheet. The number of bundles of CI sheet that must be purchased with the housing loan varies according to the size of the loan.

The mechanisms for approval and disbursement of the housing loans include the following steps:

1) The request is made for a particular category of housing loan. The weekly repayment amount is calculated based on the loan size and term (usually three years).
2) The borrower must then demonstrate that she has sufficient repayment capacity by saving for six months an amount equivalent to the loan installments for the same period. Specifically, she must deposit advance savings 20 weeks out of 25 on a regular continuous basis.
3) When the loan is disbursed, these savings are given back to the borrower in cash, and should be used for construction of a sanitary latrine.
4) Follow-up on usage is then done by AO staff.

The housing loan recipient must also build a sanitary latrine. There is widespread resistance to this condition, which represents what BRAC calls an "unfelt" need rather than a "felt" need. A RED study done in 1991[7] found that of 209 housing loanees surveyed, only one had constructed the latrine. More recent data from the Monitoring Dept. showed that 10% had installed latrines and 33% had bought materials. A new policy to be introduced in 1994 requires that the member purchase the slab and ring prior to receiving the loan. The savings withheld to demonstrate housing loan creditworthiness would be used for this purpose.

Only one housing loan may be taken per household. In addition, it

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[7]Roof Over My Head, A Study on BRAC's Housing Programme for the Poor, BRAC Research and Evaluation Division, May 1991.

is preferable that the housing loan not be the first loan a member receives. It is also advisable if the borrower has a loan for an IGA, to ensure that income is being generated with which to repay the loan.

A policy recently introduced requires the member to construct or repair the house within one month. If she doesn't, or diverts the loan to other uses, the interest rate will be 20% rather than the 10% normally charged on housing loans. The Monitoring Department samples usage rates three months after the date of disbursement. Not enough information has yet been collected on non-usage for trends to be available, but there is evidence at field level that BRAC staff are checking up more conscientiously on usage now than was perhaps previously the case.

6.2 Repayment Performance

Housing loans account for 5% of loans to group members. Repayment statistics for these loans are separated from the statistics for other loans and are not as up-to-date. Whereas information was available from the Monitoring Department for general and program loans through September 1993, the Computer Department had to be requested in advance to supply information on housing loans, and this was only available through June.

Repayment performance on these loans has not been good in the past. As of June 1993, 35% of loans were in past due categories of 26 weeks or greater. The on-time realization of the poorest performing part of the portfolio was only 27%.

Repayment performance on housing loans varies considerably from region to region, and also within regions. The OTR for June shows overall collection rates varying from 101% to 26%, and the rate on loans with no past due ranging from 168% to 54%.

Interviews at field level suggest that much of this variation can be explained by the initiatives of Regional and Area Office managers. Some AO managers require that BRAC staff accompany borrowers to the market to ensure that they purchase the required CI sheet. Their experience is that if the borrower is given cash, then some of the loan may be diverted. There appears to be widespread agreement among field staff that if the loan is properly used, the borrower is much more likely to make a good repayment effort because she sees the benefits of the housing loan every day.

Field staff also noted the relationship between income earning ability and repayment problems. There is a desire to assist the most needy group members through housing loans, yet these are the borrowers who face the greatest constraints with repayment and who have the greatest temptation to divert the money to other uses. Some may even sell their CI sheet during the "hungry" season when wage employment is not available to meet their immediate cash needs.

6.3 Conclusion and Recommendations

Conclusion: Because housing loans are not income producing, they face a greater repayment risk. Current strategies of monitoring usage of the loan for the proper purpose and raising the interest rate from 10% to the 20% (the rate charged on general and program loans) if the loan money is misused appear to be good approaches.

Recommendations:

6.3.1 Build up the economic base of members before giving housing loans. Although this policy may exclude the neediest (and thus is of concern to many in BRAC), the poor are not going to be benefited by a situation where BRAC credit staff are vigorously seeking on-time repayment, but they are unable to pay due to inadequate income.

6.3.2 Transform initiatives that some Area Managers have used successfully into firm policies. This includes accompanying the borrower to market to ensure that she purchases the CI sheet, and not allowing first time borrowers to take housing loans.

6.3.3 Issue a circular to Regional and Area Offices that incorporates all recent changes in housing loan policies and procedures.

6.3.4 Integrate housing loan statistics with other loan statistics. This will ensure better understanding of the repayment situation at the AO level and motivate managers towards better selection, monitoring of disbursement and repayment follow-up.

7. Other Conclusions and Recommendations

7.1 Methods of Financial Analysis

Sector staff at Dhaka headquarters were able to provide information on the average profitability of the economic activities in their respective sectors, and with calculations of average return on investment (ROI). However:

* Each sector calculates ROI somewhat differently, which makes it impossible to compare these figures across sectors.
* Sector staff have not been exposed to the concept of Return to Labor (RTL). As labor is the principal resource that poor people have to offer, some would argue that RTL is a more meaningful indicator than ROI of enterprise potential. RTL

also offers a useful way of measuring the value of the non-cash family labor that is employed in an economic activity.

* Although information on profitability is collected on virtually <u>all</u> sectoral program participants, senior sector staff are only able to determine average profitability. They do not know the number and percentage of participants who made a profit or a loss. This is because information on profitability is collected by the Sector PAs, collated first at Area Office level, then at Regional Office level and finally at Head Office level.

Sector POs interviewed at Rangpur Regional Office said that they had been instructed in ROI calculation, and Sector PAs confirmed that their basic training included information on expected revenue and expected cost according to the sector model. It was beyond the scope of this consultancy to determine how effective this training was, or whether Sector POs and PAs are able to adapt the "expected" outcome according to the model to the "actual" outcome achieved by participants.

Conclusion:

Despite a management information system that achieves 100% coverage, sector staff do not know the failure rate of economic activities within their sectors and senior RDP staff do not have access to financial information that allows them to compare the economic activities that the sector programs are supporting. Given the quite high level of knowledge of financial concepts that already exists within the ranks of senior program and sector managers, not much additional effort would be required to standardize this information and thus make it comparable across sectors.

Recommendations:

7.1.1 Upgrade the skills of senior program and sector staff in financial analysis so that all financial analyses use the same format. The format should allow Return to Labor and Break-even Point to be calculated.

7.1.2 The sectors should improve their management information systems so that the number and percentage of enterprises making a profit or loss can be determined. (Also see recommendations in Section 7.2 regarding sample size.)

7.1.3 Each sector should prepare an update on the performance of economic activities within the sector on a regular basis (at least twice a year), using the above information. This information should be shared at a meeting of senior sector and program staff.

7.2 Cost-Effectiveness of Information Collection

This macro level review did not include a detailed assessment of the sector programs' management information system. However, a number of observations were made at both field and head office level:

* BRAC requires 100% of its sector program participants in almost all economic activities except poultry raising, cow and goat rearing to keep detailed records on inputs, outputs and other indicators such as mortality. This information is collected by the Sector PAs and eventually finds its way in collated form to Dhaka Head Office. In some cases, the Sector PAs actually record the information when they visit, based on informatiion gathered from the participant. This is presumably because the participants are non-literate and cannot record the information themselves.

* Senior sector staff maintain that a 100% sample is required for adequate supervision of the Sector PAs. Without these records, they can't ensure that the PAs are visiting participants on a regular basis.

* Dhaka sector staff say that the detailed information on inputs and outputs is mainly useful at the field level. However, a very small sample of field staff who were interviewed on this subject said that they never use an analysis of the written records to spot trends.

Conclusion: Some information that is presently collected by the sector programs is obviously required on a 100% basis for gaining accurate information on achievement of targets. Other information could probably be collected using a sample size much smaller than 100%, if the purpose is to spot problems in the program.

Recommendations:

7.2.1 BRAC should consider hiring a consultant to help the sector staff examine the data flow and decide 1) which information is valuable for both members and for BRAC and 2) which information is required purely for BRAC MIS purposes.

7.2.2 Based on this review, the sectors could reduce the sample size of information that is required purely for BRAC MIS purposes. BRAC's programs are large enough to gain statistically reliable data with far less than a 100% sample, which is the current norm.

7.2.3 Information that is valuable for members should be collected by them and be accessible to them. This means that BRAC staff experienced in non-formal learning should develop appropriate record-keeping systems that can be kept by non-literate members.

7.2.4 BRAC could think about other supervisory tools that would take less staff time than the 100% data collection and synthesis that is presently used.

8. Recommendations from RDP II Mid-Term Evaluation and RDP III Appraisal

A review of the sectoral program recommendations of the RDP III Appraisal, dated May 1992, and the RDP II Mid-Term Evaluation report, dated October 1992, shows that in most areas BRAC has either implemented, or otherwise taken account of, the suggested changes. The one recommendation (vi from Section 2.9 of the Appraisal) that is still being developed is the "expansion of sectoral programme monitoring to include indicators service quality, financial returns at the enterprise level, and socio-economic impact". The status of each of these areas follows:

Service Quality: The Monitoring Department plans to introduce service quality indicators in 1994. They were not introduced earlier due to the heavy demands placed on the department by the revisions in the credit reporting system.

Financial Returns at the Enterprise Level: These are discussed in Section 7.1 of this report. Briefly, the sector programs are able to determine average financial returns, but are not able to determine the percentage of activities that have made a profit or a loss.

Socio-Economic Impact: This capability does not exist inside RDP. In 1992, RDP started collecting base-line information on household assets, but this is used solely to identify potential program participants. RDP and RED might want to consider whether this system could be expanded to include other basic socio-economic information about people who are selected for membership. RED is currently performing an impact assessment study with Swansea University that includes 1500 VO members from 150 villages in 10 RDP areas as well as 750 control households. This study includes two surveys conducted three months apart, case studies on a sample of VOs and village profiles. The surveys include quantitative information on income and expenses, as well as qualitative information on attitudes.

9. Summary of Conclusions and Recommendations

9.1 Sector Programs

9.1.1 Irrigation

Conclusion: BRAC has a number of strategies for improving the profitability of the DTWs. It cannot be conclusively determined at this time what percentage of BRAC's DTWs will be financially sustainable on a long-term basis. However, the DTWs represent a "sunk" cost for BRAC, whose potential benefits (in income, employment, social relations and BRAC's demonstrated ability to charge members with the cost of technical assistance) outweigh the salvage value of the equipment.

Recommendations:

.1 Continue with present efforts to decrease costs, increase command area, increase boro rice production and introduce second crops where feasible.

.2 Modify the irrigation management information system so that the success of the various strategies that BRAC is pursuing to enhance profitability can be tracked, and profitability of each DTW can be compared with loan repayment.

.3 Identify those DTWs that are likely never to show a profit on a continuous basis and develop a plan to:
  * closely monitor those DTWs in the 93/94 boro season
  * divest BRAC and VO members of these loss-making assets, if necessary.

.4 Assess the social and economic benefits and costs to farmers who are asked by BRAC to remove their STWs in the DTW command areas to ensure that BRAC's objectives are not in conflict with the interests of the small farmers.

.5 BRAC should only consider reselling the shares of DTWs that already are profitable, and that show solid prospects for future profitability. The 42% of DTWs that did not have a net profit in the 1992/93 boro season should not be sold back at the present time.

.6 New shareholders should be carefully screened, to ensure that they have supplementary income that will allow them to service their DTW loans.

9.1.2 Fisheries

Conclusion: BRAC has abolished collective loans in the fisheries sector due to significant problems and switched to a system of individual loans. However, collective activities are still very much part of the BRAC program. Experience in this area needs to be documented and evaluated.

Recommendations:

.1 Conduct an evaluation of the fisheries program, either separately or as part of a special review of collective management within BRAC (also see recommendations for the Rural Enterprise Program). A special study should be done by a team that has the resources to select a random sample of BRAC collective activities.

.2 Sector staff should begin to monitor fisheries management structures. Information on profitability and loan repayment should be disaggregated according to management category, such as individually managed, small (group of 1-5 members), medium (6-30) and large (greater than 30).

.3 The sector may also want to collect information on management practices, such as following recommended technical practices and stocking densities and performing labor tasks in a timely and appropriate fashion, to determine if this is related to type of management (individual vs. collective).

.4 BRAC should not at the present time add a marketing specialist to its fisheries sector, nor should it promote collectively managed marketing structures.

.5 In the 1994 season, BRAC should make contacts with private macrobrachium hatcheries in selected areas, evaluate these sources of supply, experiment with nurseries and grow-out in a small-scale way if the hatchery situation seems tenable, and monitor Proshika's experiences before taking the activity to scale.

.6 BRAC should not finance prawn mono-culture under any circumstances, even though this practice is already prevalent in some areas. The risks to its borrowers of total loss through an outbreak of disease are too high.

9.1.3 Poultry and Livestock

Conclusion: BRAC has worked hard at developing all the economic activities within the poultry sector. Livestock loans have been problematic due to a number of factors, including the risk that the animal may die or that it may be sold prior to the end of the repayment period. Recent changes in credit policies for livestock loans should improve the repayment performance of new livestock loans.

Recommendations:

.1 BRAC should upgrade its management information system for the poultry and livestock sector so that it can track enterprise success rates, and the reasons for success or failure. (This recommendation also applies to other sectors.)

.2 BRAC should decide how members with old livestock loans can earn the income required to pay back the loans. If the animals died or were sold (as many BRAC staff think), members may not realistically be able to earn the income required to pay back the loans. If this is the case, BRAC should write the loans off.

9.1.4 Sericulture

Conclusion: The development of a sericulture industry in Bangladesh represents a challenge for BRAC at every level. The biggest constraint at the present time is the low quality of the eggsheets available from the Bangladesh Sericulture Board. Without high quality eggsheets and high quality mulberry, BRAC will not be able to produce high quality silk that can be marketed domestically or internationally.

Recommendation:

.1 Given the dramatic improvement in quality and design that will be needed before BRAC can hope to find a niche in the export market, establishing an initial understanding of this market appears to be a good move. BRAC should recognize, however, that its products may not be able to compete internationally in the short or even the medium-term, and plan its production accordingly.

9.2 Cost Recovery of Sector Programs

Conclusion: BRAC has done a commendable job in initiating cost recovery in some of its sector programs. Collection rates have been very low in sericulture due to problems with program implementation, and in vegetables due to late start-up of gardening activities.

Recommendations:

BRAC should systematize its service charge collection system, paying attention to each of the following areas:

.1 Decide which month to realize the service charge in each sector and set a deadline by which time members are expected to pay. At the present time, members may pay the charge any time they wish, which makes follow-up difficult for the PAs.
.2 Evaluate the policy of having service charges paid in cash at the Area Office, and consider alternatives, such as having the service charge collected at the VO meeting.

.3 Provide PAs with a list of members who have not paid their service charge from the prior year, so that they can continue to reinforce BRAC's message regarding the purpose of the charge.

.4 Decide whether the service charge system will be voluntary or forced, so that appropriate procedures can be established for members who fail to pay.

.5 Remedial action such as discontinuation of services (in a voluntary system) or deduction from loan (in a forced system) should be considered if members fail to pay the charge for twò years running. As the service charges become institutionalized in BRAC, with widespread understanding of the purpose, this time period should be tightened.

.6 Allow Regional Managers to request a service charge waiver for activities that should be exempted from service charge in the current year due to BRAC's inability to render the services in a fashion that enables members to realize a profit.

.7 BRAC should monitor attitudes towards service charge in each sector. If members do not want services to continue, the reasons for that choice should be solicited. This will help BRAC to fine-tune its service charge and sector staffing strategies as conditions change. The Monitoring Department should be responsible for this task.

9.3 Rural Enterprise Project

Conclusion: REP is at a strategic juncture in its existence. Traditional, and for the most part, agriculturally-based activities have already been identified by BRAC. As REP seeks new income and employment opportunities for BRAC's members, it faces significant challenges in the critical areas of management and ownership of larger enterprises. In order to effectively manage these challenges, it needs guidance from experienced senior field staff. BRAC's addition this month of a senior Regional Manager to its REP team is appropriate.

Recommendations:

9.3.1 Development of ownership and management models

.1 Develop ownership and management models for larger enterprises, assessing the implications for both BRAC and its beneficiaries of each model. It is recommended that this exercise be carried out by a team that includes senior RDP managers and the Director of Programmes, as well as REP. It might also be the focus of a special study, with the participation of the Donor Consortium. Potential models include (but are not limited to) the following options:

* Group management and ownership.
* Joint ventures between BRAC and individual members, whereby BRAC owns a portion of the enterprise as the individual gains experience and skills, and earns income sufficient to buy back BRAC's shares.
* Joint ventures between BRAC and groups of members.
* Establishment of limited liability companies, whose owners are "passive" shareholders; enterprise managers report to a Management Committee of the shareholders.
* Individual ownership through larger loans (expansion of BRAC's target group and establishment of a new credit line for individuals who qualify).

9.3.2 <u>Mechanical Workshops</u>

.1 BRAC should not expand the number of mechanical workshops in its program until ownership issues have been resolved.

9.3.3 <u>Carpentry Workshops</u>

.1 Develop several management and ownership models for the workshops, and develop a step-by-step plan for testing out each model. Each model should include a business management component appropriate for the complexity of the model.

9.3.4 <u>Groceries and Restaurants</u>

.1 Continue with efforts to support female household heads so as to avoid BRAC's role as a "policeman" in enforcing female control of the enterprise.
.2 Experiment with relaxing the bookkeeping requirement.
.3 Re-orient technical assistance from bookkeeping to a teaching of basic management concepts, especially working capital management (cash, credit and stock control). Use training techniques suitable for non-literate women.

9.4 <u>Loan Policies and Procedures</u>

Conclusion: BRAC is well aware of the programmatic challenges inherent in balancing good loan portfolio management (e.g.: strict weekly repayment, short-term loans, small loan ceilings) with the investment requirements and cash flow of supported activities. It is actively seeking ways to meet these challenges.

Recommendations:

.1 As so many sectoral activities require exceptions to the loan size policy, BRAC should consider devolving responsibility for these decisions to its Regional Managers, who are able to personally visit the cases for which an exception is requested.

.2 Loan contracts and repayment records should show consistent information. If BRAC chooses to recognize grace periods on its loan ledgers for certain types of program loans, then it should allow its borrowers to benefit from the same policy.

.3 The financial analysts' suggestion that grace period beneficiaries be required to pay 25% of the normal weekly repayment is a good compromise between tight credit discipline and recognition of the hardship on borrowers of loans that are not tied to the cash flow of the activity.

9.5 Borrowers' Approach to Activity Identification and Management of Borrowed Funds

Conclusion: Sectoral program participants get large amounts of assistance from BRAC in the areas of activity identification and management of borrowed funds. Other VO members get none, despite the fact that 78% of BRAC's participants are female and most have never been involved in market-level economic activities or development credit prior to their interaction with BRAC.

Recommendations:

.1 BRAC should consider a re-allocation of resources to small enterprise development within RDP. All VO members, but especially female VO members, should receive training in basic concepts of activity identification and management. Sector program participants might receive less technical assistance than that delivered at present, in order to free up the time of sector staff to deliver this training. Alternatively, BRAC might consider using people from the community as trainers, as is presently done with Functional Education.

.2 The Small Rural Enterprise Management Training course should be re-designed to focus on simple concepts and techniques of feasibility analysis and working capital management. Non-literate training techniques should be used at all times.

9.6 Housing Loans

Conclusion: Because housing loans are not income producing, they face a greater repayment risk. Current strategies of monitoring usage of the loan for the proper purpose and raising the interest rate from 10% to the 20% charged on general and program loans if the loan money is misused appear to be good approaches.

Recommendations:

.1 Build up the economic base of members before giving housing loans. Although this policy may exclude the neediest (and thus is of concern to many in BRAC), the poor are not going to be benefited by a situation where BRAC credit staff are vigorously seeking on-time repayment, but they are unable to pay due to inadequate income.

.2 Transform initiatives that some Area Managers have used successfully into firm policies. This includes accompanying the borrower to market to ensure that she purchases the CI sheet, and not allowing first time borrowers to take housing loans.

.3 Issue a circular to Regional and Area Offices that incorporates all recent changes in housing loan policies and procedures.

.4 Integrate housing loan statistics with other loan statistics. This will ensure better understanding of the repayment situation at the AO level and motivate managers towards better selection, monitoring of disbursement and repayment follow-up.

9.7 Other Recommendations

9.7.1 Financial Analysis

Conclusion:

Despite a management information system that achieves 100% coverage, sector staff do not know the failure rate of economic activities within their sectors and senior RDP staff do not have access to financial information that allows them to compare the economic activities that the sector programs are supporting. Given the quite high level of knowledge of financial concepts that already exists within the ranks of senior program and sector managers, not much additional effort would be required to standardize this information and thus make it comparable across sectors.

Recommendations:

.1 Upgrade the skills of senior program and sector staff in financial analysis so that all financial analyses use the same format. The format should allow Return to Labor and Break-even Point to be calculated.

.2 The sectors should improve their management information systems so that the number and percentage of enterprises making a profit or loss can be determined. (Also see recommendations in Section 7.2 regarding sample size.)

.3 Each sector should prepare an update on the performance of economic activities within the sector on a regular basis (at least twice a year), using the above information. This information should be shared at a meeting of senior sector and program staff.

9.7.2 Cost-Effectiveness of Information Collection

Conclusion: Some information that is presently collected by the sector programs is obviously required on a 100% basis for gaining accurate information on achievement of targets. Other information could probably be collected using a sample size much smaller than 100%, if the purpose is to spot problems in the program.

Recommendations:

.1 BRAC should consider hiring a consultant to help the sector staff examine the data flow and decide 1) which information is valuable for both members and for BRAC and 2) which information is required purely for BRAC MIS purposes.

.2 Based on this review, the sectors could reduce the sample size of information that is required purely for BRAC MIS purposes. BRAC's programs are large enough to gain statistically reliable data with far less than a 100% sample, which is the current norm.

.3 Information that is valuable for members should be collected by them and be accessible to them. This means that BRAC staff experienced in non-formal learning should develop appropriate record-keeping systems that can be kept by non-literate members.

.4 BRAC could think about other supervisory tools that would take less staff time than the 100% data collection and synthesis that is presently used.

ANNEX 1: TERMS OF REFERENCE

The Micro Enterprise review will be a macro level review. However, recognizing the difficulty in examining all of the BRAC sectors in the time allotted, particular attention will be paid to four of the largest sectors and to housing as a RDP component now funded by the DC. To this end the consultant will:

1. Review RDP/RCP's portfolio of economic activities with particular attention to major sectors which include rural trading, fisheries, livestock, and irrigation. Identify current activity level, marketing situation of products, and development potential.
2. Review the experimental projects of the Rural Enterprise Project (REP) and the mechanisms for transfer of management, technology, and training components to RDP. Suggest ways to ensure that the enterprises retain their success under RDP.
3. Review the service charge system of the sector programs by evaluating performance in achieving 100% cost recovery and recommend necessary changes for further improvement.
4. Find out what kind of relationship exists between the credit and the sector programs i.e. how the credit component is helping the development of the sector programs.
5. Analyze the borrowers' approach to activity identification, and their management of borrowed funds.
6. Review the lending programme, identify reasons for problems and suggest improvements. This will include:
   - sectors with poor repayment performance, i.e. rural trading and livestock;
   - poor repayment performance as related to term structure of the loans, i.e longer term loans have poorer repayment, or size of the loans, i.e. criteria for assessing borrowers' ability to repay sizable loans or take on more than one loan;
   - Constraints the loanees face under general and collective loans.
7. In conjunction with the financial analysts in the monitoring, analyze issues related to collective schemes including:
   - Current status of deep tubewell schemes and the realistic potential for BRAC to transfer deep tubewell loan shares they refinanced to group members;
   - overall status of collective loan schemes, i.e. how they are performing, profitability, management effectiveness
8. Review the criteria and mechanisms of housing loans and members' loan repayment performance.

ANNEX 2: METHODOLOGY

This macro level review of BRAC's micro enterprise programmes used a variety of approaches:

* a document review
* structured interviews with programme and sectoral head office staff
* field visits to two Regional Offices, eight Area Offices and two TARCs
* discussions with Regional Managers, Area Office Managers, Sector POs, Credit POs, Employment and Income Generation POs, Sector PAs and trainers
* site visits to the economic activities of BRAC members

Activities visited included the following:

Fish hatchery	Horticulture nurseries
Fish nursery	Deep tubewells
Fish ponds	Vegetable gardens
Ox-bow lake	Mulberry sapling nurseries
Chick hatchery	Silkworm rearers
Chick rearing units	Silk reeling center
Poultry raising	Restaurants
Feed business	Grocery Shops
Carpentry workshop	Mechanical workshops
Brickfield	Beekeeping

The following persons were interviewed at head office and field level:

F.H. Abed	Executive Director
Salehuddin Ahmed	Director of Programmes
Aminul Alam	Director of Field Operations
Gunendu Roy	Zonal Manager
Atiqun Nabi	Zonal Manager
Rafiqul Islam	REP Manager
Ehsan Chisti	Economist, REP
Rumana Naquib	Economist, REP
Sukhen Sarker	Director, Monitoring & Special Projects
Safiqul Islam	Prog. Coor., Monitoring
A.M.R. Chowdhury	Director, RED
Riaz Rahman Khan	Sericulture
M.A. Mannan	Irrigation & Agriculture
Mokarram Hossain	Fisheries
Mohammed Ali	Poultry & Livestock
Jamil Ahmed	Ox-bow Lakes Fisheries
Kazi Sada	Sr. Trainer, Dhaka HQ
Asit Baram Bhowmick	RM, Jessore
Md. Dowabaksha Shaikh	AM, Jhikargacha, Jessore
Md. Abul Bashar	AM, Monirampur, Jessore
Abul Kalam Azad	PO In-charge, Kalaroa, Satkhira

Md. Shah Alam	PO In-charge, Chawgacha, Jessore
Md. Sharif Uddin	RM, Rangpur
Rahim Chandra Mondal	AM, Taragonj, Rangpur
A.H.M. Bulbul	AM, Jalkar, Rangpur
Md. Matiur Rahaman	AM, Najirhat, Rangpur
Chowdhury Sawkat Ali	AM, Paglapir, Rangpur
Shahera Khatoon	Trainer, TARC, Jessore
Md. Bazlur Rahman	Trainer, TARC, Rangpur

In addition to those mentioned, a large number of Credit POs, Sector POs, EIG POs, Sector PAs and BRAC participants were interviewed in the Jessore and Rangpur regions.

ANNEX 3: ACTIVITY LEVELS OF SECTOR PROGRAMS*

IRRIGATION:

Activity		Target according to project document (1993)	Revised Target (if any for 1993)	Revised Target for Jan-Sep	Actual (Jan-Sept)	Reasons for Variation
1.	D.T.W Driver's Training	150	-	-	-	Training will be held Oct-Dec'93
2.	Water Mgmt.	500	-	-	58	Will be held Oct-Nov'93
3.	Crop Training	500	-	-	180	Will be held Oct-Nov'93
4.	P.A. (Mech)	25	-	-	25	
5.	P.A. (Irr)	155	-	-	-	Will be held Oct-Nov'93

* Information Provided by BRAC sector programs.

ANNEX 3: ACTIVITY LEVELS OF SECTOR PROGRAMS

VEGETABLE CULTIVATION:

Activity		Target according to project document (1993)	Revised Target (if any for 1993)	Revised Target for Jan-Sep	Actual (Jan-Sept)	Reasons for Variation
1.	Vegetable growers	10,000	10,000	9,000	8,098	
2.	Vegetable seedling growers	1750	1500	1490	1200	To be in the next 3 Months
3.	P.As	120	120	120	120	
4.	P.Os	5	10	10	10	Dropped out and transferred to other programs

10. Key Issues for the 1994 Mid-term Evaluation and/or Future Reviews

BRAC may wish to engage consultants to assist it with the implementation of several of the recommendations included in this report. These could form part of the mid-term evaluation or be special reviews. Topics include:

* Evaluation of the fisheries sector, with special emphasis on review of collective management systems.

* Development of ownership and management models for larger enterprises.

* Review of sectoral management information systems.

* Revision of training programs. This report recommended improvement of staff skills in financial analysis and participant training in activity identification; in addition, BRAC would appreciate a review of sectoral skills training programs in the future.

ANNEX 3: ACTIVITY LEVELS OF SECTOR PROGRAMS

FORESTRY:

Activity	Target according to project document (93)	Revised Target (if any for 1993)	Revised Target for Jan-Sep	Actual (Jan-Sept)	Reasons for Variation
NURSERY:					
NURSERER TRAINING	800	-	-	630	Training will be held in Nov & Dec'93
NO. OF NURSERY	800	-	-	1335	Contd. from 1992
P.A TRAINING	120	-	-	120	
SEEDLING PRODUCED	80,00,000	-	-	82,16,949	
PCRDP: (Post Cyclone Devt. Project)					
NURSERER TRAINING	40	-	-	65	
NO. OF NURSERY	40	-	-	55	
SEEDLING PRODUCED	-	-	-	289,704	
SEEDLING PLANTED	400,000	-	-	339,650	
- ROAD SIDE	200,000	-	-	195,046	
- HOMESTEAD	200,000	-	-	144,604	
AGROFORESTRY(REP PROJECT)					
NO.OF PARTICIPANT	-	-	-	857	
AREA COVERED	-	-	-	428 (ACRES)	

ANNEX 3: ACTIVITY LEVELS OF SECTOR PROGRAMS

POULTRY AND LIVESTOCK:

Activity	Target according to project document (1993)	Revised Target (if any for 1993)	Revised Target for Jan-Sep	Actual (Jan-Sept)	Reasons for Variation
POULTRY WORKER	1250	-	-	1386	
KEY REARER	42500	-	-	55197	
CHICK REARER	450	-	-	434	
FEED SELLER	25	-	-	46	
EGG COLLECTOR	25	-	-	145	
PARAVET	325	-	-	266	
COW REARER	4250	-	-	4625	
GOAT REARER	3000	-	-	4331	
A.I. WORKER	25	-	-	-	

ANNEX 3: ACTIVITY LEVELS OF SECTOR PROGRAMS

FISHERIES:

Activity	Target according to project document (93)	Revised Target (if any for 1993)	Revised Target for Jan-Sep	Actual (Jan-Sept)	Reasons for Variation
1.CARP, POLYCULTURE					
Carp rearer	3000	-	-	4405	-
Water body (Acre)	700	-	-	1154	-
No. of Pond	2000	-	-	5045	-
2.THAI SARPUTI CULTURE IN SEASONAL POND:					
Rearer	8000	-	-	10627	-
No. of Pond	13000	-	-	10994	-
Water body (Acre)	664	-	-	741	-
3.CARP NURSERY:					
Fingerling Production	10,000,000	100,000,000	-	60,000,000	Fingerlings remain in ponds
Nurserers	60	-	-	283	-
4.Small Hatchery					
No. of Hatchery	20	-	-	19	-
Hatcherer	20	-	-	19	-
Spawn Production(Kg)	00	-	-	820	-

ANNEX 3: ACTIVITY LEVELS OF SECTOR PROGRAMS

SERICULTURE:

Activity	Target according to project document (1993)	Revised Target (if any for 1993)	Revised Target for Jan-Sep	Actual (Jan-Sept)	Reasons for Variation
Sapling (million)	3.5	4.3	4.3	5.13	Excess 100 trees planted per site
Dfl (lakhs)	20	6.5	3.7	3.77	DFL supply problem led to reduction of production figure
Cocoon (Tones)	385	130	7.4	71	
Silk (Tones)	23	7	4	4.15	
Rearers	6,000	6,000	3,800	3,815	
TRAINING:					
Silkworm Rearer	2,500	4,000	2,750	2,913	
Chawki rearer	300	-	-	-	
PSF Progressive silk farmer	1,000	950	675	559	PAs were trained instead of PSFs
Nursery worker	230	280	280	300	
P.A (Seri)	75	75	50	67	
P.O (Seri)	25	25	25	26	

ANNEX 3: ACTIVITY LEVELS OF SECTOR PROGRAMS

RURAL ENTERPRISE PROGRAM:

Activity	Target according to project document (1993)	Revised Target (if any for 1993)	Revised Target for Jan-Sep	Actual (Jan-Sept)	Reasons for Variation
MECHANICAL WORKSHOP	-	40	30	21	
CARPENTRY WORKSHOP	-	30		26	
API-CULTURE	-	3000		622	Target is through 1995
WOMEN MANAGED RESTAURANT	-	1050		480	Target is through June 1994
GROCERY SHOP	-	1050		437	Target is through June 1994

ANNEX 4: RURAL TRADING LOANS

1. Akni Seeds Trading
2. Bamboo Trading
3. Banana Trading
4. Barber Shop
5. Betel/Biri/Cigarette Shop
6. Betel Business
7. Betelnut Business
8. Bi-cycle Parts Shop
9. Biri Trading
10. Book Shop
11. Brass/Copper Business
12. Brick Business
13. Broken Glass Trading
14. Boom Business
15. Bullelo Trading
16. Butchery Shop
17. Calender Trading
18. Candle Trading
19. Cane Trading
20. Cap Business
21. Catechu (Khayer) Trading
22. Cattle Business
23. Cement Trading
24. Chanachur Trading
25. Chicken Trading
26. Cloth Business
27. Coal Business
28. Coconut Trading
29. Cosmetics Shop
30. Drum Business
31. Dry Fish Trading
32. Duck Business
33. Egg Trading
34. Electrical Goods Shop
35. Fertilizer Trading
36. Fingerling Trading
37. Firewood Business
38. Fish Business
39. Fishing net Business
40 Flour Business
41. Fried Gram & Nut Trading
42. Fruits Shop
43. Glassware Shop
44. Goat Business
45. Green Coconut Trading
46. Grocery Shop
47. Groundnut Trading
48. Hand Fan Trading
49. Hardware Shop
50. Head Load Trading
51. Hosiery Trading
52. Hosiery Trading
53. Hotel Business
54. Ice Cream Trading
55. Insecticides Shop
56. Iron and Steel Shop
57. Jack Fruit Trading
58. Jute Bag Trading
59. Kerosine Oil Business
60. Laundry Shop
61. Leather Purchase/Trading
62. Lime Trading
63. Lungi Business
64. Magazine Stall
65. Marketing Outlet
66. Mat (Pati) Trading
67. Medicine Shop
68. Melon Trading
69. Milk & Milk Prod. Business
70. Mobile Business
71. Molasses (Gur) Trading
72. Musical Instrument Shop
73. Mustard Oil Business
74. Newspaper Distribution
75. Oil Cake Business
76. Onion Trading
77. Paddy Business
78. Paper Trading
79. Pigeon Business
80. Pineapple Trading
81. Polythin Paper Business
82. Potato Trading
83. Poultry Feed Trading
84. Puffed Paddy Trading
85. Puffed Rice Trading
86. Pulse Business
87. Salt Business
88. Sand Business
89. Sanitary Shop
90. Sari Business
91. Second Hand Cloth Trading
92. Shoe Store
93. Spices Trading
94. Stationary Shop
95. Stock Business
96. Sweetmeat Shop
97. Tea Stall
98. Timber Business
99. Tobacco Business
100. Toy Business
101. Utensils Business
102. Vegetables Business
103. Water Melon Business
104. Wool Business
105. Others

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