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TWO MAJOR NGOS: THE GRAMEEN BANK AND BRAC

The Grameen Bank and BRAC as chosen for the present study are the two major NGOs actively involved in the rural development of Bangladesh. With their vast network in almost two thirds of the rural areas, once the hub of the poor people, has been transformed into a vibrant society where they are actively engaged in involving the poor in various types of self employment generation activities. It is in a way is a major breakthrough in the context of containing poverty and setting a new trend in pulling a country out from the morass of poverty.

5.1 The Grameen Bank

The Grameen Bank was created out of an action research project, which began in 1976. It came in the rural development scenario as a NGO under the dynamic and visionary leadership of noted economist Professor Dr. Mohammed Yunus. The Grameen Bank (GB) is a specialised credit institution for the landless. In view of the limitations of the traditional banking system, it was launched as a project with the objective of designing an organisational framework which can 'provide a reasonably dependable forum through which the banking system can extend credit to the landless without collateral.' It can also be regarded as an action research project as it aimed to test the hypothesis that if financial resources are made available to the poor at reasonable terms and conditions they can generate productive self-employment without any external assistance. A pilot project was experimented within an area near the Chittagong University in 1976. After three years of experiment, the project was formally launched in November 1979 in Tangail district with financial support from the Bangladesh Bank. By May 1980, 24 branches started operation, 19 in Tangail district and five in Chittagong. Encouraged by its initial success, it was extended to Dhaka, Rangpur and Patuakhali districts beginning in April 1982 with the financial assistance from the International Fund for Agricultural development (IFAD). In recognition of the need for a separate financial institution for the rural poor the government transformed the project into a scheduled bank called Grameen Bank in September 1983 through an ordinance.

3 Yunus, n. 2.
The mode of operation of the Bank is as follows. A bank unit is set up with a Field Manager and a number of bank workers. It covers an area of 15-22 villages located in one or at most two unions in the vicinity of the unit. Any person belonging to a household owning up to 50 decimals of cultivable land is eligible for the loan. Recognising that most of the target group are illiterate and shy to come to the banks, the banking services are brought to their doorsteps. The Field Manager and bank Workers at first move around the villages to identify the prospective clientele by explaining the purposes and functions of the Bank to the villagers. To get credit the loanee must belong to a group of five like-minded persons with similar economic social status. Each group elects its own chairman and secretary and must hold weekly meetings. A number of groups are federated into a centre and the elected centre chief conducts weekly meetings of the groups. He is also responsible for the observance of the rules prescribed by the Bank. Relatives or male and female members cannot form one group. All male groups formed in a village constitute the Village Landless Association while the female groups form the Village Women Association.

Loans are given to individuals or the group. The loanee alone is responsible for his loan although there exists informal interlocking responsibility among members of the groups. Once a new group is formed it is kept under observation for a month to see if the members are conforming to the discipline of the Bank. During this period the Bank Workers teach them to put signatures. After the observation period is over, two members in the group are selected for taking loans. The loanee can use the credit in any productive activity of his or her choice. The loan is to be repaid in weekly instalments of two percent of the loan amount. The Bank charges 20% interest on the loan amount. The loan utilisation and repayment behaviour of the first two loanees are observed for a month or two. Only when these members behave properly, the other members become eligible for receiving loans. If one of the members defaults the whole group becomes ineligible to get repeat loans. Because of these restrictions a lot of group pressures works to keep the records of individual members clean.

The Bank workers play a very important role in forming the groups and in disbursement of loans and collection of repayments. He attends the centre meeting where loan proposal is accepted; the credit is disbursed by the Bank Workers in weekly meetings. The Bank workers also collect the weekly instalment of the repayment when they attend the weekly meeting of the centre. The loanee thus does not have to come to the bank branch. The BW works as the contact person between him and the Bank. A male BW is responsible for serving about 250 members and a female BW 150 members, and transacting bank business with them.
One of the conditions of the loan is that the group members save one taka every week plus five percent of the loan amount, which is kept aside at the time of loan disbursement. The savings from the Group Fund (GF) from which the members could borrow at the time of needs, at terms to be fixed by the group. The GF loan can be used for consumption at times of sickness or for social ceremony so that the loanee does not have to make the expenses out of his or her capital. Group members do not have individual claim on the Group Fund. If he leaves the group he or she cannot claim the money saved in the GF on his account.

Another fund called Emergency Fund (EF) is created by the members for insurance against default, death, disability and other accidents, with additional payments of 25% of the interest due on the loan after the loan is fully paid. Today the total savings of Grameen borrowers exceeded US$ 70 million.

Objectives of the Bank

The main objective of the Bank is to ‘extend credit facilities to poor men and women for creating opportunities for self-employment for the vast unutilised and under utilised manpower resource’. The GB is not merely operating a credit programme, its ultimate aim is alleviation of poverty. One of the objectives for initiating the project is “to reverse the age-old vicious circle of low-income, low savings, low investment, low income into an expanding system of more income, more credit, more investment and more income”. With these objectives in view the GB offers loans to the landless poor for income generating activities. Questions are sometimes raised about the potential of productivity growth through development of these activities and also on their capacity to generate and augment investible surplus, which is necessary for sustained growth. It is argued that in low income countries rural people spend most of their income on the basic necessities of life such as food and so there is very little effective demand for the products and services of non-farm activities.

One of the major objectives of the GB is to bring the disadvantaged people within the folds of some organisational format which they can understand and operate, and can find socio-political and economic strength in it through mutual support. With this objective in mind the ‘groups’, ‘centres’ and associations are formed. Working of these organisations may raise consciousness among the poor, dispel many superstitions from which they might suffer, increase

\[\text{\footnotesize ibid.}\]

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awareness about family planning etc. and may unite them against oppressions, which may help cure many of the ills prevalent in the rural society.

Grameen Bank lends money for any kind of income-generating activities. Currently the Bank lends out, on an average, one and half million US dollars’ worth of Bangladesh taka each working day. The average loan size is around US$100. Loans for income generating purposes are given for duration of one year. They are repaid in weekly instalments with an interest rate of 20 per cent.

Grameen introduced housing loans in 1984. The size of typical housing loan is US$300. The interest rate on housing loans is 8 per cent. Nearly 300,000 housing loans have been issued so far. Repayment is made in weekly instalments over a period of 10 years. It is reported that the repayment performance of Grameen borrower is excellent, near 99 per cent.

The GB gave out over US$ 300 million in all types of loans in 1993. During 1994 total loan disbursement will come close to half a billion US dollars.

Areas of activities

Grameen Bank with its 1140 branches is now working in 39,346 villages of Bangladesh out of a total of 68,000 villages in the country. Two million landless people are currently getting benefits from the Bank. The cumulative disbursement of loan by the Bank stands at US$1.44 billion. The Grameen Bank is actively engaged in shaping the lot of country’s landless people, 94 per cent of them are women, who are otherwise could have left out from the mainstream development of the country.

The Grameen Bank has diversified their activities in other areas of economic activities with the involvement of the landless poor. These can be called as Grameen enterprise in the fields of agriculture, fisheries, energy, textiles, health and family planning, telecom and more new enterprises are coming up with an immense potentials suiting to the need of sustainable rural development.

http://www.grameen-info.org

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Over the years, loans have been given for 500-recorded purposes. The GB has categorised all these activities into eight broad categories. These are: a) processing and manufacturing, b) Agriculture-forestry, c) Livestock-fisheries, d) Services, e) Trading, f) Peddling, g) shop keeping, and h) collective Enterprises. Most of the loans given fall under the categories a, c and e. Specific activities accounting for the greatest loan volume are milch cows, paddy husking, rice/paddy trading, beef fattening, bullock for tillage purpose, rikshaw pulling and various kinds of shop keeping. Since the present study concerns with the ecological and social aspects of the sustainable development a brief review on GB’s role in relevant fields has been made in the present section.

5.1.1 Grameen Bank’s programme: Ecological Dimension

The operations of the GB though basically started with a view to provide credit to the landless poor particularly the women to generate income from activities of their own choice and commensurate their inherent skills. In course of its operations over more than a two decades the Bank diversified its areas of loan operations where a host of activities found place in self-employment programmes which among others include agriculture, livestock, fisheries, homestead plantation, vegetable growing and so on. The Bank, needless to say is a micro-credit providing institution, does not enforce the poor to go for loan for specific areas of its choice. Rather the loanee offers his or her choice. While most of the NGOs including the BRAC in a very subtle way encourage the poor to undertake loan for profit earning ventures the GB does not dictate. The NGOs of late started to involve the poor in environment related programmes which in a way benefits the poor in the long run. But the GB prefers to promote programmes of loanees choice. Here the basic difference lies with the GB and other NGOs. The poor loanee of the GB while swear to uphold the 16 points of the Bank they pledge to plant trees around their homesteads and grow vegetables. In the process the loanees plant trees in and around their homesteads. In reality if the loanees plant trees and vegetables they should not have the problems to access to vegetables, fruits and fuel needs. The poor people also take loans for other purposes like livestock rearing, duckery, poultry and so on. Through these activities the poor people generates income for their livelihood and which directly or indirectly keep them off from drudgery of searching food and other items from the nature. The Bank also provides loans for joint activities like shallow tube well and hand pump purchase for ground water irrigation, fish cultivation, leasing of pond and pond digging and other minor activities related to crop agriculture and fruit.
cultivation. The activities as mentioned above have got direct bearing on maintaining ecological integrity of the village ecosystem and its sub systems.

In addition to the above programmes the Bank also pursuing other specific programmes, some of which are in various stages of implementation, if implemented in a scientific way, may have tremendous potentials to promote sustainable rural development in Bangladesh.

5.1.1.1 Pisciculture

In 1986 the government of Bangladesh handed over a large fisheries project to the Grameen Bank after it's total failure to commercially viable the project called Joyshagar Matshya khamar (Joyshagar Fsh Fann). The project was not getting off the ground after investing several million dollars of donor money.

There were nearly 800 ponds of various sizes and shapes under this project with a combined water-body of over 1000 hectares. The government fisheries department tried to grow fish in these ponds. They failed because government employees used the resources to benefit themselves rather than the government and the people. The government officials identified stealing of fish from the ponds by the villagers as a major cause for the failure of the project. Government records show that the actual annual fish harvest remained below 50 tons.

The GB right after acquisition of the fisheries project organised the poor people around the ponds to become partners in the pond management and share the harvest on a 50:50 basis. About 500 groups of five, called Fish farming Groups (FFG) were formed following the model of the Bank, including knowledge of the 16 decisions. The FFG provides labour for excavating and rehabilitating the ponds, collecting and preparing organic fertilizers from cow dung and water hyacinth compost. Members are obliged to follow the centre rules and training being offered. Since most participants are illiterate extensive training related to fish culture is also given. In addition they grow vegetables and fruits on the embankments of the ponds. Grameen provides the capital and know-how; poor people give their labour. Stealing of fish was brought down to near zero. The poor, who under the previous management regime, either stole fish for themselves or stole fish as agents of others, now became growers and protectors of the fish, and owner of the fish. In 1993 the members of the GB produced 805 tons of fish of which 402.5 tons went to the poor group members. In 1994 the yield rose to 1000 tons. Yield per unit of water body is rising.
steadily. The project not only covers all its costs, it generates profit. On an average most successful group earned 6100 taka per member.6

Encouraged by the results of fisheries projects the GB has floated a non-profit, non-stock new company called Grameen Fisheries Foundation. The new company has taken over all the fisheries projects of Grameen Bank, including a shrimp farm. The foundation has also embarked upon a programme to bring into its fold nearly two million derelict and under utilised ponds and water bodies spread all over the country with the following objectives:

- involve the poor people in growing and catching of fish and enhance their income by growing more and more fish per unit of water body;
- involve the pool of educated youth in pond fisheries for self and wage employment;
- make substantial contribution to animal protein availability in the country; and
- processing and marketing of fish

Apart from this venture the GB encourages and provides loans to the members to form small groups to lease ponds for fish cultivation.

5.1.1.2 Agriculture

The GB has created Grameen Agriculture Foundation in 1992 with a view to encourage people in adopting modern agriculture and diversifying agriculture related activities to optimise income for decent living of the rural people. It also aims for food security of the rural poor who are most often threatened by silent famine specially in the pockets of flood and disaster prone area of the country. Largely funded by foreign donors, the Foundation is an independent economic entity, which collaborates closely with the bank’s operations. The food security of the bank has two dimensions: one is producing enough food to go around and the other is creating purchasing power, income for the poor to have access to the food. Agriculture foundation is probably the first institution of the world that has a practical approach to the realization of the concept of “food entitlement” for the poor.

Given the existing socio-economic structure in rural Bangladesh coupled with skewed land distribution and fragmented land holding structure, the foundation accepts that water can not

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be managed selectively only for the poorest. The challenge is to forge an operational unit out of the existing mix of interests. The GB, therefore, established as a principle that the beneficiaries of its irrigation programmes would be all categories of farmers: marginal, small, medium and big land owners. The high point is that access to water will be managed in a more equitable manner than in the past and costs of necessary inputs will be borne more equitably. No cash is required; participants pay the Foundation a share of the crop for water and other inputs.

The objectives of the Foundation are as follows:

- achieve self-sufficiency in food production and food security for the poor, including food storage facilities;
- provide a built-in insurance programme for the farmers;
- enable ownership of agriculture equipment by the poor;
- enable an equitable partnership between the poor and the land owning farmers;
- introduce crop diversification and effective utilisation of under utilised land and other agricultural resources;
- generate rural employment opportunities, especially for the women and
- protect the environment

The GB with the assistance of the Foundation set up Primary Farms (PF) of local farmers. A PF consists physically of the land serviced by a deep tube well (DTW), which is around 50 hectares, corresponding command area of a deep tube well. The farmers involved are usually a mixed group of people. It may be a big land lord with a total land holding of 2000 acres, but who has 15 acres with in the PF, a couple of medium holders up to 10 acres, several marginal farmers with an acre or two, and a larger group of ladles who have up to 0.5 acres or nothing, this last group being the share croppers. Thus, the social organisation to be formed for collaboration and collective decision making with in the PF is totally conditioned by the incidental physical layout of the land holdings around the irrigation pump. As an operational unit, the primary farm corresponds to the centre with its groups in Grameen Bank. While the centre is psychologically and socially homogenous in case of self-generated groups, here the groups in a PF are highly heterogeneous. Despite its good intention in forming PFs the success of such a venture under the Foundation remains yet to be seen given the diverse conglomerates of factors play in Bangladesh agriculture. According to GB’s own admission the Foundation is currently operating with a loss and it is far too early to expect anything else.
Apart from Agriculture foundation the Grameen Bank as mentioned earlier offers loans to the landless poor and marginal farmers for various types of undertakings in the field of agriculture which has got direct bearings on the sustainable rural development.

5.1.1.3 Solar Energy Promotion

The Bank has set up an enterprise called Grameen Shakti to develop and market solar, wind and bio-gas energy on a commercial basis. The goals include providing low-cost and environment friendly electric power to the poor households of rural Bangladesh, reducing energy costs to a level comparable to conventional electricity and to help bridge shortage of power supply in the country. Basically, the GB targets the rural poor to reach renewable energy to their doorsteps who are perpetually left out form the network of Rural Electrification Board of the government.

Grameen Shakti aims to test, develop, sell and supply household based solar photovoltaic systems, bio-gas plants, wind turbines and wind pumps. The objective is not only to provide clean, safe and environment friendly energy, but also to create new employment opportunities for income generations in rural areas.

Use of solar photovoltaic system is Grameen Shakti’s far-reaching energy project for delivering electricity to rural households. Under the programme solar light is being provided to 400 villages homes in Tangail and Mymenshingh districts, north of Dhaka, through two pilot projects. The outcome has become quite satisfactory. Shakti’s immediate target is to install 200 solar units in rural houses and markets by December 1998. The Grameen Bank is planning to include solar-powered water pumps, solar refrigerators, solar lanterns, solar flashlights, water purification systems for small industries and street lightning in its future plans.

Another component of Grameen Shakti is generation of energy from Biogas using decomposed cow dung, poultry manure, human excreta and other bio-degradable substance. Grameen Shakti has started work on modifying and improving bio-digesters to supply bio-gas for cooking in rural households and to use the bio-fertiliser technology for integrated fisheries-livestock-crop farming.
Currently GB is the largest provider of house building loans in the rural areas. The Bank under its housing loan programme has been able to built 2,40,000 homes for the rural poor. Many of the houses have not been covered under the supply grid of the REB. It is expected that the Bank will cover these houses in phases under its renewable energy programme.

5.1.1.4 Technology promotion

The GB is actively involved in promoting indigenous low cost technology in the field of agriculture, housing and livestock and duckery production. The Bank provides loan to its landless members particularly the share croppers and voluntary groups to use and procure treadle pump for small scale irrigation of winter crops in northern parts of the country. The Bank purchases large numbers of such pumps for 240 taka each and the loans are given in kind on these conditions: The cost to the borrower is 270 taka. It is to be repaid over two growing seasons. After the first harvest, the instalment is taka 170. After the second harvest the balance of taka 100 is paid and the pump becomes the property of the loanee. The Bank till June 1993 has distributed 22,000 treadle pumps among the loanees. It may be mentioned is an eco-friendly irrigation pump, which does not require any diesel or petrol for operation. Where the water table is suitably high treadle pumps can be used for small-scale irrigation. A pump usually irrigate half-an acre of land.

The Bank plays an important role in popularising rice thrashing technology among the landless sharecroppers, small and marginal farmers. A locally evolved threshing machine driven by a pedal has greatly reduced the drudgery of the extremely labour intensive rice processing. The Bank makes available the machine to the Grameen borrowers on a loan value of taka 2200. The payment of the loan is staggered over four harvests at taka 550 per harvest, after which it becomes the loanee’s property. The loan is interest free.

In collaboration of the concerned ministries of the government the Bank arrange and organise workshops on forestry and livestock. In one series of forestry workshops, loanees learn how to establish a nursery and which kinds of trees to plant; and how to vaccinate their chicks when there is an epidemics and the feeds to be administered for ample growth of their chicks. The Bank also provides loans to procure indigenous technology of rearing chicks.

The Bank with a view to develop manpower for dissemination of technology runs Rural Technology centre (RTC) exclusively for the children to introduce them with the practical studies
related to income generating activities engaged in by their parents such as home gardening, bee
keeping and poultry rearing. For the purpose of introducing them to technology, children identify
the tools used by farmers and artisans.

5.1.2 Grameen Bank’s programme: Social Dimension

5.1.2.1 Health-Care for the poor

The GB through its experience with the poor people over one and half a decade found
that a substantial portion of the income of the poor gets eroded in procuring health care services.
Also the poor with their poor health cannot continue to uphold the inertia of sustained income. It
also found that as the poor improve their income they spend on one of the priority items-health.
But the health services the buy with their hard-earned money is not only unreliable; most often
they lead to more serious health hazards. In other words they end up buying more health troubles
with their money rather than overcoming them.

The GB has started its experimental health care programme through Grameen Trust,
another member of Grameen family of companies. This service is available to all villagers, both
Grameen borrowers and non-Grameen villagers. Grameen borrowers pay a fixed amount of US$
1.25 per family per year as premium to a health insurance programme. They pay nominal amount
(US $0.02) each time they have to see a doctor. Medicines are provided at a discount price.
Pathological tests are done at a nominal fee while the non-GB villagers pay a higher fee.

The initial experience of GB says that it is possible to run a modern health-care
programme on cost-recovery basis. The GB towards this end formulating extensive plans to
expand the network of already successful health care programme in the rural area. While the
government programme does not reach to the doorstep of the people the venture of the GB would
go a long way in ensuring health care for the rural people particularly the poor.

5.1.2.2 Children School Programme

In a culture of poverty, the child has a role in the economy of the family. Each child
contributes to survival through his or her own work. From the point of view of labour needed or
absolute costs involved, few poor families can afford to keep children in primary school. With
this in view the Bank currently runs 17000 centre schools for imparting education to the children of the landless loanees.

The educational programme is made available through two types of non-formal centres functioning as an integrated whole, one of which is the Basic School and the other the Rural Technology Centre (RTC). One RTC serves as a cluster of at least 20 basic Schools. The school is conducted in the home environment of the target families. The RTC also serves as the Technology Research Centre for the community. The students enrolled in both the places are those who are not enrolled in the formal schools. It is ensured that 50% of those enrolled are girls. The Centre provides all books, apparatus and teachers' guides for Mass Education free of charge. Most of the children enrolled in the non-formal centres are from Grameen Bank families.

5.1.2.3 Family Planning

High population density was and continues to be proffered a root cause of poverty, and the argument for a small family is seen as the main solution to that poverty. Grameen Bank allows people to plan with a reasonable measure of certainty for the future. People find certainty in their assets, investments, personal savings, group fund, special savings and life insurance. The economic and social development programmes serve to create certainty and, on this basis, a future, to a significant extent, can be planned in many areas of a member's life. In this context, the small family planning argument falls comfortably into place for the first time in its history in the third World.

Apart from that the Bank in its specially arranged workshops for the women members discuss the value of family planning from the standpoints of health, family economy, education of children and the crisis of scarce land resources which really motivate the poor and landless to adopt family planning. The social development officers of the Bank recites the muslim's holy Koran which show that family planning is not against the islamic code. Officers while explaining the members in brain storming sessions do not push family planning on women but make it clear that it is an option available to them. On request, they direct women to the appropriate agencies for further information.
5.1.2.4 Health Education

The health information is very specific and addressed to the immediate hygienic and nutritional needs of women and their families. Largely using hand-held flip charts as an aid, the social development officer will concentrate on a single issue, for example, night blindness, as a result of vitamin A deficiency. The discussion also covers relating to eye infections, diet, rest and exercise for pregnant mothers; diet and hygiene for new born children; treatment for diarrhoea; vaccinations and their correct sequences; sanitation and relationship to diseases and so on. The entire education is provided to the members in a 7-day workshop organised for the members.

Over the years, several researchers have looked into the effects of Grameen Bank on the lives of its loans and on the wider context of the rural economy. Notable among the works of Dharam Ghai and Mahbub Hossain. The findings are striking and a variety of considerations for the management of further growth are raised. The studies confirm that the most direct effect is the accumulation of capital by the poor. The amount of working capital employed in members’ income generation increased by an average of three times in little more than two years. An in-depth study of households in five GB villages and two control villages found that members had an income about 43% higher than the target group in the control villages and 28% higher than the non-members in Grameen villages. And this very positive income effect derived from income generation based on the Bank’s loans is highest for absolute landless. Also, there is a wider effect on the rural economy in terms of higher household income at the tune of 16% in Grameen villages than in the control villages. By creating their own employment, Grameen members withdraw their services from the agricultural labour market. The food and nutrient intake per capita is 9% higher in Grameen households than in comparable households over three years and there is an increase of 18% in proportion of total expenditure in satisfaction of non-food basic needs such as clothing, education and health.

Research findings also say that the impact of GB has greatly contributed to reducing poverty. The dependency of local elites in the rural area has substantially reduced. And participation in the political process is increasing. Grameen members vote higher than average in local elections.

No study so far made on the role of the Grameen Bank from sustainable rural development viewpoint. Only fragmented studies on the social and economic dimensions were
studied which does not give a clear idea about the Bank's impact when aspects of sustainable development are taken into consideration as an ultimate goal of rural development. So, is the case with the BRAC, which is also not studied from sustainable rural development viewpoint.

5.2 Bangladesh Rural Advancement Committee (BRAC)

The Bangladesh Rural Advancement Committee is one of the oldest and presently the largest multi-sectoral NGO in Bangladesh. It started in 1972 as a charitable organisation devoted to relief and rehabilitation of the families displaced during the Bangladesh Liberation War. While undertaking relief and rehabilitation works in Sullah Thana, the founder of the BRAC Mr. Fazle Hasan Abed and his colleagues found that rural needs went far beyond simple relief and reconstruction. Until the mid 1970s, BRAC's main efforts focused on entire village, through a standard combination of community development interventions in health, adult education and credit for rural enterprise development. The organisation started to expand its activities from Sylhet to other parts of the country with focus on the poverty alleviation. The new targeting policy, aimed primarily at the very poorest and in the process it changed its emphasis from cooperatives to ‘village organisations' based on solidarity and mutual support. BRAC with its extensive rural network has now over 2.0 million micro credit clients.

According to Chowdhury the BRAC approach was inspired by the new interpretation of people's participation and the ideas of ‘liberating education' of Paulo Freire and ‘dependence theories' of Andre Gundar Frank. It aimed at changing the condition of the rural poor, not merely by macro-economic growth-oriented programmes, but by making the poor aware of the reasons for their poverty, enabling them to analyze the mechanism of exploitation. It was hoped that once the assetless groups became conscious of the basic causes of their poverty, they would be able to unite and take part in programmes for their upliftment. This process was termed 'conscientization' and became the guiding spirit of the BRAC programmes.

Some felt that BRAC should continue organising the rural poor into cohesive groups without providing economic assistance. Others felt that BRAC should provide credit to the poor, while continuing to build local institutions, which could support them. The issue was resolved,

7 The World Bank, Bangladesh from Counting the Poor to Making the Poor Count, WB, 1988.
firstly, through the adoption of an outreach programme established to test the limit of what the ladies could accomplish using only their own resources and whatever support they could find from the local government sources and, secondly, through a rural credit and training programme to test the idea that with adequate local organization, credit and self-employment activities, the poor could become more independent of local elites for loans, employment, and the resolution of conflicts. The Rural Development Programme (RDP) emerged in 1986 as a result of the integration of these two separate but parallel programmes. The target group of the RDP is the landless poor. Three major components address the problems of the target group members, such as, institution building, income and employment generation, and credit and human development. By 1992, the RDP spread to more than 7000 village organisations with the combined membership exceeding half a million.

Rural Development Programme (RDP)

RDP is the cornerstone of all BRAC programmes. It incorporates several components, which include institution building and development of village organisation (VO) of the poor, capacity development of VO members through training, employment and income generation activities, credit disbursement, and facilitation of saving habit. The VOIs are designed to mobilise collective strength of the poor for their empowerment.

When RDP first goes to a new area, it conducts a door-to-door household survey for identifying the target group who would be the potential programme participants. Information is gathered on occupation, land size, number of family members, housing, poultry, livestock, and whether they are members of any other organisations. VO members of RDP are thus identified in a planned manner.

Organisation

The BRAC operational model integrates credit provision, social programmes, and group organisation. The mobilisation of the target group begins with identifying the target households. The programme organiser (PO) helps mobilise men and women of a given locality to form a village organisation (VO) comprising 50-70 members. The PO then motivates the target households with a discussion of the causes of poverty to form small, cohesive, and self-targeted groups, called solidarity groups, consisting of 5-7 members. In each village, the VO is formed
separately for men and women. Each VO has between 45 and 55 members. The solidarity group members meet weekly to mobilise savings and pay loan instalments and discuss other group related issues. Each small group selects a secretary general for a period of two years whose responsibilities include processing loan proposals at the monthly VO meeting, monitoring loan operations, and conducting the weekly meetings of the VO. Each VO is managed by a managing committee of 7-10 members selected from among the secretaries of the solidarity groups. The managing committee is responsible for the overall management of the VOs and its programmes, including reviewing loan applications and monitoring loans.

The nucleus of the RDP is an area office, several of which are clustered into a region. Each area office is headed by a manager who, with POs, holds weekly meetings to review their work and plan future activities. Each branch or area office has, generally, 120 VOs with an average membership of 6000.10

After the formation of VOs emphasis is placed on institution building to stimulate the members to think for themselves and to act collectively, as well as individually, for the improvement of their living conditions. The BRAC views this institution building activities as its front-line programme providing the foundation for later multi-sectoral programmes. The branch-level employees include one manager, three POs, two accountants, and gram shebaks.

Credit

Credit is generally disbursed between 3 and 6 months after a VO is formed, providing sufficient time for new members to complete their functional education class to establish solidarity and a savings discipline. In scrutinising the loan application of a member, the solidarity group and later the VO considers the economic profitability, social acceptability, and the applicant's management ability. On the recommendation of the groups and the VOs and on being satisfied himself, the PO recommends the application to the area or branch manager. The manager takes the final decision in 15-30 days. Until 1989, 15% bulk loans were offered to the VOs, which, in turn, made individual and collective loans at an interest rate of 23%. Three of the 8% margin were given to the managing committee and the remaining 5% to group fund to cover defaults. However, since 1989 the area or branch office has been making loans directly to the loan

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10 ibid.
applicant at an interest rate of 20%. As a result, the branch manager can closely monitor the performance of loans through the POs and the locally recruited gram shebaks. The members of the managing committee of the VOs have no monetary incentives now.

Savings

Savings is an integral part of the RDP's organisational model. In addition to depositing taka 2.00 every week as individual savings, borrowers of loans must pay deductibles of 10% of the principal loan amount, of which 5% are transformed into individual savings with 1% devoted to group insurance fund, and 4% to group fund. The basic objective of the group insurance scheme is to provide financial support, a maximum of taka 5000 to the family of the deceased members. The BRAC pays 9% interest on both individual savings and group funds.

By the beginning of 1992, group members had generated approximately Tk 107 million in savings and the BRAC had provided credit amounting to more than Tk 700 million to groups or to individual members. Repayment rates in excess of 98% have been maintained since the start of the programme.

The BRAC introduced a group trust fund in June 1989. This fund can be used after mutual agreement for the following purposes: At the end of each year 50% of the total group fund are distributed among VO members in accordance with their saving ratio. If a member defaults before the loan is paid, the group fund can be used to repay this loan. The group fund can also be used for post-disaster rehabilitation.

Institution Building

In order to bring the rural poor into the mainstream of development, BRAC focuses on institution building as a strategy of participation in development activities. Institution building takes two forms in BRAC approach - VO development and credit operations.

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As part of this strategy, BRAC establishes Area Offices (AO) in rural areas covering 80-100 villages in 4/5 unions. These offices are each staffed by one Area Manager, Two Programme organisers (POs) and an Accountant. One PO is responsible for VO development and credit operations. The PO is assisted by 10 Programme assistants (PAs) for credit operations. The second PO, responsible for sector programmes, is assisted by 4-6 PAs, one for each of the main sector activities (eg., poultry and livestock, sericulture, etc.).

The Village Organisation (VO)

The VO is set up to: develop well-disciplined organisation of the rural poor with particular emphasis on women’s participation; develop the capacity of the poor for sustainable development; and enable the rural poor to participate in the national development policies.

Formation Process

Before RDP opens a new Area Office, the staff conduct a door to door survey in 80-100 villages within a 10-12 kilometre radius to identify the target population. Ideally a VO has 35-40 members. As soon as the members reach the total of 20, activities such as weekly meetings, savings deposits, orientation course on organisation and credit discipline, and issue-based meetings are commenced.

A VO has 7-8 small credit groups. The groups have a total of five members with a leader selected from among them. The leader ensures the attendance of the members in weekly meetings, saving deposits and payments of loans instalments. They also decide who can borrow and when.

Employment and Income Generation Programme

Through the Employment and Income Generating Programme (EIG) BRAC encourages its VO members to engage in the different income generating activities, such as, poultry, livestock, agriculture, social forestry, fisheries, sericulture, irrigation and rural enterprise project. Most of the sector activities are carried out at or near the homestead has direct bearing on the development of rural ecosystem. BRAC provides back up services for these activities with
training, technical and management support through POs, PAs, and para professional workers, and in some cases with the co-operation and supply of government inputs.

**Poultry programme**

Approximately 70% of the rural landless women are directly or indirectly involved in traditional poultry rearing activities. Poultry rearing has been found to be a good source of income for rural women as they have some experience in this area.

In 1983, BRAC designed a model for poultry development to be jointly administered by the government and BRAC. The model included technical training, poultry vaccination, supply of quality bird inputs, credit and marketing. Components of the poultry programme include the poultry worker, key rearer, chick rearer, poultry hatchery operator, feed seller and egg collector. The programme is implemented through RDP, IGVGD and SLDP.

One VO member is selected and given a 5 day basic training on poultry rearing, management, vaccination and treatment of common diseases. She looks after 1000 poultry birds in her village. A poultry worker charges Tk. 0.50 for each bird she vaccinates. Interested VO members receive a 3-day training on the ideal method of poultry rearing in order to be developed as key rearers. Each key rearer must have one hybrid cock and 10 hens, including 4-5 HYV, with a good housing system. Chick rearers rear 300 day-old chicks up to two months and sell them to key rearers. The government and private farms supply the day-old chicks to the chick rearers.

Five VO members are developed from each area as hatchery operators to meet the demand for day-old chicks. A poultry feed sale center is established in each area. The feed sellers receive a 3-day practical training on feed formulation, preparation and preservation. One VO member is selected to work as an egg collector in 5-7 villages. She collects the eggs twice a week from key rearers and model rearers.

The objectives of the poultry programme are to: develop women poultry rearers so that they can earn an average monthly income of Tk. 200-250; reduce poultry mortality from 40-50% to 15%; increase the population of poultry birds; introduce cross breeding of birds for increasing the production of eggs and meat and improve the protein intake level of rural people.
Livestock programme

BRAC launched the livestock programme in 1983 on an experimental basis with the objectives to develop village level para-professionals and to improve the local breed through technical assistance and credit. Initial success led to expansion and joint co-operation with the Directorate of Livestock Services (DLS) of the government. In the period from 1992 to 1995 BRAC set up 23,163 cow farms and 32,901 goat farms as against 16,308 cow farms and 11,533 goat farms were set up under the government initiatives. Components of the BRAC's livestock programme include creation of livestock workers (paravets), model cow and goat rears, and artificial insemination centres.

The objectives of the livestock programmes are to: generate income and employment opportunities for the ladies poor; reduce the mortality rate of the livestock population through regular vaccination and upgrade local breeds through cross breeding by establishing artificial insemination centres. In view of shortage of cattle feeds BRAC is trying to develop quality feed through fodder cultivation at the rearer level. It is also producing the urea molasses block for the rearers. It has also developed and designed a model for goat rearers to improve their income.

Agriculture

BRAC's programme for agriculture sector mainly includes vegetable and maize cultivation in the homestead of the rural poor. For vegetable cultivation purpose the participants are selected from among VO members who own or can lease 30 acres or more land. Generally, 50-250 participants are selected from each BRAC area. These areas are chosen on the basis of their suitability to vegetable cultivation on a commercial basis. The programme participants, upon selection, receive a 3-day training on the various aspects of vegetable cultivation. BRAC helps the women to select the best possible combination of crops and to obtain quality seeds. Credit is also made available to them to meet the input costs, including leasing and renting land, if required.

The objectives of vegetable cultivation programme are to: generate income and employment opportunities for villagers; increase vegetable production and consumption, consequently improving nutrition status of the poor; introduce modern cultivation techniques to the farmers and promote effective use of land and labour.
Apart from encouraging the cultivation of vegetables BRAC also promotes maize cultivation in the marginal lands owned by the VO members. The maize farmers are selected from among the VO members and marginal farmers. They receive a one-day orientation on maize cultivation, and are provided with improved seeds and credit support. The marginal farmers, who are not VO members, are assisted with improved seeds.

The objectives of the maize cultivation programme are to: promote effective use of marginal and fallow land even during the off seasons; improve livestock feed, specially for poultry as a starch grain instead of wheat; generate employment and income specially for rural women, during harvesting and post-harvesting periods and diversify crop cultivation.

Social Forestry

BRAC started its nursery activities to ensure local supply of seedlings, as most of the government nurseries are located in the urban areas. Seedling production in the BRAC nurseries aims at encouraging local people to plant more trees around their homestead areas. It motivates especially women to join the programme as its strategy is to incorporate disadvantaged women in the rural labour force and create employment and income generating opportunities for them.

The objectives of the social forestry programme are to: create income and employment opportunities; ensure a sustainable supply of good quality seedlings at the grassroots level; increase awareness for planting trees among rural people; promote better use of land resources and reduce soil erosion, land slides and mineral leaching and restore ecological balance to improve the environmental condition of the country.

BRAC established 10 nurseries in each area office producing 10-15 thousand seedlings of different fruit, fuel and timber trees. The nursery workers are given a 6-day training on seedling production. Next, they conduct a survey of the area on the demand and marketing of different species production. The seedlings of different species are sold within the community. BRAC staff provides technical support and regular follow up services. Credit and other inputs are also provided by BRAC.
The other components of BRAC’s social forestry programmes include homestead plantations and roadside plantations. It encourages its VO members and small farmers to plant various types of trees around their homesteads.

BRAC’s roadside plantations programme is an unique step towards fulfilling the environmental needs in the rural areas. This is a joint undertaking between BRAC and the Government’s Thana Afforestation and Nursery Development Project. The BRAC VO members participate in the Forest Department’s benefit-sharing roadside plantation activities. Under the project trees are planted on roadsides, embankments, railway sides and union parishad roads. BRAC selects 4-6 women from local VOs to plant seedlings of various species supplied by the Forest Department covering 1 km roads. A deed is usually drawn up between the landowners, the forest department, BRAC and the VO members. After all the seedlings have been planted the women commence working as caretakers of trees. The women also grow vegetables and maize on roadsides that are adequately sloped. BRAC continue to provide technical assistance and regular follow up services. When the trees are harvested the women receive 65% of the final harvest while the Forest Department, landowner and the BRAC receive the remaining 35%. So far, 1253 km of roads have been brought under the project where 7,323 women have planted around 1,613,967 trees.

Agro Forestry

BRAC has adopted a pilot project on agro forestry under the Rural Enterprise Project (REP). The project, initiated on private and government owned ‘Khas’ land in the northern districts of Bangladesh with a view to produce wood, fuel, fodder, food, fruits and vegetables. Farmers who are selected for agro forestry programme own or lease about .35 to .50 acres of land. They are given a 3-day training as well a credit, seeds, technical support and follow up services. Around 428 acres of land have been brought under agro forestry, involving 863 participants.

Fisheries

BRAC started its fisheries programme in 1976 by re-excavating 16 ponds in Manikgonj, Jamalpur and Sulla in Sylhet. The programme now is being implemented in association with
other agencies such as WFP, DANIDA, the government’s Fisheries Department, Fisheries Research Institute and Ford Foundation.

The fisheries programmes include seed productivity, excavation and reconstruction. The hatcheries are operated by spawns which are then sold to VO member-operated nurseries. The larvae raised at the nurseries are sold to fish farmers for polyculture.

The objectives of the fisheries programmes are to provide opportunities through proper utilisation of local water bodies, re-excavating and re-constructing derelict ponds; ensuring timely supply of spawn and fingerlings, developing aquaculture management skills of rural fishermen; engage poor fishermen in water bodies and increase the protein intake of the rural poor.

Irrigation Programme

In 1976 BRAC started an irrigation programme in Manikgonj with a view to ensure that the poor had control over water resources which they could either use themselves or sell to others. Initially, BRAC started with low lift pumps then moved to shallow tubewells in 1979, and finally to deep tubewells in 1982. Under the irrigation programme, the participants receive loans from BRC as well as technical and operational assistance. The programme expanded rapidly between the years 1990 to 1992 during which 615 deep tubewells were installed.

In the initial years of operation, the DTW seemed to have had a position impact on the lives of the VO members. Control over water resources has empowered the participants and increased solidarity among them. The participants have experienced an increase in power and social status, as the rich farmers have to come to them now for water. Furthermore, they no longer need to take frequent informal loans from the big farmers. They are more able and willing to take care of such matters as share collection and water distribution. DTWs opened up the opportunity to go for more intensive cropping patterns and more widespread planting of HYV boro rice. There has been employment generation for wage labourers and share croppers in the command area, as well as for others functionally associated with the DTW maintenance and repair and so on. But the benefit of owning a DTW by VO members progressively declined...
due to gradual reduction of command areas with the decreasing water table and increasing inputs of agriculture after structural adjustment policy adopted by the government.

5.2.1 Social Development Programme

The social development programmes of the BRAC are implemented to ensure that once the rural poor are organized through the VOIs the members assume their responsibility to respond to social problems such as dowry, polygamy, violence against women. These programmes are founded upon the belief that for sustainable development, the VO should be established as a social institution and the members must eventually take the responsibility to run it independently. The social development activities of BRAC include: issue-based meetings; Social Awareness Education; Human Rights and Legal Education course; Primary Health Care (PHC) services; Non-formal Primary Education (NFPE); and training. In view of the relevance of the present study BRAC's PHC and NFPE will be elaborated here.

5.2.1.1 Primary Health Care Programme

BRAC's Primary Health Care programme was started in 1986 as part of the child survival programme. In 1991, the PHC activities were functionally transferred to RDP in 27 areas. At present PHC, renamed as Essential Health Care (EHC) in 1995, is working in 170 RDP areas. The major components of the programme include: a) family Planning; b) water and sanitation; c) immunization; d) health and nutrition education; e) basic curative services. The objectives of the PHE are: promote family planning, particularly among the VO members; increase the number of sanitary latrine user families to 50% of the target population; increase and maintain vitamin-A capsule distribution to 85% of the target children (six months to six years).

Under the PHE programme until 1995 a total of 9,058 voluntary health workers were imparted training with basic health issues. Approximately 2.7 million households were brought under the network of voluntary health workers. To implement the PHC programme at the area level there are two PAs who work primarily under the supervision of the Area Managers. A total of 234,350 sanitary latrines were distributed among the BRAC members during 1992 to 1995. In the same period, a total of 118,308 hand tubewells were installed. More than 85% children (0-1 year) and pregnant women were immunized, while 400, 168 couples have adopted modern methods of family planning, both permanent and temporary. Working closely with the
International Centre for Diarrhoeal Disease Research, Bangladesh (ICCDRB), BRAC’s successfully implemented its nationwide oral rehydration programme between 1980-1990 covering 13 million rural women which is considered to be great success in a cholera prone rural poor.\textsuperscript{13}

5.2.1.2 Non-Formal Primary Education Programme (NFPE)

The purpose of the NFPE is to provide basic relevant education to poor neglected children who are either dropped out or do not have access to primary education. Towards this end, BRAC is operating a network of around 35,000 schools with an enrolment of over 1 million children. In 1992 there were 13 million children who were not in the formal network of education. BRAC is reaching 8% of this figure. Recognising the fact that female literacy is very important for poverty alleviation and empowerment, BRAC has been trying to ensure that the majority of the students in these schools are girls. The present student enrolment in the BRAC school system comprises 70% female.

The schools, set up and managed with community involvement, are close to the student’s homes and are monitored intensively by the programme. The teachers, 80% of which are women, are recruited from within the community are given short training courses and continuous refreshers. The schools have a low dropout rate. Up to 1995 there were over 1,137,767 children enrolled in over 35 thousand schools.

Special Programmes

BRAC in collaboration with the government has been pursuing specialized programmes which include Income Generation for Vulnerable Group Development (IGVGD) programme, The Smallholder Livestock (SLDP) programme and Ox-bow Lake (Baor) Fisheries.

IGVGD programme

The IGVGD programme is a joint intervention between the government and BRAC, and is supported by World Food Programme (WFP). The programme targets disadvantaged women

of the rural society. It covers hardcore poor, the poorest 10% of the women, who in most cases own no land, have title or no income, and whose husbands have either deserted or divorced them or are dead or disabled. In close co-operation of the local bodies at grassroots level BRAC identifies the beneficiaries of the programme. Since 1995 a total of 74 Upazilas so far covered by the BRAC under this programme and a total of 1,66,918 hardcore poor has been brought under the IGYGD programme.

Smallholder Livestock Development Programme (SLDP)

The SLDP was launched in 1993 as a joint project between BRAC and the Bangladesh government. BRAC is working as the implementing agency. A SLDP area office generally covers 75-100 villages with 100 YOs. The aim of the programme is to generate income and create self-sustaining employment opportunities for the target people through poultry and duck rearing activities. The International Fund for Agricultural Development (IFAD) provides funds for the training of the VO members through the Directorate of Livestock Services.

Ox-bow Lake (Baor) fisheries

The project was undertaken by the BRAC in 1991 on an experimental basis with cooperation from the Department of Fisheries and the Project Implementation Unit (PIU) of the Bangladesh government. It is also a foreign aided project. The funds come from the IFAD and DANIDA. Given the abundance of ox-bow lakes in Bangladesh and their tremendous potentials for fish production the project is basically run by the poor fishing communities adjoining to the lake. Several lake fishing teams (LFT) or groups, consisting of 12-18 members, are formed for each baor. BRAC provides loans to the groups to procure the net and the boats, as well as fingerlings. The baor management committee, consisting of 5 members from the LFT, is responsible for the overall management of a baor, including the marketing of fish. BRAC provides the groups with training, advice and technical support. The Area Offices of RDP provide groups with guidelines and technical services. They are supported by fisheries specialists and a baor manager who looks after technical issues and regular managerial follow-up. Training on baor management, nursery, and fish culture are provided to the fishermen and fish farmers. The overall objectives of the Baor Fisheries programme are to: identify genuine poor fishermen from among the BARC VO members, ensuring their participation in the project and establish their rights to use the baor; generate income and employment of the target people; increase fish production in project areas.