

Department of Public Administration  
University of Dhaka

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# Changing dimensions of NGO activities in Bangladesh

*a study on BRAC*

A Dissertation for the Degree of Masters of Philosophy  
in Public Administration

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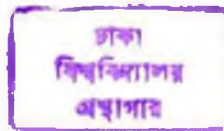
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**Department of Public Administration  
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*Dhaka  
October 1999*

## Declaration

I do hereby declare that the Thesis is an original one and no part of this thesis is ever published anywhere in any form.

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Because of the nature of the study, I have been mostly dependent on libraries in Dhaka. In any case the central Library of the University of Dhaka deserve the first place for appreciation. Besides, I am also indebted to the leading libraries of

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Thank you.

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## List of Abbreviations

ADAB	: Association of Development Agencies in Bangladesh
ADB	: Asian Development Bank
ASA	: Association for Social Advancement
ASK	: Ain O Salish Kendro
BALLAST	: Bangladesh Legal Aid Service Trust
BBS	: Bangladesh Bureau of Statistics
BIDS	: Bangladesh Institute of Development Studies
BRAC	: Bangladesh Rural Advancement Committee
BRDB	: Bangladesh Rural Development Board
BSCIC	: Bangladesh Small and Cottage Industries Corporation
BWHC	: Bangladesh Women's Health Coalition
CCDB	: Christian Commission for Development in Bangladesh
CDF	: Credit Development Forum
CIDA	: Canadian International Development Agency
CIRDAP	: Center of Integrated Rural Development in Asia and Pacific
CPD	: Centre for Policy Dialogue
FFYP	: Fifth Five Year Plan
FWP	: Food for Works Program
GK	: Gonoshasthya Kendro
GOB	: Government of Bangladesh
GSS	: Gono Sahayjja Sangstha
GUP	: Gono Unnayan Prochestha
HDFC	: Housing Development Finance Corporation, India
IDE	: International Development Agency
IFAD	: International Agency for Food & Agricultural Development
IFC	: International Finance Corporation
IRDP	: Integrated Rural Development Program

ITDG	: Intermediate Technology Development Group
MIDAS	: Micro Industries Development Assistance Society
MLLA	: Madaripur Legal Aid Association
NCBs	: Nationalized Commercial Banks
NGOAB	: NGO Affairs Bureau
NGOs	: Non-Governmental Organizations
PKSF	: Palli Kormo Shahayak Foundation
PPRC	: Power and Participatory Research Centre
PVDO	: Private Voluntary Development Organization
RDRS	: Rangpur Dinajpur Rural Service
RWP	: Rural Works Program
SAP	: South Asia Partnership
SDC	: Swiss Development Corporation
SNSP	: Saptagram Nari Swanirvar Parisahd
SUS	: Sabalamby Unnayan Samity
TdH	: Terre des Homes
TLM	: Total Literacy Movement
TRDEP	: Thana Resource Development and Employment Program
UNDP	: United Nations Development Program
UNICEF	: United Nations International Children's Emergency Fund
UNROD	: United Nations Relief Operation in Dhaka
VHSS	: Voluntary Health Services Society
WHO	: World Health Organization



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## Abstract

Bangladesh is a poverty stricken country. It is said that government sector here is unable to address all the problems of the poor in Bangladesh. Thus, Non-governmental organizations (NGOs) have emerged to mitigate the sufferings of the poor masses. But nowadays we observe some shifts in NGO activities. Thus, this thesis is a study on the changing dimension of NGO activities in Bangladesh. As Bangladesh Rural Advancement Committee (BRAC) is the pioneer of non-governmental activities in Bangladesh, the study focuses on the activities of this NGO. This study was based on the assumption that 1) voluntarism is disappearing from NGO activities and 2) NGOs are nowadays more interested on business than eradication of poverty.

The study has described the emergence of NGO sector and the necessary conditions that help this sector to get stronghold in Bangladesh with emphasis on the growth and development of this sector from pre independence to date. It is revealed that NGO are not emerged only to alleviate poverty in the globe. Rather, these are the creation of the capitalist world system. The latest version of capitalist system, the market friendly economy also encouraged the emergence of NGO sector to release the role of state in every aspect of life.

Poverty is the concern of all in the contemporary world as anything has been done is being done in the name of the poor. Thus the study aims at to outline a brief description of poverty and the consequential attempts to apprehend it by different actors. It is thus revealed that the failures of governmental efforts in eradicating poverty have made the highway for NGOs to enter in the poverty alleviation scenario in Bangladesh.

The case of the study is Bangladesh Rural Advancement Committee (BRAC). To make the study relevant and to portray the facts of NGO activities in Bangladesh, the activities of BRAC has been presented in brief. BRAC has been engaged in multi sectoral programs in Bangladesh for almost three decades. In BRAC literature it is found that it is devoted wholly to alleviate poverty in Bangladesh. The programs taken by BRAC also comply with the mission of BRAC. The very design of all the programs are so delicate that one can do nothing but to praise them at hand. We know that literature and real world are two different phenomena. It is very interesting to find this fallacy true in case of BRAC. The mission of BRAC in alleviating poverty has been derailed and it is now becoming a conglomerate of commercial enterprises.

## Chapter 1

### **Background and the study**

#### **1.1 Introduction**

The history of civilization viewed that long before the institutionalization of states, the corporate economy and corporate politics, matters of governance, production, management, exchange, culture, health, education, use of leisure time, etc. Were all under the jurisdiction of civil society in the units of the family, the clan, the community, and the neighborhood associations. This line of historical reasoning naturally leads to the belief that the civil society is the only legitimate first sector of human civilization (Tandon, 1991).

From the history of human civilization we see that it is not the people for serving their own interests consolidated the state, but state itself gradually took over the services of the society appropriating a power that conditioned the human life. Thus by nature the state officiates as a unit to control, direct and shape the civil society, instead. The modern call for curtailing the excesses grafted in the image of state is precisely a call to retrieve the social order, even in the rudiments its total primordial fabrics. The modern concept of NGO is nothing but a reflex of this call (see, Maskay, 1998, p. 20).

#### **1.2 The International Community and NGOs**

From an international perspective the phenomenal growth in number of NGOs (what *Bhagwati, 1997*-called 'a veritable explosion' and *Salomon, 1994* called 'the global associational revolution') are all the creations of the donors and aid agencies. The funds are at their disposal, with huge money influence on NGOs are also numerous and they are accompanied a dearth of independent information on the impact of their aid (Riddel & Robinson, 1995). They are of the conception that

the projects funded by them play very significant role in alleviating miseries of the millions based on the fact that a lot of applications they are usually receiving for fund.

After the fall of Soviet great power popularly called as the end of the cold war, the triumph of the capitalist world system compelled the governments of the developing countries to shake hands with the market forces. That was another round of happy moments for the commercial and third sector and their role in the developing countries are now being overemphasized. The donors and international agencies are losing their faith in traditional development thinking and approach of the developing country governments. In most of the developing countries NGOs are being treated as the alternative to the public sector. The thinking is like that the public sector is the root of all ills in development efforts. When a government program fails or attain results far from expectation, all say that this program must be rest on NGOs, what according to McMichael ( 1996; 239) is the phase of 'NGOization'.

Thus we see NGOs are being regarded as the panacea for all diseases. Due to the increasing recognition and use of non-governmental, not-for-profit organizations as important partners in development cooperation, the international scene of third world development administration has faced several important changes. From the *organizational or institutional point of view* the new situation can be characterized by three closely linked developments: (1) *increasing institutional fragmentation*, (2) *increasing functional specialization*, and by (3) *increasing organizational interdependency between the various institutional actors*.

Moreover, from the managerial or administrative point of view these changes can be characterized by (1) *increasing need to achieve co-operation among the different organizations*, (2) *increasing complexity in organizing (or achieving) this*

*co-operation*, and as a result by (3) *increasing stress on a new managerial concepts: management of co-operation among organizational networks* (Hossain and Malkiä, 1998).

International Monetary Fund and the World Bank had taken a very significant decision while they made their fund conditional to the third world recipients. The very condition was to NGOs that must have some share in development projects funded by them. From that times, NGOs in developing countries, are getting a share from the Annual Development Programs (ADP). This is the reflection of the confidence of the donors on the NGO sector. All the UN agencies, Multi-lateral and bi-lateral donors and even the Commonwealth Secretariat also recognizing NGOs as the alternative sector to development in the developing countries.

It is now be observed that donor's community asking the governments to be efficient but encouraging the other sector to become competitor of the same resources. And the resultant effect is that NGOs are unlike to care any government rather challenged the state and it's legitimacy. As they are getting funds and support form the same source, so it is obvious for them to be loyal and accountable or what may we say, to that source.

NGOs are also getting prominence by the grace of globalization process of the world market. The growing emphasis on global trade and commerce is potentially benefited the NGOs since healthy populations represent potential buyers of goods and services (Akukwe, 1998). The first hand benefits of globalization may increase efficiency, higher income, and also the wealth. But the resultant effect is rather terrible one. It may humiliate the ability in exercising the much needed policy options. The reduced ability is however, simply a reflection of the market forces as reflected in the globalization process (Bhagwati, 1997). Bhagwati further

clarifies that nobody either a foreign government's conspiracy or strategic behaviors by any agents are responsible for the situation rather and the country is simply a victim of autonomous, "structural" developments in the world economy.

NGOs are the creation of the strong nations. They could exploit the increased leverage through globalization, may successfully impose on the weak ones demands that improve the distributions of gains from trade and investment in their favor. It could be realized in two ways (Bhagwati, 1997). On the one hand bilaterally, through aggressive actions that reflects the increased vulnerability of internationally integrated weak nations to such threats. For example, the United States use market-access-closing threats under the Special 301 provisions of its trade legislation against selected developing countries that do not accept the maximalist US version of desirable intellectual property protection.

Again on the other hand, it was done multilaterally by the WTO. For example, the socially suboptimal, excessive intellectual property protection was demanded and successfully translated into concessions by the weaker nations in multilateral trade negotiations at the Uruguay Round (*for details, see Bhagwati, 1991b*).

From the above statements it is revealed that, the small & weaker nations are coerced to give up policy choices that are definitely beneficial in the pursuit of their interest. However, as a result of globalization, the integration in to the world economy and the dependence brought by it increases the cost to the weaker countries and they are really getting nothing form such an abandonment of their welfare policies for the greater interest of the people.

The strategic behavior of the strong nations also comes today through proliferating NGOs, many of which have active international agendas, not with a view to shifting *economic* advantage in their constituents' favor, but motivated by *moral*



considerations (Bhagwati, 1997). While on the role of NGOs on the question of sovereignty of the weaker nation states, Bhagwati again states, "*A noteworthy aspect of these NGO efforts at intruding on the sovereignty of nations in regards to matters, which the NGOs are targeting, is that it reflects an enhanced sense of the obligation that we as human beings owe to one another, overstepping national borders*". The effect of this approach leads to a state where the 'state' is no more welcomed as a legitimate authority to decide about the welfare of it's citizens. The welfare regime has been withering away and the poor have been rests at the mercy of the market.

And on the other hand, the WTO and aid agencies also used in a manner that compels the small nations in an embracing situation. Many NGOs advance to override national sovereignty via the use of trade and aid sanctions is selective, aimed at developing countries rather than universal, is often a mask for protectionist intentions, and hypocritical in throwing stones at other countries' glass houses while building fortresses around one's own (Bhagwati, 1995b).

We found the similar picture in an USAID publication which depict that foreign aid is a sound investment for United States citizens because it creates markets abroad, prevent crises, advances the ideals of population-based democracy and advances the economic prosperity of developing nations (USAID, 1996).

### **1.3 NGOs: The only panacea for all ills**

All the above reasons compelled us to think the blurred or ambiguous nature of the phenomenon, '**an NGO for everybody**'-situation (Myllylä, 1997). The conception of involving NGOs in every sector is very smart that nobody even raises any question about that. The donors otherwise called the development partners for the developing countries, through their commissioned consultants always find irregularities in public sector. And the outcome of such consultancy

reports is also an illusory one but not unexpected that NGOs should be involved in all sphere of the programs taken to change the fate of the common men in developing countries. The ready recommendation is that only then these could achieve the desired results.

However in the seventies the World Bank had taken some joint projects for the sake of Third World development with NGOs. And in the nineties it became hard and fast partner of the NGOs. In the pursuit of this development “**the NGO-World Bank Committee**” was formed in 1981. In 1987 Asian Development Bank published its logical declaration to assist the NGOs. The approach of the World Bank is evident here. On the other hand, in 1995, 5<sup>th</sup> December was declared as “International Voluntary Action Day” by the 40<sup>th</sup> General Assembly of the United Nations (see Dhor, 1997). In this way the process of getting introduced to the wider world became easier to NGOs and also received the recognition of the International Agencies.

In funding developing projects worldwide, the World Bank likes to channel the money to NGOs through the NGO-World Bank Committee that is focussing on policy issues, structural adjustment programs, and community participation (World Bank, 1996). Thus we see NGOs are now widely accepted as indispensable partners of leading bilateral organizations such as WHO, World Bank, and UNICEF. The number of NGOs associated with the World Health Organization have been increased by 78% between 1957 and 1994 (WHO, 1995). The United Nations directory of NGOs associated with its system number more than one thousand, worldwide (United Nations, 1995). This is the reflection of the reports made by numerous consultants that recommended for the involvement of NGOs in implementing projects in the developing countries.

In recent decades, there has been an impressive growth in the number of civil society organizations, which have begun to operate in South Asia. There are well over eighty-five thousand NGOs in the region today. Of these, twenty five thousand are in India, ten thousand in Pakistan, nineteen thousand in Bangladesh, and some thirty thousand in Sri Lanka (Haq, 1997).

#### **1.4 NGOs in Bangladesh: The New Empire**

Bangladesh is a hunting ground for NGOs. Contemplating the free reign of foreign NGOs, the local experts also come forward to form NGOs with the aim in forefront, to alleviate poverty as 'poverty is still the world's deadliest disease' (WHO, 1995). And the current literature of development often cites NGO activities are traditions in this part of the world. In the current estimate Bangladeshi NGOs cover 78 percent of the villages here and about twenty four million people (approximately one-fifth of the population) benefit from their activities. And these NGOs in Bangladesh spend \$500 million (Tk.2350,00,00,000)<sup>1</sup> funds approved by the foreign donors for implementing different projects (Haq, 1997). In another conservative estimate NGOs in Bangladesh spent Tk.600000,00,00,000 (sixty thousand crore) in last twenty years (Inqilab, 7 October, 1998).

So, NGOs in Bangladesh are the another significant sector for development other than the Public Sector and the Private Business Sector. On the way to the endless journey of the NGOs towards eradication of poverty, the number of entourage is gradually increasing, with no real change in the poverty situation in Bangladesh. The NGOs in Bangladesh are very likely to be known as Private Voluntary

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<sup>1</sup> US \$ 1= Tk. 47( personal calculation)

Development Organization (PVDOs) in US fashion. No doubt at the outset people as voluntary organization knows the NGOs in Bangladesh. But with the passage of time they consolidate themselves something differently. People now find the NGOs doing business in the name of helping the poor in alleviating their poverty.

### **1.5 NGO activities in Bangladesh: Changing Dimensions**

The history of massive NGO intervention in development in Bangladesh is as old as three decades. From the early age to maturity of NGO activities in Bangladesh the people experienced different dimension in them. In fact the church organizations made the NGO concept popular in Bangladesh with a humanitarian face. At that time the Missionaries were engaged in serving the distressed people with food, medicines etc. But during the natural calamities (1970) and man made calamities like the war of independence (1971) the people received different types of services from the NGOs. These activities include relief and rehabilitation of the misfortunate people.

The next shift of NGO activities was in the late seventies when NGOs perceived that relief and rehabilitation are not enough for the poor people in Bangladesh. So they devote themselves in the aim of developing the living standard of the rural poor in Bangladesh what popularly known as 'poverty alleviation program'. The main focus of such program on the part of NGOs was poverty alleviation through raising the consciousness and provides them with money they lack to sustain their life. NGOs do believe that they are helping individuals and communities to become self-reliant with the ultimate objective of ending the long standing exploitative relationship that dominate rural life in Bangladesh. At this stage with all other programs, NGOs gave more importance on education and credit programs. For education programs most of the NGOs are getting lions share of their budget from the government. The principal job of NGO sector in Bangladesh is to collect as many as possible members for receiving credit from them. The

credit venture of NGOs is very profitable one as they charge a higher interest rate than commercial banks. This tendency of making profit is absolutely detrimental to the philosophy of voluntarism.

In the nineties this shift added a new dimension in NGO activities in Bangladesh. They are not happy with the profits from credit business. Sustainability has become talk of this decade. NGOs in Bangladesh responded well to the concept of sustainability. They present the logic of sustainability to engage them in the poverty alleviation business. They manifest the impression that to make the people self-reliant we have to become self-reliant first. And eventually keeping this impression in mind NGOs have started establishing commercial enterprises. This was a consequential change in NGO activities in Bangladesh, which they were really waiting for.

From the above discussion it is clear that voluntarism is gradually disappearing from the NGO sector in Bangladesh and NGOs are now more interested in doing business. This is really the concern of the time. NGOs are now the reality in Bangladesh. In many areas of Bangladesh society NGOs have contributed in a way or other. But the new trend of NGOs in getting involved in business is a danger signal to the poverty alleviation efforts of the nation. By nature business tends to make profit. And the businessman never looks for his customer whether he is affecting the life of their clients or not. The modern market is always concerned about the purchasing capacity of the consumers otherwise the business will be at stake. The poor in Bangladesh are experiencing the same treatment from the NGOs as they have to live to run the NGO business.

Against the background it is worthwhile to study the changing dimension of NGO activities in Bangladesh. The study aims at after almost three decades of NGO activities in this country with the poverty alleviation agenda on the forefront, to

analyze the status of the poor vis-a-vis NGO intervention. When we talk about NGO activities we must consider the premise of NGO activities and what really the poor are getting. If NGOs are doing some significant we must congratulate this sector and raise our vocal from our respective forum to strengthen NGO movement by any means for the better interest of the nation. And it is really a matter for concern if they are engaged in any activity i.e. business, which is not conforming to the said agenda.

### **1.6 Structure of the study**

The study aims at concentrating on the changing dimension of NGO activities in Bangladesh. The latest fashion of this dimension is commercialization of NGO activities has been an issue in the current decade. And the pioneer in this trend in Bangladesh is Bangladesh Rural Advancement Committee (BRAC).

In the **first chapter** the background of the study has been discussed. In this section NGOs found as the dominant sector in the contemporary development thinking. Here an effort has been given to see NGOs how the western donors and other organizations perceive NGOs. Beside this the NGO domination in Bangladesh and the changing dimensions of NGOs time and again are discussed. In the **second chapter** research description for the study has been described. Here the purpose and objective of the study, the hypothesis and methods of data collection is given. In the **third chapter** growth and development of NGO has been discussed with emphasis on the global perspective and the other causes in reference to Bangladesh. In **fourth chapter** poverty is discussed from theoretical perspective and its relevance to Bangladesh. The different initiatives so far taken to alleviate poverty in Bangladesh with more emphasis given on NGOs. Here an attempted has been made to relate BRAC with poverty alleviation programs.

In **fifth chapter** BRAC, the leading NGO in Bangladesh and perhaps the largest of its kind in the globe, is presented with its general and specific objectives and description of the programs undertaken for alleviating poverty and bring social change in this country. In **sixth chapter** the major activities of BRAC has been analyzed with a view in mind that help us understand between the NGO rhetoric and the reality the poor are facing. And also how it has shifted its mission from a real world volunteer to big business house. In the last (**seventh**) chapter presents the concluding observation of the overall finding of the study.

## Chapter 2

# Research Description

### 2.1 Introduction

Bangladesh has its own history, culture and a respectful image in the past. The history of Bangladesh tells us that it was a rich and prosperous country. The people of this country were of being big hearts. The people had come forward to help each other in crisis. They lived happy life those they had their own. There are many reasons for disappearing this image. Nowadays, Bangladesh is known as one of the poorest countries of the world. Its poverty is now an asset for the people as whatever it is getting, is through selling the faces of the poor people of this country. Bangladesh is now famous for its development efforts through NGOs.

The most common area of NGOs coverage is poverty. Poverty alleviation in some cases, is the single agenda of many NGOs in Bangladesh. Thus the present study will mainly focus on the poverty alleviation program of NGOs in Bangladesh.

The study on NGO is a very complex job. In a developing society like Bangladesh, there are many kinds of NGOs working at different levels and on different issues. If any body tries to study NGO activities in Bangladesh in general it would be a gigantic one, definitely be unmanageable and chaotic. So for the researcher, it would be better to concentrate on a single issue and make an attempt to study an organization (NGO), which the people know and in NGO communities it is respected and replicated. For this study the ideal one should be Bangladesh Rural Advancement Committee popularly known as BRAC.

### 2.2 Purpose of the study

This study of development in contemporary times has become more complicated



as because actors of development are many. Traditionally government is only responsible agency for bringing development. But in a globalized world the whole scenario has been changed. There are some other dimensions added in development discourse. Among them one is the private business sector for maximizing profits, and the other is the non-government or not for profit sector. The history of involving non-governmental organizations in Bangladesh is almost three decades old. But very little work has been found based on any unbiased and in-depth study of the NGO activities so far in Bangladesh. The present study aims at filling the vacuum of NGO literature from an independent point of view

### **2.3 Objective of the Study**

The primary objective of the study is to conceptualize the poverty situation in Bangladesh and to achievement of poverty alleviation programs in Bangladesh so far, especially in the NGO sector. Nowadays there are mounting debate that NGOs are no more voluntary or not-for-profit organizations. They are now gradually started working for profit. An organization, which will make profit or not is, depends on the very nature of the organization itself. And when an organization opt for maximizing profits than nobody has the legal or other right to make any obstacle in its way. But the NGOs in Bangladesh are trying to make profit in a way or other without sacrificing their voluntary character, for which these are really created. It is a new dimension in NGO activities Bangladesh. The study aims to add some facts about this dimension in the concurrent debate and thereby contribute in the development of NGO studies in Bangladesh.

### **2.4 Hypotheses of the study**

There are some specific questions before us that developed in the current debate about the NGO activities in Bangladesh. The NGO activities in Bangladesh have passed about three decades. They started as relief operator and gradually consolidated themselves to step in the other aspects of civic life. The NGOs in

Bangladesh are now more interested in making profit. Though the basic philosophy is remains the same as not for profit organization. If we study the memorandum of the NGOs all over the world and Bangladesh as well we find that all those are created with the aim of helping the poorest of the poor purely non-profit basis. The ethics changes frequently at the various stages of consolidation of these organizations. Thus they started loosing the basic characteristics of not for profit organization. In such a situation this study aims at finding the causes of this dispersion from the declarations they made while initiating an organization. The proposed organization for this study is identical one, at which we find all these premises relevant. So the hypothesis of this study will be as follows:

1. Voluntarism is disappearing from the NGO activities in Bangladesh.
2. The NGOs in Bangladesh are more interested in making profit and becoming entrepreneurs in commercial sector.
3. The poor are not getting the right attention, as they required.
4. The impact of BRAC intervention is not that significant as it is exposing.

## **2.5 Methods of Data Collection**

For the purpose of the study, data & information were collected primarily from secondary sources. The sources of this type of data are printed books, journals, newspapers, research reports of local and international researchers and institutions, and above all the Annual Reports of concerned NGO, Bangladesh Rural Advancement Committee (BRAC). And in need of some more information, the issues were discussed with leading researchers both academic and professionals and other concerned personalities in Bangladesh. And for secondary data the leading libraries such as Dhaka University Library, Bangladesh Central Public Library, Bangladesh Institute of Development Studies (BIDS) Library, Community Development Library, Grameen Trust Library will be the main sources.

As the nature of the study is more a type of qualitative one, no quantitative data were used in this study except a few basic information about the facts of the society and of NGOs in Bangladesh. Research is still not an encouraging discipline in developing countries. The researchers are facing serious obstacle in collecting quantitative data. So it's no wonder that ".....a growing number of researchers are applying qualitative data to supplement quantitative data" (Caldwell et al., 1988). So, the study will be more concerned with the qualitative aspects of the NGO activities in Bangladesh.

## **2.6 Implementation of the Study**

The study is an outcome of a one-year study after completion of a course work of the same duration. It will be submitted as a Masters of Philosophy (M. Phil). Dissertation at the Department of Public Administration, University of Dhaka. From this study a couple of articles may be produced for publication to different academic journals, periodicals or newspapers. The study may helps the ongoing effort in the conceptualization of NGO activities in Bangladesh from a free lancers point of view. It can also be used as a reference for the researchers in the coming days. The people who like to spent time in development studies/literature and contribute in development debate may also find this study useful.

## Chapter 3

# Growth and Development of NGOs in Bangladesh

### 3.1 Introduction

Alleviating poverty is now the concern of the globe as it was during last four or five decades initially after the second world war and specially after the demise of communism from the scene of world politics. And despite global economic growth and vocal development efforts – poverty prevails. Some 800 millions are currently malnourished, 17 millions people die each year from curable diseases and 130 million children are out of primary school (UNDP, 1996). No doubt this scenario in the third world and especially in Bangladesh is even worse. The poverty situation in Bangladesh deteriorated sharply in the immediate post independence period due to the destruction of productive capacity caused by the War of Liberation, dislocation of large-scale migration resettlement of people, and severe draughts and floods in 1972-74 period.

So, it is no wonder that Bangladesh is ploughed with poverty, hunger, unemployment, malnutrition, illiteracy, diseases, natural disaster and environmental degradation. In such a situation after independence NGOs have come up to meet the then governments inability to face the plethora of problems with which the country was born. The phenomenal growth of NGOs also exposes the declining inefficiency and corrupt practices of a section of bureaucrats in collaboration with an unscrupulous group of traders and businessmen concerned with the minting money (The New Nation, 11 November, 1992). An NGO activist in this connection argued that the inability and incapacity of the government made easy inroads to the NGOs to intervene in the poverty situation. If the government machinery could be made more efficient, responsive and accountable than NGOs would find it difficult to have an easy room for operation as it is doing now (Courier, 4 August, 1989).

### 3.2 The Premise for NGO intervention in Bangladesh

The newly independent country like Bangladesh since its inception demanded participatory development program for its growth and prosperity. But the bureaucrats appeared to remain stuck with the past and were found of controlling instead of participating in the process of development, that is the unique responsibility of the government. The picture was excellently depicted in the report of Peter Stalker, when he wrote, “Obstruction by the bureaucracy has been a matter of increasing concern in Bangladesh. Ordinary citizens who try to deal with govern departments can face months or years of frustration because officials pass even the most routine matters to their superiors: so files and decisions float ever upwards creating endless delay” (Stalker, 1996).

Thus we see the growth of NGOs has occurred in Bangladesh in the initial periods since independence in a massive scale by reason of various indicators, which could be labeled in the following ways:

- a. Bureaucratic corruption and procrastination of the GOB;*
- b. Limited people-official interaction;*
- c. Governments inability to deliver services to the people;*
- d. Donor agencies growing distrust in the efficiency of GOB;*
- e. Lack of accountability and transparency of the GOB;*
- f. The urge of the people to form civil society and ensure good governance.*

In such a situation after the very days of independence and within the span of two/three years Bangladesh was flooded with very little efforts on the part of government, NGOs were readily filled this vacuum with people’s participation (New Nation, 11 November, 1992). The criticism like this has not come to establish NGOs supremacy. The successive development plans explicitly recognized the need to alleviate poverty and adopted various measures like cooperatives, IRDB, and latest BRDB approach. The above said efforts altogether

called “Community Development” approach which one concentrating on improving the level of the community as a whole. But the much hoped “Trickle-down” effect did not occur and the most disadvantageous section of the community was left in the lurch. Programs become tied to existing cooperatives, extension services and other government programs, losing much of their identity (Chowdhury, 1996).

In a stratified society like Bangladesh, and in absence of a stable and democratic polity, a few individuals control resources and their utilization, they control political power as well. So direct infusion of resources in the community tends to have a “Trickle-up” effects which often ends up generating a larger share of resources for the richer sections than for the poor (Fernandez, 1987).

Against this background describing above, NGOs took roots in Bangladesh. Otherwise it could be said that the inability to meet the need of the time of the government aftermath of the liberation war was the only cause of the growth of NGOs in Bangladesh. What Korten said just labeled the same, where poverty ranks high, inequality in the distribution of resources, socio-economic, health conditions are gradually deteriorating, a growing literature is emphasizing planned interventions at the grassroots level ( Korten, 1987, also in Uphoff, 1993). And as there was nothing planned on the part of the then government to do at the grassroots level the NGOs find it easy to enter in the grassroots level with a humanitarian face.

The same view was reflected in an NGO publication by the umbrella of NGOs in Bangladesh, the Association of Development Agencies in Bangladesh (ADAB), ‘However, massive destruction of the economy yielded by the war of liberation in 1971 called for immediate relief and rehabilitation interventions. In this penetrating time immediate responses were received from a satisfactory number of

foreign organizations which came forward to rescue the war-ravaged people. At this critical juncture some positive responses were made by a good number of committed people who established a few national organizations. These are now established as the leading and pioneering NGOs in Bangladesh. They are BRAC, GK, CARITAS, CCDB, PROSHIKA etc. (Shailo, 1994). For example, Mr. Fazle Hassan Abed conceived the Bangladesh Rural Advancement Committee (BRAC), along with a humble group of professionals to respond to the gigantic refugee problems brought by the war. Its work in oral rehydration grew out of the instant need to seize a condition that was affecting millions of children in the country.

And so as the case for the Gono Shasthaya Kendra (GK), the pioneering health sectors NGO in Bangladesh. In words of the forefather of the GK Dr. Zafarullah Chowdhury, 'in 1972, when we started coming back from the war, we realized that villages were ready to for change but the traditional leaders were not ready for change. So before we started operations, we began to understand the people and then involved the women. We worked with the people, shared our knowledge with them. That is how the GK grew' (Garilao, 1987).

### **3.3 The other factors that pave the way for NGOs**

A critical observation about the development of NGOs in Bangladesh reveals that it was impossible for the NGO sector to deep their roots in this soil if the public sector could perform their duties and responsibilities as per. This is the common phenomena allover the developing world. Against the haphazard governmental sector NGO represented them as more disciplined and committed to the rural people. And poor people in Bangladesh who never really were the valued customer to the giver hand—the state, welcome the NGOs as their friends. The root of the success stories of the NGOs is the planned approach towards the goal, whatever the goal may be. Institutionalization is their mechanism (Drabek, 1987) to reach the goal that ever felt other than NGO sector in Bangladesh.

If we follow the trajectory, NGOs were gradually consolidated themselves as an alternative sector in Bangladesh with the active help and support of the donors and International Agencies and above all the UN system. During pre-liberation days, there were some missionary programs implemented by Europe and US based church organization throughout the country. And still after independence, NGOs have church connections. While Sarah C White tells, “ ..... there is also a noticeable association between density of NGOs and communities of Christians, since many of the NGO funding agencies have some form of Church links (White, 1991). Most of them (the Church based organizations) were engaged in helping the poor people who were unable to avail or had no access to proper necessary health care facilities during natural and man-made calamities.

But in fact, as stated earlier, the NGO activities had gained the momentum in Bangladesh after a nine month long war of liberation fought by our heroic nation. They first came with the relief at the doorstep of the war ravaged people with the slogan of Service to the Humanity. To rehabilitate the war ravaged economy of Bangladesh an UN mission was then formed called United Nations Relief Operation in Dhaka (UNROD) and along with this other Non-governmental Organization also started coming to Bangladesh (Dhar, 1997).

Within the two-three years tiny Bangladesh was glutted with such NGOs who came with tonnes of relief materials like wheat, flour, tinned meat, soap, medicines, quilts, etc etc. Their main activity was to help the war-torn country in reconstruction and meet the emergency need. Though the War of Liberation was the issue of the emergence of NGO movement in Bangladesh, the Flood in 1974 and then followed by a famine was the turning point in this regard. The people and government welcomed such gesture of the rich at such a critical juncture of the country when economy was shattered and government was more or less busy with



the aim to be the champion in politics with little concern for the people.

Among the other factors that encouraged for the growth of NGOs in Bangladesh can also be attributed in the following manner. The invasion by foreign agencies to a newly independent country is easier, where the country is poor and political masters are authoritarian. This happened to Bangladesh during post independence days. Again, the political forces except the collaborators were of different ideological background with different views for a future Bangladesh. And as a newly independent Muslim State, the Islamic World also came forward with assistance for Bangladeshi people in the hope to unite the Muslim brotherhood (see Kalimullah, 1992).

- ❑ *Islamic idealist state earlier in East Pakistan Regime. And in a secular state the initiators of NGO concept in Bangladesh also in East Pakistan days, the Missionaries think would be the right place for their work in environment free from any religious obstructions.*
- ❑ *Encouraged by the Missionaries a few donors from Muslim world also came forwards for establishing the Islamic NGOs in Bangladesh. The donors were mainly from the Middle East, the Gulf States and the States of North Africa. The main objective was to develop a unity among the Muslim countries and also to limit the activities of the Missionaries in a brotherly Muslim country Bangladesh.*
- ❑ *The progressive or leftist forces especially the students and youth groups were dreamy for a Socialist State after independence. But their dreams never become translated into reality. These forces with a broken heart got frustrated looking the interest of the ruling party towards capitalist and authoritarian system, started thinking differently. They started engage themselves with the NGO sector.*

Source: Kalimullah, NAK (1992)

### **3.4 NGOs and the weak State**

From that beginning NGOs are better accepted in the society. In most of the villages of this country we find NGOs are working with the people in a way or other. And most interesting is that in some remote village one can notice at least a signboard of NGOs who are either receiving funds from donors or waiting to be funded very soon. The idea is that there is money roaming around and the only way to catching those is forming an NGO using some catchy word like poverty alleviation, gender equality, women development, land reform, child rights, democratization etc.

It has now become a fashion to form an NGO and start social work for some people. The only thing left in Bangladesh like India to publish newspaper advertisement to attract people to form NGO for becoming rich within short possible time (Islam, 1996). Though we are yet to experience such advertisement in newspapers but it not difficult to observe the trend of becoming rich within a short span of time in Bangladesh. It is like the Bangla (Bengali) proverb that states, “Money is floating in the air and one has only to know how to catch this money”. It does indicate that the success of NGOs is based on as the friends of the people. In this situation the state has very limited capacity to control the reign of NGO forming trend, though there available the Societies Regulation Act of 1861, the Trust Act of 1882, the Cooperative Societies Act of 1925, the Companies Act of 1913, the voluntary Social welfare Agencies (Regulation and Control) Ordinance of 1961, the Foreign Donations (Voluntary Activities) Regulation Ordinance of 1978, and the Foreign Contribution (Regulation) Ordinance of 1982.

The very reason is that the international development partners, who play major role in the public policy making process in Bangladesh, are also strongly advocated for the increasing involvement of NGOs in development management process. Some leading development partners in fact, have made their support conditional in order to involve the NGOs (Aminuzzaman, 1993).

In the light of past experiences and overall development scenario of Bangladesh, the Fourth Five Year Plan (FFYP) noted that all concerned ministries/agencies should structure their programs to integrate and incorporate the active services of the NGOs for development (GOB, 1990). In recent past, the NGOs have also entered into the operational spheres of the government which were till now have been considered the exclusive domain of the government or the public sector. The government also recognizes the need and importance of involving the NGOs as partners in the development process (Department of Public Administration, 1997).

Therefore, the spectacular growth of NGOs in Bangladesh is not only a local phenomenon. It has multi faceted dimensions and the governments of the developing countries have to surrender at the will of the donors or now popularly called development partners. Thus it is not the willful welcoming on the part of the developing countries, rather it's a compulsion on them to act so. As donors they have some other agendas both political and economic rather than poverty eradication (see Haque, 1995).

After all, the more positive attitude on the part of donors and many host governments towards (whatever may be the reason) the NGO sector have spurred this rapid growth. By the increased availability of funds from foreign donors, both NGOs and governments are getting their life-blood and even they are competing to get an edge over other. And it is precise that NGOs are the winner. It has also been facilitated by the retreat of government provision in many developing countries. Thus it manifests in a much curtailed role in welfare services as a result of lowering public expenditure and a wearing away of its legitimacy in the face of pressures for democratization, which have in turn widened the potential for non state initiatives (see Robinson, 1995).

With strong donor support some, it is alleged that some NGOs are engaged in Christian proselytization and some others are involved in misappropriation, irregularities, corruption and anti state activities (Jamil and Mannan, 1994; p. 9). In 1992 the government tried to cancel the registration of these sorts of charlatan NGOs. But the Diplomatic Missions reacted sharply to this attempt and the government was compelled to withdraw the cancellation order within a few hours of its announcement (Kalimullah, 1997).

With these happenings NGOs have got the message that the government could control no activity taken on their part. And the resultant effect is that they had formed Fair Election Monitoring Alliance (FEMA) to monitor the electoral process in Bangladesh, be it local or national. In this way they have been involved themselves in politics. And the NGO apex body in Bangladesh, ADAB also got involved in partisan politics by showing solidarity with the opposition cause. It is also alleged that the elected Chairman of ADAB has been purposefully using the body in political end (Samad, 1996).

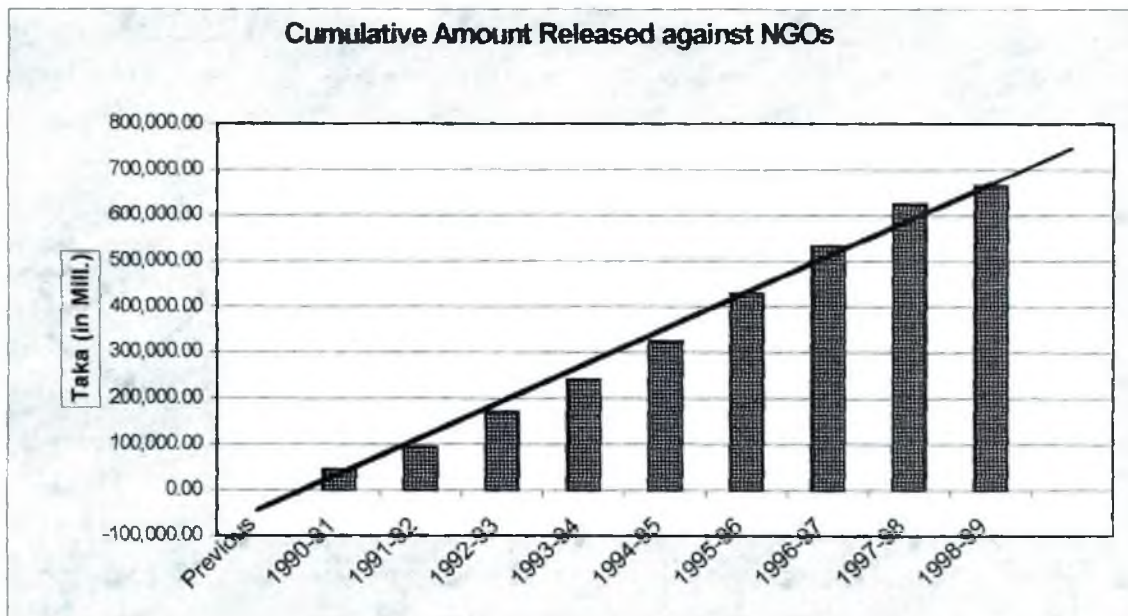
So it can be said that state is incapable to define the role and the boundary of NGOs activities in Bangladesh. And thus NGOs got a free reign here to be involved in such activities what they are not supposed to.

### **3.5 Number of NGOs working in Bangladesh**

Though all agree that the number of NGOs in Bangladesh is quite high, the actual number of NGOs presently working in the most of the districts of Bangladesh are difficult to determine mainly because they are loath to give out information about themselves as there is always keen competition for scarce resources. The other problem is that there is no Information Bank on NGOs established either by the government or by NGOs themselves. The importance of such an information Bank has been felt by the academics, researchers, NGO activists in a discussion meeting

on a book titled 'NGOs under challenge' held at Power and Participatory Research Centre (PPRC) Dhaka (June 23, 1998).

**Figure 3.1: Flow of Fund Received by NGOs since 1990 onward**



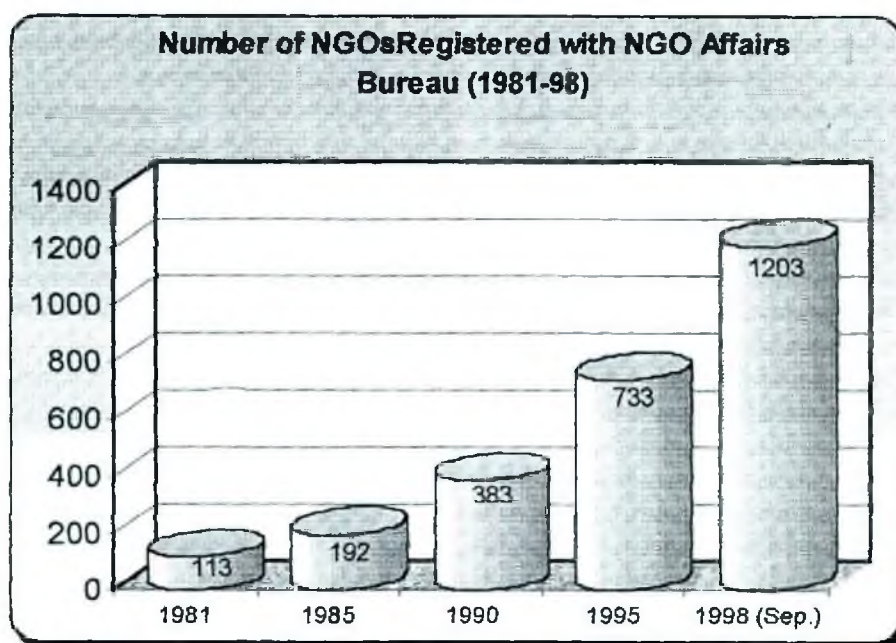
Source: NGO Affairs bureau Database (October 1998)

For such problem only reluctance of the concerned authorities is responsible or may the authorities are not interested to make an organized information for others. For example, (a) The NGOAB only lists those NGOs receiving foreign funds, (b) The Department of Social Welfare only lists those registered under the Social Welfare Act. Of 1965, (c) The Ministry of Women Affairs and the Department of Youth only lists those affiliated to them, (d) The ADAB publishes the directory of those NGOs which are its central or chapter members. In fact there are some other NGOs also which are in some way or other excluded from all the lists.

So we find different numbers of NGOs in publications of different agencies. NGOs usually get registration from different government agencies such as the NGO Affairs Bureau (NGOAB), Ministry of Youth and Sports, Ministry of Women Affairs and most of them from the Department of Social Welfare. Among

the NGOs, all are not affiliated with the ADAB. So, it is not possible for ADAB to provide the actual number of NGOs. There are duplication in membership, who are membership of ADAB are also member of other NGO networks like, Voluntary Health Service Society (VHSS), NGO Forum for Water and Sanitation etc (see, Annex 1).

**Figure 3.2: Number of NGOs receiving Foreign Donations**



Source: NGO Affairs Bureau Database (October 1998)

In an estimate it is stated that there are 19000 NGOs working in Bangladesh (Haq, 1997). In every typical Bangladesh village, we find couple of signboards depicting the identity of some clubs or samities. The number of NGOs in Bangladesh indicates that Bangladesh is hunting ground and a land of opportunities and opportunists too. With these rate of increasing number the traditional heritage of every one for each other, was further extended in Bangladesh. All these are not really active. In critical consideration all these are NGOs. But we are here concentrating more on the development NGOs, those are engaged in Poverty Alleviation.

### 3.6 Stages of NGOs Growth and its relevance to Bangladesh

At the very outset the NGOs were not claimed them as development agencies. The NGOs in Bangladesh followed some stages of growth. Though NGOs are engaged in diversified types of activities, the stages could be summarizing on the basis of distinctive orientations in programming strategies. The leading scholar in NGO literature, David Korten has identified four generations of NGO Strategies (Korten, 1990).

**Table 3.1: Stages of Growth of Development Oriented NGOs**

	Generations			
	First	Second	Third	Fourth
Defining Features:	Relief and Welfare	Community Development	Sustainable System Development	People's Movement
Problem Definition:	Shortage of goods and services	Local Inertia	Institutional and Policy Constraints	Inadequate Mobilizing Vision
Time Frame:	Immediate	Project Life	Ten to Twenty Years	Indefinite Future
Scope:	Individual or Family	Neighborhood or Village	Religion or Nation	National or Global
Chief Actors:	NGO	NGO + Community	All Relevant Public and Private Institutions	Loosely defined Networks of People and Activities
NGO Role:	Doer	Mobilizer	Catalysts	Educator
Management Orientation:	Logistics Management	Project Management	Strategic Management	Coalescing and Emerging Self Management
Development Education:	Starving Children	Community Self-help	Constraining Policies and Institutions	Spaceship Earth

*Source: Korten, 1990 (Table: 10.1)*

**The First Generation NGOs:** In initial stage of development NGOs in essence, leading towards humanitarian assistance to the poor people. The strategic focus was on the delivery of services on a temporary basis, in the emergency areas such as earthquake, flood, war and famine etc. The service includes giving relief to individuals or families in need and helping them to recover. Most of the Bangladeshi NGOs were started as a First Generation NGOs after the War of

Liberation and during flood in 1974. The organizations like, Bangladesh Rural Advancement Committee (BRAC), Gono Sasthya Kendra (GK), Christian Commission for Development in Bangladesh (CCDB) fall under this category. The NGO community thought this type of intervention only advances the subordination of the people.

**The Second Generation NGOs:** The development thinking was indoctrinated in the NGOs programs in this stage and with commitment they came forward in developing the community. The focus was to develop the capacities of the people, encouraging self-dependent local community etc. Here NGOs emerge as social mobilizers instead of merely giving relief materials. The mode of managing the programs at this stage called 'Project Management', but with very short span of time. This does not yield any kind of fruitful benefit to the people at large due the fragmented characteristics and inability to change the structural causes of problems in the society, i.e. the power structure (Myllylä, 1997).

**The Third Generation NGOs:** Bearing in mind the limitations of the second generation, NGOs attempted to sustain their efforts in local, national or even in global level. The strategies among this generation are principally developing a system of sustainable development. It was viewed on a longer time frame. For attaining sustainability, NGOs prefer first achieving institutional and policy changes for the sake of greater local control and initiatives. So, the vision here was transformed from minor projects to community and national orientation that facilitate development by other organizations, whether it is public or private. In the whole arrangement NGOs only play the role of Catalysts and the philosophy of the management in this arrangement is called strategic Management.

**The Fourth Generation NGOs:** In fourth generation NGO strategies are grounded on the strength of peoples power though it is still to be institutionalized.



In this generation people's movement be organized through the networks of people and organizations. These networks of people and organizations should be self managing where each has its won role to play and NGOs only guide them in the right direction.

These four generations are not unique and segregated. It is very difficult and illogical attempting to find out NGOs with such distinctive categories in one NGO whether the size of the organization is. According to Korten, All of these four generations of NGO strategies and NGOs engaged with them are continuingly co-existing in the contemporarily development scene. Korten (1987) also argues that matured NGO can be accommodative of all these three orientations, thus locating themselves in all generations simultaneously. It is nothing in common with one another. Thus to speak meaningfully about the development role of NGOs, it is necessary to be more specific as what type of NGO we have in mind.

Therefore, it comes into view that the NGOs operating in Bangladesh mostly be inclined to fall in first two generations. The development of NGO sector in Bangladesh for which they are achieving prominence worldwide is that many of them got matured and successfully completed their voyage towards third generation. Among them Bangladesh Rural Advancement Committee (BRAC), CARE, PROSHIKA Manobik Unnayn Karmosuchi, Rangpur-Dinajpur Rural Service (RDRS), Association for Social Advancement (ASA), Gono Sasthay Kendra (GK), Gono Sahayjja Sangstha (GSS) etc. The NGO community in Bangladesh effortlessly trying to develop peoples institutes of the poor that enable them to initiate the process of people-centered and sustainable development. Here the NGOs no more remain as service provider but as catalysts for development.

From the experience of Bangladeshi NGOs it could be said that 'the NGO movement here already has moved towards fourth generations'. The NGOs in

Bangladesh have conspicuous role in policy making process i.e. formulation and implementation. The GOB has accepted NGOs as the partner of development. The intellectual support towards NGOs also reveals their strengths. So it could be said that NGO movement in Bangladesh is now matured and they are playing significant role in national development. Observers are of the opinion that sometimes they are playing such roles rationally they should not. It is high time to justify their contributions whether they are playing the due role or making some rooms for maneuvering the poverty stricken country with an ill motive behind.

### **3.7 Typology of NGOs**

The term 'NGO' has originated from multiple sources and its legitimacy are also of the same. The UN charter in 1947 first used the term International Non-governmental Organization (INGO) in one of the clauses: "Any organization which is not established by Inter-governmental Agreement shall be considered as an International Non-governmental Organization" (Fonseka, 1991).

NGOs are now the part of life in Bangladesh. But it is still difficult on one's part to define the term in one sentence or words. Simply 'what is not of governments is non- government'. This vague term necessarily not complement our thirst. In contemporary era we find some formal and non-formal groups, communities, societies, agencies or organizations engage them in reducing the sufferings of the masses and they are known as NGOs. Thus we see NGOs are not only non-governmental but voluntary also. So in its simplest sense NGOs referred as "...any voluntary non-profit agency involved in the field of development cooperation or in education and policy advocacy activities" (Brodhead and Tim & others, 1988, p.2).

The World Bank defines NGOs as organizations that are both private and nonprofit whether international or local that work for development (Williams,

1990). While Julie Fisher (1993) thinks “nonprofit is not a defining characteristic because it would exclude grassroots self-help groups that seek profits”. For this reason Bebbington and Farrington (1993) exclude all grassroots organization profit seeking or otherwise from their definition of NGOs. But Norman Uphoff (1993) in his definition covers all professional and service oriented NGOs with profit seeking enterprises.

In Bangladesh, the term NGO refers to all organization and institutions that are registered with the Government under the Voluntary Social Welfare Agencies (Registration and Control) Ordinance of 1962 and the Foreign Donation (Voluntary Activities) Regulation Ordinance of 1978 whether their role and function may be. The massive growth of NGOs all over the world with no exception in Bangladesh since late 70’s and early 80’s with variations in size, objectives, circumstances and styles of functioning has now made it difficult not only to accept a single definition but also to identify the essences on which to classify them in neat categories (Carnea, 1988).

Though NGOs may be labeled on the basis of ideology and approach, their coverage, sources of funds, role and function etc. On the basis of the role and function, NGOs can be divided into five major categories: (i) Donor NGOs, (ii) International Action NGOs, (iii) National Action NGOs, (iv) Local Action NGOs, and (v) Service NGOs.

**Donor NGOs:** These comprise international organizations dispensing funds they raise or receive from their governments or charities or from Church organizations to various NGOs in poor countries. Among such NGOs operating in Bangladesh are OXFAM, Canadian International Development Agency (CIDA), Swiss Development Corporation (SDC), South Asia Partnership (SAP), The Aga Khan Foundation etc.

**International Action NGOs:** International Action NGOs are those who are operating different geographic and sectoral areas with projects. They are also receiving funds from different donors and from respective governments. Among these NGOs the dominants are Save the Children Fund- USA, UK, Radda Barnen (Sweden), Terre des Homes- (TdH- Netherlands), (TdH- Switzerland), Concern, World Vision, Food for the Hungry, International Development Enterprise (IDE) Caritas, Christian Commission for Development in Bangladesh (CCDB) etc.

**National Action NGOs:** The number of national action NGOs is numerous. They are working in different fields from income generation to health and playing various roles in the society. Prominent among these NGOs are Bangladesh Rural Advancement Committee (BRAC), Gono Shasthya Kendro (GK), Proshika-Manobik Unnayan Kendro (popularly known as PROSHIKA), Association for Social Advancement (ASA), Gono Unnayan Prochesta (GUP), Nijera Kori, Gono Shahajjo Sangstha (GSS), Saptagram Nari Swanirvar Parishad (SNSP), Bangladesh Women's Health Coalition (BWHC) etc.

**Local Action NGOs:** The NGOs are working in local areas covering small areas such as a single village or a cluster of villages. They are usually engaged in some specialized activities in the locality. Among these categories there are organizations like Nari Maitree in Dhaka, Sabalambi Unnayan Samity (SUS) in Netrokona, Malancha Mahila Samity in Sherpur, different clubs, village associations etc.

**Service NGOs:** These types of NGOs usually provide specialized services to individuals, groups, private and voluntary agencies, and other NGOs. These services include information dissemination, counseling, coordination, training, market promotion, scientific research etc. Among these NGOs Voluntary Health Services Society (VHSS), Micro Industries Development Assistance Society

(MIDAS), Intermediate Technology Development Group (TTDG), Centre for Policy Dialogue (CPD) etc are prominent.

### **3.8 NGOs: The Poverty Alleviation agent**

From the preceding discussions we can say that Bangladesh is a country full of NGOs. NGOs are exploiting the poverty stricken image of Bangladesh. But whatever the background and scope of forming an NGO, the paramount consequence is poverty. As NGOs have to comply with the donor's inclination for documentation of their activities, they got excellence in presenting poverty situation and the consequences of their efforts. In such presentations NGOs use some catchy what Terje Tvedt called as NGO rhetoric (Tvedt, 1998). These words magnetize the western common people, media, and the religious organizations and offers money to mitigate the sufferings of the catastrophic masses. As concerns these NGOs each one might have unique approach, but the principal consideration is to alleviate poverty in Bangladesh. Among many actors such as individual efforts, traditional community initiatives, governments, business community, NGOs are one party engaged in this business. And as NGOs are working at the grassroots level with direct linkage to the people, they are merely poverty alleviation agents. Whether as a matter of fact NGOs are more likely to be known as development agents.

## Chapter 4

# Poverty and Bangladesh

### 4.1 Introduction

Poverty is epidemic throughout the world especially in developing countries. It is not a contemporary phenomenon. The problem of poverty and hunger are as old as the universe. With the advancement of civilization and modern technological development the problem of poverty remains same in most part of the world. The reason for such a prevalent problem is primarily for not using the available resources to the optimum level. And the other is the unequal distribution of resources that are so far utilized. More than one billion people are living in absolute poverty in these areas. Only Asia has 64% of the absolute poverty ridden people. The population of Africa and Latin America & the Caribbean constitute 24% and 12% respectively. Poverty is growing in an inescapable rate in Africa and Asia and the more painful is that almost three-quarters of the third world poor live in the rural areas.

*"The problem of the poor is to stay alive; the problem of poverty is a problem for the rich"*

Source: De Swaan. 1988. p.14

### 4.2 Poverty: concepts and definition

Poverty is viewed in different manner to different peoples. The World Development Report 1990 defines poverty as the 'inability to attain a minimal standard of living' (World Bank, 1990). Whether Paul Clements of Princeton University favors a definition that will be applied to any situation. He defines as "Poverty is understood as a multidimensional concept involving identifiable minimum standard of nutrition, clothing, shelter, health care (including access to safe water), education, and political liberty (Clements, 1993). According to Clements poverty is a restricted potential ability to participate in society.

To Martin Ravallion, the senior World Bank economist, a person is judged to be poor if (and only if) he or she resides in a household whose income does not permit attainment of a pre-determined consumption bundle, as judged necessary or the fulfillment of certain basic consumption needs, most importantly (in this context) adequate nutrition (Ravallion, 1990).

In broader sense, poverty refers to forms of economic, social, and psychological deprivation occurring among people lacking sufficient ownership, control or access to resources to maintain or provide individual or collective minimum levels of living (Hye, 1996).

Glewwe and van der Gaag (1988) point out that an analysis of poverty is, as a matter of fact, undertaken at two levels: defining poverty and measuring poverty. Defining poverty consists of classifying the population into the poor and the non-poor. Measuring poverty seeks to aggregate the 'amount' of poverty into a single statistic.

The first question here is who are poor? To identify the poor is very difficult. However, the thinkers use several parameters in identifying the poor. The most common method is to conduct a household survey as a baseline accepting household '**income**' as an independent variable. Some other thinkers attempted to identify poverty through a '**poverty line**'. Most measures of poverty are related to some sets of norms, and these norms are compared with one another to describe conditions. So the poverty line is also drawn on some norms, indicating the living standard of common men. A whole population is divided in to two parts, of which one part consists of 'poor' and the other, the 'non-poor'. Thus, a poor man is he who is living a life below the living standard of the Poverty Line. So the basic features of drawing poverty line are - (a) *living standard*, and (b) *the minimum level of the living standard*.

The choice of norms is particularly important in the case of consumption based measures of poverty. A consumption based poverty line is defined as: .....expenditure necessary to buy minimum standard of nutrition and other basic necessities and further amount that varies from country to country, reflecting the cost of participating (World Bank, 1990, 26). However Mizoguchi (1990) defines poverty in relative terms, as he observes that, 'people believe that they are poor not because of their standard of living is low, but because their standard is lower than that of others (cited in Khan, 1997). This argument reinforces the dynamic conception of the poverty line 'shifts' with changes in the overall conditions of the economy.

There is no doubt that poverty may have a relative face in conceptualization. But there is also an obvious fact that conditions are there when poverty is 'absolute'. Absolute poverty is a situation when family consumption fails to maintain the minimum dietary standards. If the above said minimum standard is universally accepted the determination of absolute poverty become easier. This standard is adjusted constantly over time and across cultures (Khan, 1997).

On the other hand some thinkers use to identify poor based on the daily intake calorie of food, as food is the basic right of human being. A minimum standard is accepted to a particular society to identify poor. They who are taking less than the minimum standard fall on the category of poor. Low intake of calorie means a man is not able to purchase the required food staffs and thus they are malnourished, become sick and at last die of starvation. So, this is the reflection of absolute poverty.

Thus we see that there is no best definition of poverty. Glewwe and van der Gaag (1988, pp. 6-9) reviewed the available literature on current definitions of poverty and grouped the definitions in seven broad categories:



1. **Per capita income:** This is an indirect method of defining poverty. This school as a welfare indicator commonly uses per capita income as an incidence of household income. In this definition there is problem of measuring household income involving seasonal variations and also with the measurement of household income with members who either are totally or partially self-employed.
2. **Household consumption and per capita consumption:** Household consumption method is basically a useful welfare indicator. Despite some inadequacies concerning calculations of equivalency, measurement of poverty through consumption is widely accepted. Using either total consumption or per capita consumption as an indicator, the inadequacies could be considerably minimized.
3. **Per capita consumption:** Some economists propose per capita food consumption as measure of welfare. It is more convenient to define poverty as it involves less, but more accessible data.
4. **Food ratio:** The food ratio, the fraction of household budget spent on food, is a good welfare indicator as it is adversely related to the size of a household's budget. The food ratio is increases with the family size. According to this method of defining poverty, higher the family budgets on food, the lower the economic status of that family. But the problem is here that in developing countries the household budget does not always spend the major share on food.
5. **Calories:** Economists also have opinion that food consumption data should be used to directly focus on calorie intake rather than on food expenditure or the fraction of a household's budget spent on food. The calorie intake method of defining poverty originates from nutritional studies. This definition also came under attack for neglecting non-food components of economic welfare or and also for being too data intensive for practical operation (Sen, 1981).

**6. Medical Data:** The health and nutritional status is often regarded as a good measure of poverty, particularly for children. Here the indicators are the incidence of low height for age, and low weight for height as well as medical tests. This information is important for measuring adverse affects of poverty on children. In this method, the problem is to obtain medical data and measuring height and weight is also difficult to collect. Again health indicators generally have a positive correlation with the economic status of an individual or household.

**7. Basic needs:** Among the economists like Paul Streeten (see, Streeten, 1981) advocated the concept of 'basic needs' to measure poverty. In this concept , households are defined as poor if their food, clothing, medical, education and other needs are not met. To comfortably identify 'poor' from 'non poor' here not all aspects of basic needs are taken together. Rather a satisfactory levels of food, healthcare, housing, education and other aspects being involved.

The above definitions though with some limitations, are however helpful in identifying poor but could not answer why they are so. So, some authors think that an understanding of the concept that who are poor is necessary, but to know why they are poor is even more important.

Robert Chambers the noted development thinkers attempted to poverty to mixing together the two broad categories of explanation of poverty. He divided the two category as 'physical ecologists' and 'political economists'. In the first category, poverty is explained as the causes of physical and biological factors. And the latter category, it explained in terms of social processes and the inter- relationships leading to poverty (Chambers, 1983). But Chambers favors a balanced approach to define poverty, which conglomerates both physical and social typologies (Chambers, 1983, p. 28).

Amartya Sen the 'Nobel Laureate' for his contribution in welfare economics, attempted to integrate the efforts to define and measure poverty. In this end in view, Sen emphasizes the new conceptualization for the poor Asian, and divided then into three categories (Sen, 1981).

1. **The Biological Approach:** This conception derives from 'standard of living' approach. It is basically emphasize on the ability of an individuals or household to consummate a lowest standard of nutritional requirement per day. This approach is also known as 'subsistence definitions' of poverty.
2. **The Inequality Approach:** This approach explores the social (political & economic) factors that immortalize economic inequality and poverty as well. The basis of this argument is Sen's belief that the redistribution of wealth or the ownership of the means of production can significantly reduce the incidence of poverty.
3. **The Relative Deprivation Approach:** This approach underscores that the definition of poverty confines both objectively and culturally. Objectively in the sense that, the deprivation of food, shelter, and access to social services. The basic necessities of life are socially determined. What is a necessity to a US citizen that could deemed luxury to a common Bangladeshi. The values, custom, and habits of a particular society condition style of living. So, one may 'feel' deprived of something compared to another society. Even in the same society this feeling may occur. Thus, 'Feeling' is rather a subjective terminology that divides people in specific social groupings and strata.

And culturally, a typical Bangladesh village is poverty ridden in this sense that the people living in such village always waiting for external help for their survival. But the reality is that the available resources are not distributed equitably to meet their everyday needs. In this sense there is nothing to be ashamed for the poor in Bangladesh and they are no way different from the mainstream society. But the programs of poverty alleviation identified poor as a separate group who need help

from outside and develop the feeling that there is something shameful about poverty.

Robert Chambers has identified some elements that constitute the 'cluster of disadvantages' that contribute to poverty what he terms the '*deprivation trap*' (Chambers, 1983). The disadvantages are as follows: a) *Poor household*, b) *Physically weak household*, c) *Isolated household*, d) *Vulnerable household*, e) *Powerless household*. Chambers thinks all the disadvantages are inter-linked and can not be isolated rather constitute '*deprivation*' or the '*poverty trap*'.

### 4.3 Poverty and Bangladesh

Bangladesh is one of the poorest countries of the world. In Bangladesh currently almost 120 million live in an area of only 1,44,000 sq. Km. It is often cited in world development literature as a country with one of the highest population densities (800 per square Kilometer) in the world and an adverse population-resource ratio. We could realize the danger from the statement that, if the entire population of the world moved into the territory of the United States, even then the US would not have as high a population density as that of Bangladesh today. And of this population (Haq, 1997).

Facts of Bangladesh	
Population:	118 million
Land Area:	1,43,000sq.kms.
HDI Rank:	143 (among 174 countries)
Life Expectancy:	56 years (1993)
GNP per capita	220 US\$
People below Poverty Line:	52% (1993)
Access to Health:	48% (1993)
Access to Safe Water:	78% (1983)
Access to Sanitation:	34% (1995)
Daily calorie Supply:	93% (of the requirement)
Adult Literacy (15+):	37% (1993)
Education Expenditure (as % of GNP): 2.3	
Health Expenditure (as % of GNP): 1.4	
Source: Haq, 1997 (self-compilation)	

The latest data reveals that the per capita income is only 220 US\$ which is among some of the lowest in the world. So Bangladesh is well known for its poverty all over the world. Over 52% of its population living under the poverty line (Haq,

1997). Almost 60 million people are identified as poor people in Bangladesh standard. So in Bangladesh both the 'rate' of poverty and the 'number' of poverty (*though in some small states the 'rate' is some how a little higher but the 'number' of poor in Bangladesh is much more higher*) ridden people is very high (Rahman, 1997, p.4).

The above picture clearly depicts that poverty is pervasive in Bangladesh. Among

Illiterate Adults (1993)	: 63
Illiterate Female Adults (1993)	: 75
People below poverty line	: 52
No access to health services	: 55
No access to safe water	: 22
No access to sanitation	: 66
Under- 5 Mortality Rate	: 117
Malnourished children	: 67

*Source: Haq, 1997*

the poor the most vulnerable are them who live in villages. They are not only poor but deprived also. Because, 'the growth and improvement (so far occurred)<sup>1</sup> of life standard are concentrated in the urban areas lopsidedly. People's transmigration from

the rural areas to the urban areas proves all these facts' (CIRDAP, 1997). And those who are docile remain as poor in villages.

The poverty is not only an economic aspect but also a human aspect according to "Human Development Report 1996" (UNDP, 1996). The Human Development Index (HDI), composed of standard of living, longevity and educational attainment, were used to measuring country-wise trend. Bangladesh in the HDI rank, occupies the position of 143<sup>rd</sup> among 174 countries. But considering the inclemency of poverty in Bangladesh the indices included by IFAD is more relevant. Those include: (a) Material deprivation as measured by inadequate food intake, etc., (b) Isolated as reflected in geographical location, (c) Alienation stems from isolation and exploitative relations, (d) Dependence which depresses the bargaining power of the rural poor in a world of unequal social relations, (e) Lack of decision-making power and freedom of choice in production, consumption, etc., (f) Lack of assets, (g) Vulnerability to external and internal social conflicts and (h)

<sup>1</sup> Words in parenthesis are inclusion by the author

Insecurity which defines the risk of being subjected to physical violence (IFAD, 1992).

In Bangladesh Poverty is analyzed based on the statistics made by Bangladesh Bureau of Statistics (BBS). BBS normally use Household Expenditure Survey (HES) method or Nutritional Survey to collect data and information on poverty. Beside this different surveys conducted by individual researchers, like-minded research groups, surveys commissioned by International Agencies are also important source of data and information on poverty in Bangladesh.

The World Bank, considers the poverty line, an annual income of US\$ 370, or it could be specific national standard; such as the income to sustain individual intake of 1,805 calorie in case of Bangladesh, or Rp 8,400 per family of Sri Lanka (World Bank, 1996). According to this

<b>Bangladesh: Income Distribution</b>	
Bottom 40%	:17% of income
Lower Middle 40%	:38%
Upper Middle 15%	:26%
Top5%	:19%

*Source: United Nations, 1997; p. 11*

poverty line Bangladesh is lagging far behind with an annual income of merely 220 US\$ only. It is a measure of average wealth, but clearly it says nothing about the actual distribution of wealth in a country. So, the poor in Bangladesh are in more vulnerable position than any other countries of the world. They project the true image of a) lack of money (income), b) living bellow the breadline, c) being in need, and d) being helpless or powerless. Their vulnerability in real term reflected in the writings of Robert Chambers. When he writes, "A family with lower income but with more assets to meet contingencies may be better off than a family with higher income but fewer assets. Families whose assets are mainly productive are especially vulnerable to impoverishment, since disposal of them to meet a contingency will reduce the family's productive or earning capacity"(Chambers, cited in Ekins, 1986, p.315).

On poverty many studies have been undertaken in Bangladesh. Bangladesh Institute of Development Studies (BIDS) undertook one most significant study. According to BIDS study 38% of Bangladesh living in poverty. Poverty researchers make differentiation within the poor in rural Bangladesh, namely a) Moderate Poor, b) Extreme Poor, and c) Vulnerable non-poor.

**(a) Moderate Poor:** The rural people who are living just below the poverty line income (which in Bangladeshi standard was Tk. 4790).

**(b) Extreme Poor:** Among the rural poor who are living significantly below the poverty line income can be identified as extreme poor. According to base line data the income of the extreme poor is 40% less than the poverty line income. And 40% of the rural poor be fall in this category.

**(c) Vulnerable Non-poor:** The rural people in this category are in fact living slightly ahead of the moderate poor or marginally upward in the poverty line. They are small farmers, petty businessmen or entrepreneurs. They are not poor in one sense but are highly vulnerable to threats of income erosion and the resultant effect is to be relegated to the state of 'moderate' or 'extreme' poor (Rahman, 1994). The table 4.1 shows the real picture of people living below the poverty line from post independence period computed by **Head Count Ratio** analysis.

**Table 4.1: Rural Population Living below the Poverty Line** (% of Head Count Ratio)

Year	1973/74	1976/77	1977/78	1981/82	1985/86	1991/92	1994
Percentage	84.0	68.2	67.9	73.8	62.6	46.7	43.5

*Source: Mujeri, 1997 (compiled from original)*

Another very popular method of identifying poverty is calorie in-take method. We could also comprehend the severity of poverty in Bangladesh. The study by Bangladesh Bureau of Statistics (BBS) of 1995 compiled some statistics on moderate and extreme poverty in rural and urban areas simultaneously. Whether the method of analysis we see poverty is widespread in Bangladesh.

**Table 4.2 Population based on Calorie in-take (Number in millions)**

Year	Poor <sup>a</sup>				Absolute Poor <sup>b</sup>			
	Rural		Urban		Rural		Urban	
	No.	%	No.	%	No.	%	No.	%
1981/82	60.9	74	6.4	66	43.1	52	3.0	31
1983/84	47.0	57	7.1	66	31.1	38	3.8	35
1985/86	44.2	51	7.0	56	19.1	22	2.4	19
1989/90	40.5	48	10.8	44	14.9	30	5.0	21
1991/92	45.7	48	5.7	47	27.0	28	3.2	26

<sup>a</sup> Per head 2200 calorie/day for the year 1981/82 & 1983/84

Source: BBS, 1995

<sup>b</sup> Per head 1805 calorie/day for other years

If we see the calorie in-take criterion another method of measuring poverty used widely, it is also revealed that poverty persists here also. In Bangladesh people never availed the required level of calorie since the early 60's to date. Some changes also recorded in different times but the people never experienced the expected level of nutrition.

**Table 4.3 Nutrition in-take (per head)**

Nutrition	1962-64	1975/76	1981/82	1990/91	Requirement
Energy (caloric)	2251	2094	1943	1989	2273

Source: Chowdhury, O H (1997)

In Bangladesh any discussion on poverty has rotated around uni-dimensional models most frequently on narrowly conceived income criterion. But researchers revealed that poverty, in particular rural poverty, is a multi-dimensional core of vulnerabilities (Rahman, 1994). But most of all interventions in poverty alleviation in Bangladesh aimed at the income graduation of the poor. Because, it is obvious that the country is one of the poorest in the world and "the lowest 40% of the population here commands only 23% of the national wealth" (Haq, 1997). So when any program is designed for the poor in Bangladesh it is emphasized more on increasing income of the disadvantaged section of the population who are the majority. Any agency engaged in poverty alleviation is very much concerned with this fact and plan and designs their activities keeping this in mind.



*Is poverty being reduced in Bangladesh? There is no definite answer-since both data and methods of analysis are subject to debate. Most of the attention focuses on the income aspects- though it is now accepted that the concept of poverty needs to be broadened to include dimensions as standard of health and education. For income poverty, the consensus seems to be that while it fell between the 1970s and the early 1990s the rate of reduction has probably slowed.*

*The most extensive data come from the periodic Household Expenditure Survey (HES) of the Bangladesh Bureau of Statistics. These suggest that the proportion of living in income poverty (consuming less than 2,122 calories per day) has fallen: in 1974 it was 92%, in 1986 it was 52%, and in 1992 it was 47%. For those living in extreme poverty (less than 1,850 calories) the trend is less consistent; the corresponding proportions were 48%, 22%, and 28%.*

*A second major source of data is the Analysis of Poverty Trends Projects of the Bangladesh Institute of Development Studies. This monitored 62 villages in three periods using a slightly broader definition since it also included provisions for non-food basic needs. This shows poverty rising somewhat in the late 1980s but falling again by 1994. The proportions in poverty in 1987 were 57%; in 1989-90, 59%; and in 1994 52%. For extreme poverty the proportions were; 26%, 31% and 23%.*

*The general conclusion from most surveys is that around half the population is living below the poverty line.*

Source: United Nations, 1997; p. 13

#### 4.4 Poverty Alleviation Programs in Bangladesh

The poverty alleviation programs in Bangladesh are as old as 35 years. In the 1960s growth oriented development strategies were taken to increase employment and productivity through higher economic growth. It was thought that the trickle-down effect would raise living conditions of the society irrespective of class. In such case distribution of wealth and poverty alleviation was the issues of concern. The main conception of growth oriented development strategy was that economic growth could be achieved through the modernization of industry and agriculture. As Bangladesh was (and still is) predominantly an agricultural society, the state started supporting and implementing Green Revolution technology. The vehicle of implementing Green Revolution was the most institutionalized program called "Integrated Rural Development Program (IRDP)". It was a two-tier<sup>2</sup> cooperative movement to promote agriculture. After independence IRDP was transformed into Bangladesh Rural Development Board (BRDB) for advancing rural development programs. This model of Development was also called Comilla

<sup>2</sup> About 50-60 farmers were formed **Krishak Samabay Samity** (KSS) at village level and all the KSSs in a respective thana had to form a federation of cooperatives at the thana level called **Thana Central Cooperative Association** (TCCA).

Model, as it was the brainchild of Bangladesh Academy for Rural Development (BARD) at Comilla, a central district of Bangladesh.

After initiation of Green Revolution, new and improved varieties of crops and the use of chemical fertilizer had significantly increased production. And the country was started dreaming of becoming self sufficient in food production. However Green Revolution technology was a mixed experience for Bangladesh as studies suggested that “the Comilla-type cooperatives were critical in initiating the transition to a more productive method of production and, improving agricultural yields, and increasing infrastructural growth (Abdullah, Hossain, and Nations, 1974).

On the other hand, Steve Jones in his paper showed that the experience of Comilla model cooperatives was an over optimism. He did not find it as a new way to achieve agricultural growth and social equity (Jones, 1979). And we see that, though the program was initiate to support the farmers with modern inputs in agriculture, the cooperatives were dominated by the rural elite and large landowners (Khan, 1971), which diminish the very idea of Green Revolution.

In the 1970s a targeted wage employment approach was introduced to accommodate the very poor who were usually bypassed by the earlier approaches. This approach was incorporated among others Rural Works Programs (RWP), Food for Work Programs (FWP) and Vulnerable Group Development (VGD).

The main objectives of FWP are (i) to make the performance of the agriculture sector better through construction and maintenance of physical infrastructure for production and marketing, (ii) to decrease destruction of physical infrastructure and ruination of human life from natural calamities such as floods and cyclones by

creating protective structures, and (iii) to generate productive seasonal employment for the very poor. Again the purpose of RWP is to build rural infrastructure such as roads, rural markets, and food storage facilities. VGD program aimed at to improve both income and employment of destitute women who are not able to take privilege of programs such as FWP. These programs stand for GOB's direct anti poverty programs (For essential features of FWP and VGD programs see, Annex 2).

In fact, for a country like Bangladesh to enhance income and alleviating poverty have four main ways: 1) Meeting basic human rights, 2) Economic growth and developing such an infrastructure that in turn will create market, 3) Social infrastructure and Human Resource Development, and 4) Establishing the right of the poorer section of the population on productive resources (such as land, capital and natural resources) (Asaduzzaman, 1997). In Bangladesh usually more emphasis is given only on providing capital to the poor and both the government and NGO sector.

#### **4.5 The Government Programs**

In developing countries a government has to take different welfare programs to mitigate the sufferings of the common men. And like many developing countries the government of Bangladesh also has taken some programs for the poverty ridden people of the country. The government programs of poverty alleviation could be classified in two broad categories: (a) Programs for Enhancing Earning Capacity, and (b) Programs for Transferring Income either directly or indirectly (Khan & Amin, 1997).

##### ***Programs for Enhancing Earning Capacity***

The aim of this program is to develop the human resources of the country through education and also providing skill training to the people. This program also has two components namely (I) General Human Resource Development which

includes the provision of health and educational facilities, and (II) Special programs such as the development training and credit programs through the BRDB and the Bangladesh Small and Cottage Industries Corporation (BSCIC).

Beside the public education and health services government likes to promote people's participation for income generation activities through the BRDB programs. As the formal credit delivery system failed government has developed the special target oriented credit program through BRDB and BSCIC. On the other hand, the innovative scheme, the Palli Karma Sahayak Foundation (PKSF), open up the door to reach the government credit to the poorest section of the population. Since its inception in 1990, PKSF has so far distributed credit about Tk. 1891.44 million (up to June, 1997) to 148 partner organizations (PO) most of whom are local NGOs (PKSF, 1998).

#### ***Programs for Transferring Income***

The aim of this program is to create employment opportunity to the poorest section of the population during off-season. When there is a lean season or there is lack of employment opportunities to the poor people or any disaster government provides job or foodstuff to them through different programs as Food for Work Programs (FWP), Vulnerable Group Development (VGD) programs etc. The essential features and details of FWP and VGD program could be seen in Annex 2.

#### **4.6 NGOs in Poverty Alleviation**

The NGO sector also developed soon after end of the bloody liberation war. With the aid of foreign donors, the local organization and some foreign NGOs directly intervened in the pursuit of poverty eradication in Bangladesh through different programs such as, from feeding the hungry people to nowadays, women empowerment.

As we know, NGOs in Bangladesh have come to rescue the war-ravaged people during early seventies. And with the pace of time they emerged as the development organizations engaged in providing credit to the poor people who were bypassed by the conventional credit giving agencies. The pioneers among these NGOs are Bangladesh Rural Advancement Committee (BRAC) and Grameen Bank. They initiated an approach that enabled the poor people in groups to avail credit those were unable to take loans individually. Later this approach was popular and replicated by other NGOs all over Bangladesh. In truth, NGOs have adopted credit as a central instrument to combat poverty. Foreign researchers highly dignified such programs, as Gibbons wrote “ Bangladesh is currently the only country in which truly large numbers of poor households (about 4.55 million) and a significant percentage (about 20%) has been reached with micro-credit services” (Gibbons, 1996).

Every NGO in Bangladesh seems to be unique in nature and activities. The literature of NGOs always highlight their programs in their own fashion. Now in Bangladesh there could hardly be found any sector untouched by NGOs. Here an attempt will be made to summarize NGO approaches so far we have experienced in Bangladesh. Though the main focus of NGO activities in Bangladesh is poverty alleviation, all the activities are not necessarily related to the same.

*Participation and Mobilization of the rural poor:* A group-based or target group mobilization strategy to (i) ensure economic improvement through direct targeting and beneficiary participation, and (ii) social and institutional development through strengthening the organizing capability of the poor. Such group mobilization is considered as a key element in ensuring the success of credit programs through strengthening financial discipline and peer responsibilities.

*Need based programs:* The identification of credit as a critical need is core issue in NGO programs. NGOs design efficient and cost-effective credits delivery mechanisms for the poor. Grameen Bank is pioneer in this sector and others also following the same model of micro credit;

*Development is not possible bypassing the one halves:* Successful targeting of women, as the principal beneficiary group is the concern of NGOs. Most of the NGOs now concentrated on empowering the women and to ensure their participation in national development through different skill training;

*Access to Common Property Resources:* Innovations that allow poor to access land in non-traditional way in the fields of social forestry and formation of groups. In the former, government-owned lands (commonly referred to 'khash' land), in particular roadside strips, are accessed by NGOs for various afforestation programs with landless groups. In the latter, landless groups are organized and given assistance to own modern irrigation equipment to emerge as a stakeholder in the water market in agriculture. landless groups are also organized to collectively lease 'khash' lands and dry river-beds for fish cultivation, protect the fish released into the open water, production of seedlings in village-based nurseries etc;

*Health Education:* The most alarming area of the rural poor is their health. As they are not educated they have limited or know health consciousness. Thus, NGOs engaged themselves in promotion of primary health care concerns, notably immunization and diarrhoea control, and effective dissemination of health messages through innovative media campaign;

*Non-Formal Primary Education:* Introduction of a system of satellite Primary schools based on non-formal education principles with parent and community involvement. Through these schools NGOs can accommodate the drop outs from government primary schools and also attracted some older children who were shy to join formal schools ;

- *Non-Traditional Agricultural Extension:* NGOs have innovative programs of technology transfer e.g. ground-breaking farm, innovations in fertilizer-use and pest management, training of local people and national advocacy campaign, and extension system for appropriate technology transfer to homestead agriculture;
- *Development of appropriate Irrigation Technologies:* NGOs could claim them successful in this approach. Low-cost irrigation technologies through research and experiment e.g. treadle pump and bamboo tube well, Rower pump, and Tara pump to extract water from deeper aquifers were the success stories of NGOs.
- *Political participation:* NGOs are concerned with the existing power structure in the rural Bangladesh. The foremost reason of exploitation of the poor people is this power structure. To break up this power structure and ensure the right of the masses empowerment of the poor is essential. NGOs are aimed at ensuring the participation of the poor by empowering them through awareness raising program, resource mobilization, and above all education. NGOs also conduct voter education program to ensure their legitimate share in political decision making.
- *Conflict dispute initiatives:* The poor in rural Bangladesh expend thousands of money in courts. To save the poor from the grip of rural toughts, NGOs provide legal aid services, encouraged them to mitigate the conflicts by themselves through local shalish.

#### **4.7 BRAC and Poverty:**

Bangladesh Rural Advancement Committee (BRAC) is a national (Bangladeshi) private voluntary development organization employed itself in comprehensive socio-economic emancipation of the poorest and the most disadvantaged section of the rural population. It is registered under the Societies Registration Act, 1860.

After came into being in 1972, the main focus of its operation was to rehabilitate the returned refugee of the Liberation War of Bangladesh. Within a short period BRAC shifted its focus from relief operation to integrated development to a strategy of human and institutional development, testing and implementing innovative approaches, techniques and methodologies for rural development. Its models of development changed from a community approach to a participatory approach through mobilization and organization of the disadvantaged rural people (VERC, 1984).

BRAC considers as true that if not the deprived realize that they are allied to a specially selectively isolated group and must do something for their own improvement, all projects giving only economic inputs will be misappropriated or siphoned off by the well-off sections. To BRAC feeling of consciousness has to be uniformly imparted among the grassroots. The people will form a common platform on the basis of group or class togetherness, is the main thrust of BRAC approach. In this end BRAC in its way experimented so many approaches such as, basic needs approach, community development approach, target group approach.

Whether the approach is the mission of BRAC is aimed at *to alleviate poverty and empowerment of the poor*. And BRAC prefers the latest version of its approach (target group) very much. It aimed at not only to change the conditions of the poor in the rural areas through economic growth oriented programs, but also to educate the poor about the mechanisms of exploitation and the basic causes of poverty through a process of conscientization (BRAC, 1996). In all its efforts BRAC is careful to encourage and to ensure participation and involvement of the group members. In all the above said process the role BRAC plays the role of a 'self help initiator' and it tries to make them aware of their own problems and provide them with the tools to improve the socio-economic condition.



So in different capacity government, NGOs and others are engaged in poverty alleviation programs in Bangladesh. But no significant change in poverty situation has so far been experienced here. And the net result of all the programs can be seen from an UN publication that states “*around half of the population is living below the poverty line*” (United Nations, 1997, p. 13).

## Chapter 5

### **BRAC: A Profile**

#### **5.1 Introduction**

Bangladesh Rural Advancement Committee (BRAC) is one of the pioneers in NGO activities in Bangladesh. It was formed at the time when a new independent country Bangladesh is about to emerge in the globe. No matter what happened to the political history of Bangladesh, BRAC was a response to the people's misery in the worst cyclone in 1970. The aftermath of cyclone and the nine-month long liberation war the life of common people was in a disastrous condition. The enthusiastic young man, a professional accountant Mr. Fazle Hasan Abed who was working with a British oil firm, could not deny the call of the soil for starting reconstruction work of a war ravaged new nation. Mr. Abed along with some other conscious educated persons formed a committee for helping the people with some relief goods. This committee is now a giant in 'NGO community' in the global context most commonly known as the abbreviation "BRAC".

#### **5.2 The Mission of BRAC**

The name of BRAC itself tells what type of organization it is. The two word "rural" and "advancement" are the key words in understanding the mission of BRAC. Simply, BRAC works in rural areas for the advancement of those living there in measurable conditions. The poor dominate the rural areas of Bangladesh. So BRAC works with people whose lives are dominated by extreme poverty, illiteracy, disease and other handicaps (BRAC, 1997). BRAC's intervention in this regard is a multidimensional one. BRAC hopes that such a multidimensional approach will bring about positive changes in the quality of life of the people they are ought to serve.

Though initially started with the aim of relief operation but soon after they found, the problem is so acute that relief is not enough for solving the problem. They were really in need of economic and social rehabilitation not on a temporarily but a long-term basis. And this way the aim and objective of the committee was being gradually changing. A new set of programs was being introduced and was getting implemented. So once the feeder of the poor has become the social contractor. The new community development approach had come to the forefront outside the traditional sector. Considering the endemic poverty in Bangladesh BRAC shaped it's efforts to achieve two primary objectives as:

- ☐ **Poverty Alleviation**
- ☐ **Empowerment of the poor.**

In achieving this goal BRAC privileged 'people' and their 'participation' in the process of development. Because, BRAC believes that the permanent answer to the problem of poverty lies with the improvement of the capability of the poor people. And it should be done in a way that they could mobilize, manage and control local and external resources by themselves (see, Smillie, 1995). Theoretical approaches, as **macro-economic growth** can not solve the problem of the poor. Rather people should make aware of the basic causes of their distress. And only then they will find interest make them united and take part in programs of their socio-economic welfare. These are the very philosophy of BRAC and all it's activities reflect the same. The basic features of BRAC strategies include: (a) *Making the target group members aware of their own problems, (b) giving them the tools to unite homogenous class interest groups, and (c) increasing their capability to secure their legal and civil rights* (BRAC, 1990).

The general goals and specific goals as stipulated in the subsequent BRAC reports could be classified as follows:

**—:GENERAL GOALS:—**

- ☐ *Making rural people aware of the reasons of their poverty;*
- ☐ *Empowering the poor in securing their due rights;*
- ☐ *Unlocking the hidden potential of the rural women;*

- ❑ Working as a catalyst to initiate and inculcate the spirit of self-help among the program participants;
- ❑ Creating demands and making poor people's access to resources possible;
- ❑ Stimulating the process of sustainable development.

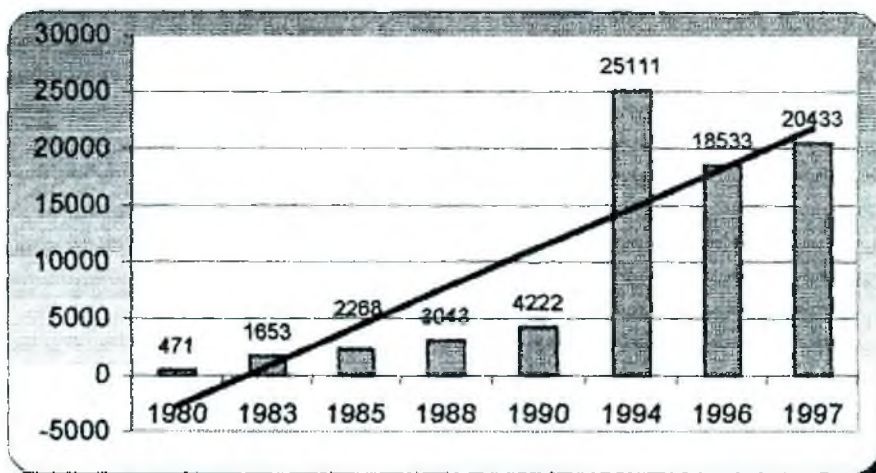
**–:SPECIFIC GOALS:–**

- ❑ Conscientizing the rural poor about their own needs and interest;
- ❑ Involving the rural poor in selecting, designing, and implementing projects that improve their conditions;
- ❑ Providing assistance in the form of packaged inputs for development activities;
- ❑ Assisting the rural poor in implementing their projects through capacity building and institutional development.

### 5.3 The Management of BRAC

“The management process is a social and technical one, which utilizes resources, influences human action, and facilitates changes in order to accomplish organization goals” (Haimann and Scott, 1973, p. 7). So management is the key function for any organization. The effectiveness of any program depends on the capacity of the organization to make them work. With more than half million staff (including teachers in non-formal schools and part-time Village Health Workers), BRAC in any standard is a big organization. And “BRAC has demonstrated that in the execution of its objectives, management techniques have been applied of a

**Figure 5.1: Growth of Full-time Staff in BRAC (1980-1997) \***



\* Including income-generating project staffs

Source: BRAC Annual Reports

As figure 5.1 shows that there are over twenty thousand full time employees working in BRAC. But the total number of employees is over fifty thousand, including part-time employees. None is engaged in BRAC as volunteers (BRAC, 1997)

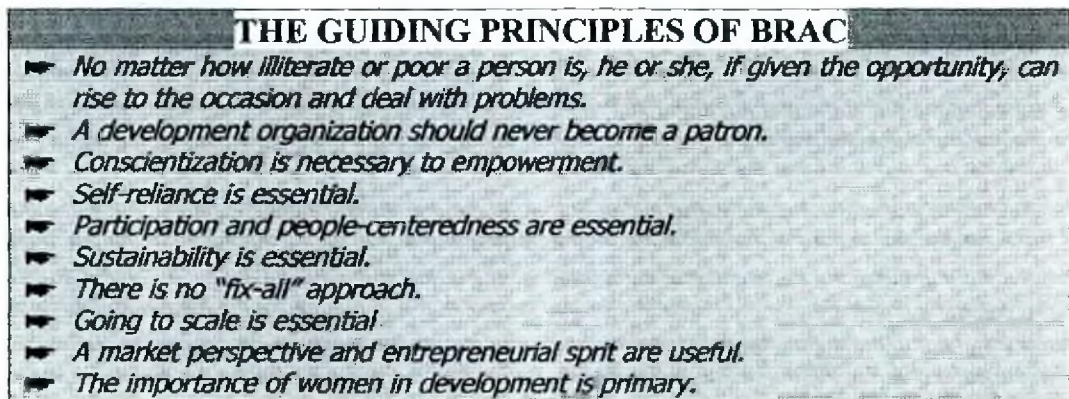
#### 5.4 The BRAC Approach

The evolution of BRAC demonstrates the approach of their work. From relief work to now developing as a big structure like multinationals, it established the rhetoric of 'poverty alleviation' as its motto. All the programs are especially designed to reach the poorest and the most vulnerable. BRAC is well concerned of the rapidly changing socio-economic conditions of the country and thus, constantly overhaul its approaches so to meet the needs of the present and as well as the future. For example we see, at the very early days, BRAC's approach was to carry out **Relief and Rehabilitation** work to war ravaged people and sharply switched over to **Community Development** approach to involve the rural community as a whole with them, after one year in 1973. The latest development in the approach was **Target Group** approach in 1976 to reach the poor who are living below the poverty line. In the later days and to date BRAC is following this approach.

The target population consists of the poorest of the poor; day laborers; fishermen without tools or adequate fishing rights; artisans and other petty traders. These people are either landless or do not have enough land (less than .5 acres) to support their families and have to sell manual labor to survive. Among the target population of BRAC focus aggrandized on women as they are responsible for a major portion of work in and outside the household, they are the most part illiterate, and economically and socially deprived. At the end of the year 1997 ninety five (95%) percent of the BRAC beneficiary are women (BRAC, 1997).

## 5.5 BRAC Programs

BRAC has developed a different approach in development thinking with no written “theory of development”. But it is always guided by some perception developed in way of working that’s why famous researcher David Korten called BRAC as a learning organization (Korten, 1980).



In line of the guiding principles BRAC has evolved in to a well-established, comprehensive and multifaceted development organization. BRAC programs can be divided in to two categorically different parts as (1) Development Programs and (2) Commercial Programs that includes, BRAC Printers, Cold Storage, Garments Factory etc.

### 5.5.1 Development Programs

As BRAC like to be called it as a development organization, the development programs are the kernel activities of it. The development programs are divided into two main areas of intervention that titled (a) *Core Programs*, and (b) *Support Programs*. The core programs include three main areas of intervention in poverty alleviation, as (1) Rural Development Programs, (2) Non-Formal Primary Education, (3) Health and Population Programs.

A comprehensive **Rural Development Program (RDP)** was started in 1986 by amalgamating Rural Credit and Training Program (RCTP) and Outreach programs, that incorporated awareness building, training, savings generation,

credit disbursement and income generation. In 1990 BRAC introduced the Rural Credit Project (RCP). The interventions of RDP include (i) *Institution Building*, (ii) *Paralegal*, (iii) *Credit*, (iv) *Rural Employment Project*, (v) *Employment and Income Generation*.

**Table 5.1: Rural Development Programs**

No.	Components	Activities
1	Village Organization	Organization Development, weekly meetings, Issue based meetings
2	Credit Operations	Savings, loan disbursement
3	Income Generation	Poultry, livestock, sericulture, fisheries, social forestry, agriculture, irrigation
4	Education	Human rights and legal education
5	Health	Essential Health Care
6	Special Programs	Vulnerable Group Development Program
7	Training	Orientation Course for VO members, Staff training
8	Support Services	Monitoring and Research

Source: BRAC, 1995

According to BRAC, the main thrust of RDP is to develop a viable organization<sup>2</sup> (VO) for the landless at the grassroots, make them critically aware of the environment, in which they live, and initiate measures of changes to improve the conditions of their life and work. These organizations are the main vehicle of BRAC intervention in rural development. A VO got matured through a long process, such as, organizing the landless into groups, development of village organizations, imparting functional education to the group members, holding group meetings, encouraging savings and group fund formation, and training (see, Annex 3 for the 17 promises of BRAC beneficiaries). In this way institutionalization has occurred which BRAC deems very important.

<sup>2</sup> Organization means Village Organization (VO) developed by the Program Organizers (POs) of BRAC, helping mobilization of target man and women in a given locality. A VO comprises of approximately 40 members with eight to ten small groups of five or less. Members must have no or less than five decimals of land. The age bar is between 18-54 years.

BRAC's Savings<sup>3</sup> and *Credit* (see Annex 4 for the features of BRAC credit program) program is to help create a financial base for the group members through savings mobilization and credit so that they can carry out different income generating activities. BRAC's current credit program, developed over the years through many trial and error, is now one of the largest in the world with more than 38 million US dollars in members' savings and 469 US dollars as loan disbursed (BRAC, 1997).

BRAC's credit program is familiar one in Bangladesh. Following the Grameen Bank model most of the NGOs are engaged in a collateral free credit scheme where people have to mobilize them first and take loans on collective responsibility.

**Human Right and Legal Education (HRLE)** program is focused towards socially empowering the group members began in 1986. The aim of this program is to make the group members aware of their rights, providing the knowledge of basic laws that would enable themselves against many illegal, unfair, and discriminatory social practices. The specific objectives of this program are to:

- ◇ *to give the VO members access to information about law;*
- ◇ *to demystify the law through legal literacy class;*
- ◇ *to raise their awareness about their legal rights;*
- ◇ *to empower the rural poor legally and socially.*

**Poultry Program** is one of the largest programs of BRAC. As most of the members are women and they are predominantly occupied within the household, a poultry rearing is a simple income generating activity with potential for consistent long-term returns. As proper care to this sector (such as, reduced mortality through

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<sup>3</sup> *There are two ways a VO member saves money; she saves a minimum of Tk. 2 per week on the average and she deposits 5% of the loan she takes from BRAC into her savings account.*



vaccination and feeding) make this sector highly profitable BRAC provide training to its members in poultry rearing, vaccination, egg collection, and feed production. BRAAC also supplies better quality day old chicks and feed to the poultry farmers.

BRAC also provides assistance to the group members willing to produce vegetables under the **Agriculture Program**, with training, technical services, inputs and credit.

**Social Forestry** program involves the group members in preserving the environment in an effective way. The purpose of the program is to carry out extensive plantations on underutilized and marginal lands. For plantation the trees are chosen from the species that have long term economic value. The farmers plant trees on their homestead, on river banks, and in utilized spaces on farm lands, road sides, and embankments. A new dimension was added to this program when **Agroforestry and Block Plantation** initiative was launched in 1997, under the assistance of the European Union's Food Security Program. The purpose of this program is to plant trees that would, on the one hand, increase the availability of nutritional food for the group members, and on the other hand, provide long term economic benefit of the members through the sale of fuel wood. At the same time the increased number of nitrogen fixing trees will conserve and improve soil quality.

*Agroforestry* will plant strips of large trees at regular intervals on agricultural land while *Block Plantation* will utilize small chunks of land at the homestead.

**Sericulture Program** is another income generating program for the poor. In this program mulberry tree is planted and the leaves of these trees serve as the food for silk worms. Women are involved in guarding these trees on payment. They are given training as mulberry sapling growers and silkworm rearers.

**Fisheries program** of BRAC was initially commenced in 1976 by re-excavating some ponds. It has now become one of the attractive income generating activities for rural women and men due to its high return, less time consuming. An extended support from BRAC in form of training and credit are also responsible for this.

**Rural Enterprise Project (REP)** is newly added to the RDP. Based on successful experience of non-traditional projects like women-owned restaurant *SHURUCHI* (Bangla term of 'good taste') and women-owned grocery shop *SHUPANNO* (Bangla term of 'quality goods') BRAC initiated this program. In 1997, the project was experimenting with the piloting several projects including women run laundries, tailoring shops, carpentry workshops, and biodigester ovens. In fact, the experiment is going on to explore the possibility of creating avenues for the women which once thought unsuitable for them.

**Micro Enterprise Lending and Assistance (MELA)** is another program for the poor to stimulate growth of small enterprises in the semi-urban and rural areas. In this program the loan size ranges from 20,000 to 200,00 taka. It serves the purpose of creating wage employment opportunities for the poor and providing credit to entrepreneurs starting up or expanding their business.

**Income Generation for Vulnerable Group Development (IGVGD)** is the program specially designed to link many rural women who are not able to participate in RDP activities due to their extremely vulnerable status. This group is the poorest 10% of the populations, who have most disadvantaged and have no land or income. The IGVGD program is joint collaboration between the Government of Bangladesh (GOB) and BRAC, and is supported by the **World Food Program (WFP)** and **Palli Kormo Shohayak Foundation (PKSF)**.

### 5.5.2 Education Programs

Development of human resources through education and training underlies all BRAC programs and philosophies. The Non-Formal Primary Education (NFPE) is designed to serve the needs of the children of poor landless families who are largely unreached by the formal primary education system. A three-year NFPE is a para (hamlet) based education center within a cluster of participating households of its target population. An NFPE school is organized for 30 students under one particular teacher for consecutive three years. The schoolhouse is normally made of local materials through people's participation. The classes held at a convenient time of the learners. Girls are a special focus of BRAC's NFPE program.

BRAC believes that some basic education is necessary to prepare the people for participation in development. But it is said that BRAC's intention is not to replace/substitute the mainstream primary education system. The NFPE wants to bring within its coverage those (over aged) children and adolescents of the disadvantaged rural households who are 'by-passed' by the normal educational delivery mechanism. In fact the program is designed with a hope that a special grade I to III NFPE intervention would bring the so-called "lost" children back to mainstream primary education system.

BRAC started its NFPE program giving special importance to the educational needs of the girl child. The education intervention of BRAC is divided in to two distinct programs. NFPE for children between ages 8 and 10 and the **Basic Education for Older Children (BEOC)** for adolescents between 11 and 14 years of age. It is popularly called as Kishoree (adolescents) program. According to BRAC, NFPE complements the Universal Primary Education Program of the government by providing the basic education<sup>4</sup> to the poorest children of the

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<sup>4</sup> Basic education is a comprehensive approach. It includes, (a) essential learning tools e.g., literacy, oral, numeracy and problem solving, (b) contents of education e.g., knowledge, skills, values and attitudes. The

country. The program is designed to develop children's interest in learning through a relevant and innovative curriculum and through different co-curricular activities.

One important feature in NFPE program is that BRAC organizes **Parents Meetings** once a month for each school, where the parents discuss their children's progress, attendance, cleanliness, and other relevant matters.

To support similar programs by other NGOs, the **Education Support Program (ESP)** of BRAC offers training, counseling and provide financial and material assistance. BRAC also organizes **School Library** where the current students, ex-students have an opportunity to borrow books. There are also **Reading Circles, Union Libraries, Adult Literacy Centers** and **Schools for Former Garment Workers**.

BRAC has its own **Material Development Unit (MDU)** that aims to bring innovation in curriculum. The unit carries out continuous process of writing, field-testing, and monitoring the curriculum on subjects like Bengali, Social Studies and Mathematics, often with the help of renowned local and international educationists.

The success of BRAC's NFPE has gained international recognition and is now replicated in many areas outside the border.

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tools help equip an individual with an optimal mix of cognitive skills and values/attitudes. The level of basic education so defined should help an individual (economic and social agent) to survive, to develop his/her full potentials, "to live and work in dignity, to make informed decisions, to continued learning (UNICEF, 1990).

### 5.5.3 Health Program

Health programs of BRAC have provided some important health services to the poor people in Bangladesh. Since inception BRAC was concerned at the health problem of the poor people. Its **Experimental Health Care (1973-75)** scheme was aimed at providing community/village based family planning services. The **Integrated Health Care (1975-79)** was an attempt to integrate health services with economic programs directed to BRAC's target group.

The expansion of BRAC health intervention was perceived when **Oral Therapy Extension Program (OTEP)** from 1980 to 1990 made some impression at the national level. The "*lobon-gur*" saline was popularized by BRAC that is a simple yet effective solution against diarrhea and now saving hundreds of life.

BRAC provided all assistance to the **Extended Program on Immunization (EPI)**<sup>5</sup> in Bangladesh. BRAC research department in collaboration with EPI, carried out surveys on different areas to estimate the coverage of vaccination.

The **Women's Health and Development Program (WHDP)** was aimed at to develop and implement interventions which would address the reproductive needs of women, including safe motherhood, contraception and nutrition. The other objective was in mind that of treating basic childhood diseases and promoting the use of safe water and sanitation practices.

The **Reproductive Health and Disease Control (RHDC)** program offers comprehensive integrated services to the poor and marginalized population, for reproductive health and control of infectious diseases. The objectives of RHDC are:

*\* to reduce childhood and maternal morbidity and mortality;*

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<sup>5</sup> EPI is a program to extend vaccination facilities available at the grassroots to save lives of children from six deadly diseases namely- diphtheria, pretties, tetanus, poliomyelitis, measles and tuberculosis.

- \* *to increase awareness on sexual health among adolescents;*
- \* *to enhance pregnancy related care and contraception;*
- \* *to reduce prevalence of Reproductive Tract Infection (RTI) and Sexually Transmitted Illness (STI);*
- \* *to aware about the danger of HIV/AIDS; and*
- \* *the reduction of deaths from tuberculosis (TB) and Acute Respiratory Infections (ARI).*

**Essential Health Care (EHC)** program deals with the issues that pose hazards to public health but are easily manageable through the framework of a rural development program. EHC provides an 'essential package of health services' mainly through the *Shastho Shebikas*<sup>6</sup> or the village health volunteers. BRAC's experience is like that, health intervention becomes more effective, sustainable and can be made available to the doorstep, when women residing within the community are involved as volunteers (see BRAC, 1997).

BRAC is also engaged as partner in some programs that have national coverage like the **National Integrated Health and Population Program (NIPHP)** and **Bangladesh Integrated Nutrition Program (BINP)**. NIPHP initiated with the goal of enhancing the quality of life of poor and under-privileged members of the society, by helping reduce fertility and improve family health by directly supporting government's national health and population program.

The objectives of BINP is to significantly reduce malnutrition in Bangladesh, so that nutrition cases to be a public health problem- especially for children under five, women of reproductive age, and adolescent girls.

#### 5.5.4 Support Programs

BRAC being a large organization with multidimensional intervention in alleviating poverty in Bangladesh is of course well supported by some other programs working behind the screen. For smooth running of all the programs BRAC has developed a wide range of support services, both administrative and technical. The massive expansion has been possible due to the highly developed support system of BRAC. The major support system include:

- ◆ Training;
- ◆ Research and Evaluation
- ◆ Monitoring
- ◆ Public Affairs and Communication;
- ◆ Publications
- ◆ Commercial Projects

Training is an integral part of any organization. The first **Training and Resource Center (TARC)** was set up in 1978 aimed at to train BRAC staff and the program participants on a diverse range of activities. BRAC has now 12 TARCs and a **Center for Development Management (CDM)** which has significantly intensified its capacity to train its thousand of staff, volunteers, and group members all over the country. BRAC's philosophy of training is participatory that enable the staffs to work for developing a participatory approaches in development intervention. Each year, BRAC offers training to different governmental and non-governmental organizations.

The Training Division conducts an international program Global Partnership. It is a joint initiative of BRAC, the Organization of Rural Associations for Progress (ORAP) Zimbabwe, and School of International Training (SIT), and USA. The program provides a Post-Graduate Diploma in NGO Leadership and Management

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<sup>6</sup> The Shebika deployed at the community level mostly from the community she belongs to take care about the health matters of the group members of RDP programs. She is trained in identifying and curing some common diseases and on creating HIV/AIDS awareness in her working areas.

(NLM). The Diploma program takes place in CDM, while the Masters Degree is awarded at SIT.

The **Research and Evaluation Division (RED)** is a full fledged research unit of BRAC. It has the capacity to under take research of international standard. BRAC conceived well the conception that ‘research and development go hand in hand’. RED with it’s head office and field staffs conduct long and short term research, surveys, Impact Assessment Studies etc. And provide vital insights into the world of development to BRAC and others. RED publishes a Bengali research Journal “**NIRJASH**” for sharing its finding with BRAC staffs at all level.

Proper monitoring is a useful guide to enhance the performance level and also to maintain the existing standard as well. So does the **Monitoring Department** of BRAC by informing the program performance to the BRAC management and also to the staffs. In BRAC monitoring is not only conducted on the core programs, but also on effectiveness and efficiency of various departments, their staffs, and their performance.

**Public Affairs and Communication Department** muckrakes BRAC to the media, academics and development practitioners through documentation of its activities both in and outside the country. Exposure programs and detailed briefings on BRAC are held regularly, and the department also maintains regular contact with the media, and informs them of new developments in the organization. The department publishes “**ACCESS**”, an English newsletter that represents BRAC to an international readership.

The principal responsibility of **Publication Department** is to prepare low cost reading materials. TO promote reading and sustain reading habits of the peoples (who got out of ignorance recently), the department participates in Book Fairs all over the country.



Among the other supporting departments that are common to all organizations, are **Personnel Department, Logistic Department, Procurement Department, Accounts Department, and Audit Department.** These departments have extended immense support to the growth of BRAC what it is now.

According to BRAC, it is gradually becoming less-donor dependent through its **Commercial Programs.** And nowadays it is more interested to scaling up this program with no valid reference to where the revenue of these ventures has been used. The vision and mission of BRAC has been reshaping from the very days when it started of thinking for such enterprises. BRAC's commercial programs (so far officially admitted) are:

- ✧ **Cold Storage**      ✧ **BRAC Printers**
- ✧ **Arong**              ✧ **BRAC Dairy and Food Projects**
- ✧ **BRAC Bank**        ✧ **BRAC University**

## Chapter 6

**BRAC: The Mission Derailed****6.1 Introduction**

Bangladesh Rural Advancement Committee (BRAC) one of the largest NGOs in the world has been working in Bangladesh for almost 28 years. NGOs in the world are now getting prominence in the world for their roles in poverty alleviation (Edwards & Hulme, 1996). And very likely becomes the ground for NGO activities due to its proven poverty and governments inability to discern the job what it should be.

In an age when the triumph of market is unanimous, there is no room for any choice by the poor. And it is the market that is seen as the most efficient mechanism for achieving economic growth, producing goods, and providing services. Market is thus seen as the secret of all happiness like 'Aladin's Lamp'. The failure of market is overshadowed by saying "Imperfect markets are better than imperfect states" (for details see Colclough, 1991). So the market has been decided to mitigate the sufferings of the poor through the non-government sector. For example, we see health and education services are provided by NGOs in Bangladesh and BRAC has been pioneering in these sectors.

**Table: 6.1: Growth of Schools, Students & Teachers in NFPE**

Year	School	Students	Teachers
1990	4,209	1,01,452	--
1994	28,274	8,96,385	27,031
1996	34,175	11,08,685	32,983
1997	34,334	11,03,378	35,535

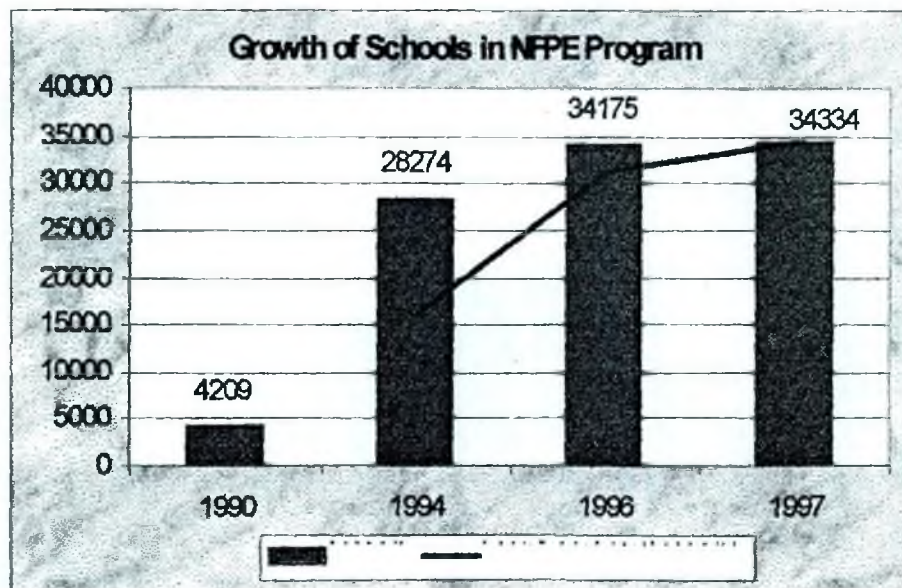
Source: BRAC Annual Reports

## 6.2 BRAC Intervention in Education

In education sector, BRAC is engaged since mid Nineties in Bangladesh. They introduced Non Formal Primary Education (NFPE) in 1985. The premise of such program is that the government-sponsored schools are not in a position to accommodate the large number of students. It is alleged that the curriculum in government primary schools are not interesting to the children and the number of students in each class is also so high that teachers can not attend students well. So drop out is evident in government primary schools.

So, BRAC introduced NFPE program to improve the situation of basic literacy and numeracy in the country. Non-Formal education is a component of the education system of country (UNESCO, 1994, P. 8). By 1997 BRAC established 34,334 NFPE schools around the country, where 1,103,378 students enrolled. It is no doubt a great achievement. But if we see the following figure and the trend line for understanding the growth of schools, we find that from mid Nineteen Nineties

**Figure 6.1: Growth of Schools in NFPE Program**



Source: BRAC Annual Reports

the number of schools is declining and falls in a stagnant situation. The reason behind it might be, due to the introduction of Food for Education program by the GOB. The same is applicable to the number of student (see Figure 6.2). This is NGOs in Bangladesh can never be the provider of services better than government what the donor communities wrongly perceived. This figures indicating that the entertaining curriculum of BRAC as it demand don't ensure persistent growth of students in the NFPE schools.

But still BRAC is planning to introduce a five-year complete package of primary education in Bangladesh. And Mr. Abed<sup>1</sup> is hopeful about the extreme success of his product (the five-year schooling of BRAC). The below standard of student enrollment is not due to the design of the government rather it is a default as the governments of developing countries like Bangladesh, lacked the resources to provide universal coverage (Edwards & Hulme, 1996).

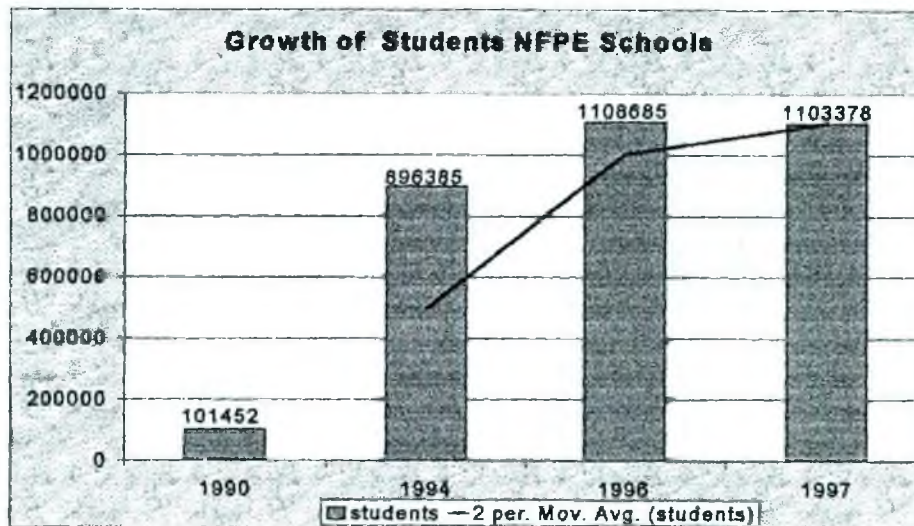
Besides that we are learning huge success stories of Bangladeshi NGOs in education sector. We learned a lot of new concepts like non-formal primary education, adult literacy, literacy program for adolescent's etc. But the reports revealed that we are among the worst countries even in South Asia, in terms of adult literacy and combined enrollment (see Annex. 5). Even Nepal also beat us in enrollment of new students. So where are the NGO successes. If we keep aside the governmental efforts in education the picture will be even gloomy. And still donors are giving funds to the NGOs by reading only the Expert reports. It is very interesting to note here that in the Project proposal submitted to the donors for the Year 1996-2000, no fund has been allocated to the NFPE Program (BRAC, 1995). Does it mean that BRAC going to abandon the NFPE in future? The possibility might be like that as NFPE is not a program for earning rather it requires feeding money only. Then what will be happened to their commitment empower the poor,

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<sup>1</sup> Mr. Abed, the Executive Director of BRAC in an interview with *The Daily Star*, 9 April, 1999.

social mobilization and development that are to BRAC, neglected.

**Figure 6.2: Growth of Students in NFPE Program**



Source: BRAC Annual Reports

One reason may be that the government of Bangladesh funds the NFPE program of BRAC. In that case BRAC is no more than a contractor of government programs. In Bangladesh we have no good experience of what contractors usually do here. We have every faith in BRAC that it is unlike the traditional contractors. But what will then be the status of BRAC as a non-governmental or not for profit organization?

About NFPE program very few independent research have undertaken so far. Such a report says about the negative impact of BRAC NFPE program. Most of the BRAC schools set up in rural areas do not hold classes regularly. Some of them also remain closed after operating a few months. It is also alleged that the highest authority of the NFPE program also exploits the teachers. They are not given right answer for their services. They are paid a small stipend, only TK. 350 per month in the first year, and Tk. 375 and Tk. 400 per month for the consecutive years of their services (see Khan & Amin, 1997).

In Adult literacy campaign BRAC started its journey only in 1995. The government funds all 2,625 Adult Literacy Centers of BRAC. And BRAC did not concentrate on any specific area. Rather these centers are scattered all the country round (BRAC, 1997). It is clearly indicates that Adult Literacy Centers are one of the neglected programs of BRAC. Beside this government sponsored Total Literacy Movement (TLM)<sup>2</sup> has proven track record as they concentrate on specific areas. For example, TLM program in Magura launched popularly known as “Bikoshito Magura” (Delighted Magura) in March, 1997 and by November, 1998 more than 200,000 adult men and women were given education to free the district from the curse of illiteracy (The Daily Star, Dec. 6, 1998). Such program has also been started in Netrokona district known as “Ujjibito Netrokona”(Netrokona Inspired) and also in some other districts in Bangladesh.

Considering the debacle of education programs BRAC is now planning to collaborate with the government in primary education. It has taken 200 school from the government primary school to run. These schools were to BRAC, were not running, closed because of lack teachers, lack of interest by the community (The Daily Star, 9 April 1999). So BRAC has taken the responsibility to educate the rural children by furnishing with new benches, tables and blackboards. And Mr. Abed would really like that “government also provide teachers’ salaries for the teachers and books to children who go to the BRAC schools”.

Here is the dilemma of NGO activities in Bangladesh. On the one hand they are telling that government schools are not running because of lack of teachers and interest of the community. And on the other hand they likely to have salaries for teachers from the government but the school will be named after the NGO

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<sup>2</sup> TLM is a comprehensive Mass literacy program aimed at providing basic literacy and numeracy to the illiterate masses and thus creating social awareness to alleviate poverty. The classes are being held at night for men and at a convenient time for women during day-time. The students are provided with books, stationeries, lamps with fuel. Class duration is for two hours. The concerned Deputy Commissioner has the sole responsibility to implement the program.

involved, such as BRAC schools. If government could provide salaries for teachers it can recruit more teachers for those schools. Then what compels the government to give these schools to others to run. Lack of teachers and the interest of the community are closely interrelated. If there is no teacher in the school nobody will send his child to such school and eventually will loss interest in it. This loss of interest does not mean that they want something different.

Mr. Abed also likes to take Bangladeshi taxpayers money to educate the children of Bangladesh. He feels pity for taking money from British taxpayers money to educate our children. If BRAC gets the money from the local taxes then what will be the status of BRAC? Will it still be regarded as NGO? If government can fund BRAC schools for educating the children, then should it be wise to say that government 'unable' to provide education to all children. If the case is so that government will collect taxes for funding education projects of NGOs, then why not government should let that done by NGOs themselves. Do they not really want it? In such a situation should there any need to call them as NGOs? And should these be called voluntary activities any more?

### **6.3 Credit Business of BRAC**

Providing 'credit' to the poor is the common activity found in almost all the NGOs in Bangladesh. Following the fallacy given by Professor Md. Yunus that 'the poor of Bangladesh are bankable' and inspired by the success of Grameen Bank NGOs in Bangladesh have taken the mission to alleviate poverty through 'micro credit'. It is basically a neo classical economic approach. Credit raises the family income. The income is allocated to satisfy the different needs of the household, there by increasing the welfare of the family. A general income increase pushes the rural economy and leads to overall economic growth (ASA, 1997).

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The majority of the rural poor is landless and are dependent on agriculture, as low paid labor for their livelihood, Bangladesh is an ideal place for credit business. All thinks that the only way to get rid of this crisis it is required to engage themselves in non-agricultural profession and income. And for such engagement of these groups of people, institutional credit is essential. Credit is seen as a fundamental right of the poor beside other basic human rights. "Credit is far better than any kind of relief because weakens the recipient".

Credit makes the poor responsible, self-interested, active, self employed and production oriented" (Observer, Sep. 4, 1997). So the logic is that credit should not be considered as relief and it must involve a cost. The NGOs in Bangladesh therefore engaged in distributing credit without any collateral unlike traditional system.

**Credit is not a panacea**

*Poverty alleviation requires a toolbox. Credit is a powerful tool, but it cannot be the only one. It is used effectively when it is made widely available to the working poor, the hungry, the destitute, the aged and the ill, those who live in regions severely deprived of resources, and those escaping from natural or man-made catastrophes have prior needs: food, medicines, shelter, employment.*

Source: Dhaka Courier, 21 February 1997, p. 9

Though credit is regarded as only means to alleviate poverty in Bangladesh especially by the NGO sector, there are other views on such propositions. Dr. Nizamuddin Al-Hossainy, the Additional Director, Department of Women's Affairs, Government of Bangladesh think – "For the poorest, micro-credit for self employment is not

going to be their first need, or indeed what they need at all- a secure means of saving, or consumption loans to see them over all illness for example, might be much more important (Observer, Feb. 7, 1997).

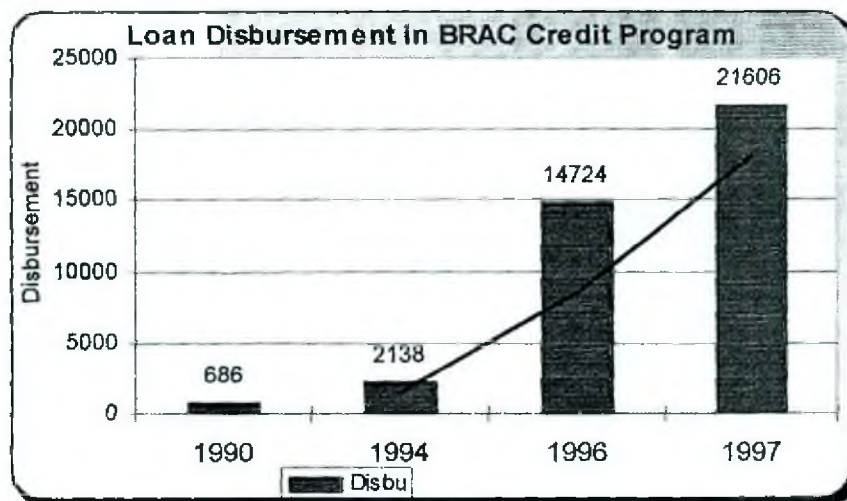
The concept of collateral free credit with collective responsibility to the group is now popular all over the world. The program has its objective in mind that to save the poor from the moneylenders who charge high interest on their loan given to the



poor people in rural Bangladesh. BRAC is one of the four “big players”<sup>3</sup> in Bangladesh which focus on “Credit to the poor”, with about 2.23 million members and an annual credit disbursement of Tk. <sup>4</sup>6888 million in 1997 (BRAC, 1997).

BRAC has been targeted to disburse Tk. 3.8 Billion and Tk. 4.6 Billion in the year 1996 and 1997 respectively (BRAC, 1995). It is clearly the shows that how strongly the credit program is streamlined in BRAC. It has exited the target, disbursed Tk. 3.8 that proved the ability of streamlining the credit program. But BRAC failed to keep the amount of outstanding loan to its targeted limit. Whether it tried to limit its outstanding loan under Tk. 2.5 Billion and Tk. 3.0 Billion in 1996 and 1997 respectively it rose to Tk. 3.2 Billion in 1996 and Tk. 3.9 Billion in 1997. It is the clearly discharge the conception that NGOs and BRAC as well, are efficient manager of credit function.

**Figure 6.3: Loan Disbursement in BRAC Credit Program (in Million Tk.)**



Source: BRAC Annual Reports

BRAC’s fascination in credit operation could be materialized when we see the amount it is getting as interest on loan and the realization of service charges the

<sup>3</sup> The four big players are Grameen Bank, BRAC, Proshika and ASA are standing according to the amount of loan disbursement. For details see- ASA, 1997

<sup>4</sup> Tk. means the lowest unit of Bangladeshi Currency. 1 US \$ = Tk. 48

are receiving annually. From the five year Project Proposal (BRAC, 1995) we find some statistics rather it is quite impossible to know the fact.

**Table 6.2: The Projection of RDP IV (1996-2000)**

	1996	1997	1998	1999	2000
Disbursement (Billion Tk.)	3.8	4.6	5.2	5.7	6.1
Outstanding (Billion Tk.)	2.5	3.0	3.5	3.8	4.2
Savings (Billion Tk.)	1.0	1.2	1.4	1.7	1.9
Average Loan Size (Tk.)	3300	3400	3700	3900	4500

Source: BRAC, 1995

In some development literature the NGOs capacity in reaching poor is highlighted (Smillie & Helmich, 1993; Farrington & Bebbington, 1993). But in fact the NGOs in Bangladesh, including the big players and BRAC as well, have very limited capacity to reach the poorest of the poor, the most vulnerable group in the society. In the “**International Workshop on Poverty and Finance in Bangladesh: Reviewing the Two Decades of Experience**” held in Dhaka, after analyzing the

**Table 6.3: Outstanding Loans in BRAC Credit Program**

Year	1996	1997	1998	1999	2000
Projected	2.5	3.0	3.5	3.8	4.2
Achieved	3.2	3.8	?	?	?

Source: BRAC Annual Reports

activities of BRAC and other NGOs concluded that “ they (NGOs) have made a significant contribution to poverty alleviation but have had a much more limited impact on poverty removal”. The workshop summery also notes that “the high expectations held of Micro Credit Institutions (MCIs) has at times led to the false impression that they can solve the problem of poverty’ (see, Khan & Amin, 1997).

Ian Smillie while writing 25 year progress report of BRAC found that it is synonymous with efficiency, effectiveness and all the best meanings that can be attached to the word ‘development’ (Smillie, 1997). He also added the new

targeting policy of BRAC, was aimed primarily at the very poorest. But researchers are not on the way of such claims. Among Bangladeshi researchers Hashemi (1992) found that large NGOs in Bangladesh fail to reach the poorest in their efforts to achieve rapid expansion in geographical coverage—the drive for “breadth” rather than “depth”. Dr Hossain Zillur Rahman and Dr. Mahbub Hossain of BIDS on their study on poverty pointed out that, inspite of the almost exclusive status of credit within the menu of poverty alleviation programs, access to credit is still limited to only a quarter of rural household, indicating still significant scope for expansion of such programs. Credit access is relatively higher among the moderate poor and this group received 31% of total loan disbursed (Grameen Trust, 1996, p. 10).

#### **6.4 The secret of choosing women as clientele**

BRAC likes to manifest itself as an advocate of social change. For bringing effective social change the first priority is to consume all kind of discrimination in the society be it sexual, racial or any other kind. For effective social change in Bangladesh, empowerment of women is the first thing to do. No doubt, the poorest women are disadvantaged especially because they do not have access to information and resource. So they are lagging behind in the process of development. BRAC would like to involve these women and enhance their participation in the development process. Ultimately the participation will bring them out of the cycle of poverty. It thinks they have a strong desire to increase their well being and are willing to engage them in activities that would empower them socially and economically. BRAC deems empowerment is rooted in sustainable gain for women through measures like awareness building, credit and savings, and profitable income generation. Therefore, women are the best chosen clientele in credit program of BRAC.

In credit program BRAC's Program Organizers (POs) are trained in such a way that they think 'credit' is the one and only way to 'haven' that is empowerment for the poor rural women. But researchers doubt about the mission of NGOs who are working towards empowerment of women. As Rutherford finds not for empowerment but some other practical reasons are almost wholly responsible for the move to an exclusively female clientele. These practical reasons are (for details see Rutherford, 1996):

- (a) women are at home during the day and can be reached during normal working hours;*
- (b) they appear more likely to repay loans on time;*
- (c) they are more pliable and patient than men and so less likely to make awkward demands on the scheme managers; and*
- (d) they can be serviced by women staffs who are cheaper to employ than men;*
- (e) Bangladeshi women are usually simple and trustworthy;*
- (f) they have no numerical knowledge to rightly calculate the installments and interest rates.*

Until 1997 BRAC has given credit to 2.23 million borrowers who are organized under 63,846 village organizations (VOs). Currently 95% of the VO members are women (BRAC, 1997). In business no body likes to invest money where there is risk. To make it's investment risk free BRAC has chosen women as clients. The recent World Bank study also reveals that "*defying conventional wisdom, who make up about 90 percent of the total borrowers, have proven to be excellent credit risks, with a rate of default that is less than one third that of man*" (Khandaker, 1998).

What happened to women empowerment has rightly been seen as Geoff Wood says, "*Many loans were given to women are captured by men. They take it and use it but it is the women who have to meet the repayments, sometimes denying themselves food to pay the loan*".

Again, Anne Marie Goetz of the Institute of Social Studies of the University of Sussex during her research in Bangladesh found that “*tension can build between wives and husbands when the men do not pay up. Examples abound where women have taken loans and ended up worse off than ever*”.

This way the big players like BRAC pave the way for so called women empowerment programs for their business interest. For empowering women BRAC only looks for the prospective loanees. It thinks the only impeding issue to this end is lack of credit. A recent country wide study<sup>5</sup> conducted in alliance by Ain o Salish Kendra (ASK), Bangladesh Legal Aid Service Trust (BALLAST), Odhikar, Madaripur Legal Aid Association (MLAA) shows that violence against women was so severe that among the violence occurred in 1995-95 and 1996-97 respectively the incidents of RAPE was at the top. The percentage of rape was 32 and 49 respectively in the mentioned years. But we never experienced any move on the part of the NGO community or from BRAC as a leading NGO in Bangladesh.

Sometimes the NGO community raises their vocal indicating that due to ‘Fatwa’<sup>6</sup> impedes the process of women empowerment and it is the devastating issue of violence against women. But the report Human Rights in Bangladesh 1997 states that only 2% and 4% incidents occurred due to Fatwa. They are not raising vocals against Domestic violence 15% and 32%, Dowry 20% and 12% and Acid Burns 6% and 8% respectively as stated by the report. So in the name of empowerment NGOs are serving some different purposes other than women’s empowerment. And especially BRAC through their publication and media is very critical against Fatwa but hardly mentioned the other issues.

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<sup>5</sup> For details see, the excerpts from the report *Human Rights in Bangladesh 1997*, published in the Daily Star on 24<sup>th</sup> August, 1998.

<sup>6</sup> The literary meaning of Fatwa is the verdict based on Shriah, the Islamic code of conduct and ethics. Some times the little learning so-called religious leaders misleads the people by giving distorted explanation of Shriah.

### 6.5 BRAC Credit Program and the poor

In all group based micro credit program participation of non-target<sup>7</sup> population is not a new phenomena. All pro poor programs earlier are the victims of such trend. NGOs are always critical to this trend and they think themselves as champion in reaching to the poorest of the poor. The true scenario is like that in all programs whether it is NGO program or governmental program, the non-target people has largely been participated. It was found that among the poor population, comparatively less poor have been participated and among the non-poor population, comparatively less poor have been participated. The beneficiaries of BRAC credit group all fall on this category.

**Table 6.4: Beneficiary Status in Poverty Alleviation Programs**

Organization	Target		Non-target	
	Number	Percentage	Number	Percentage
<b>BRDB</b>	<b>41</b>	<b>69</b>	<b>18</b>	<b>31</b>
<i>BRAC</i>	<i>174</i>	<i>67</i>	<i>86</i>	<i>33</i>
<b>Ministry of Youth</b>	<b>108</b>	<b>86</b>	<b>17</b>	<b>14</b>

Source: BIDS, 1990, p. 30 (compiled)

Montgomery and others (1996) found that 20% of the participants in BRAC program own more than .50 acres of land. The BIDS (1990) report also reveals the same view. The table (Table 6.4) shows that non-target participation in BRAC program is higher than from governments programs. So the claim that BRAAC is efficient in selecting the target people (landless & assetless) is nothing but eyewash.

It is true that not all the rural poor have the ability to utilize the money profitably and get the right benefit from it. Because working loan money in fruitful activity need productive capacity that usually most people are deficient. Thus micro credit programs should target only those poor who have some ability to initiate activities

<sup>7</sup> Target people means those who own less than 0.5 acres of land.

with growth potential but want capital. In such case all the poor are not the targets of micro credit programs. But these are not clearly documented in the NGO literature. The NGO literature is always full of jargons like they are 'working for the poorest of the poor'.

**Table 6.5: Influence of Credit on Household Income**

Categories of Credit Recipients	Financial Income		Real Income	
	BRAC	TRDEP	BRAC	TRDEP
First Time Credit Recipients	13.8	30.6	6.6	22.4
Third Time Credit Recipients	19.8	38.7	12.3	30.0
All Times Credit Recipients	15.8	33.9	8.6	25.5
<b>Average</b>	<b>16.46</b>	<b>34.4</b>	<b>9.16</b>	<b>25.96</b>

Source: *Montgomery & others, 1996*

In case of increasing income of the target poor, the experience of NGOs is another mess. Though NGOs usually criticize the government programs, empirical investigation does not support that NGOs are doing better than government. The study of Montgomery and others (1996) shows that the TRDEP<sup>8</sup> is more successful in increasing income of the credit recipient than BRAC. From the following table (Table 6.5), we see that the financial income has raised in BRAC beneficiaries is 16.46% while in TRDEP beneficiaries it is 34.4%. In terms of real income BRAC beneficiaries score 9.16 and TRDEP beneficiaries score 25.96.

From the above table it is clear that to get benefit from micro credit they have to be attached to the organization for many years. In case of BRAC the first time recipients are less benefited than the third time recipients.

While analyzing the influence of credit on poverty Asaduzzaman (1997) mentioned that in terms participation in credit program and its influence on poverty, the track record of BRAC is worst among similar organizations. Thus

<sup>8</sup> TRDEP: Thana Resource Development and Employment Project, a governmental program for the poor following the group based NGO model.

independent researchers have not empirically proved the worldwide propaganda of NGOs supremacy in managing the poverty alleviation programs. And BRAC is an ideal example to supplement the above statement.

The NGOs also are not running their business cost effectively. The study on comparative operational cost per group member enrolled in various NGO and government programs by Alam (1988) showed that the operational cost of NGO

**Table 6.6 : Cost of Operation of NGOs and GOs**

<i>Name of the Organization</i>	<i>Cost per Member (Tk.)</i>
<b>Grameen Bank</b>	<b>383.56</b>
<b>BRAC</b>	<b>936.88</b>
<b>RDRS</b>	<b>1962.41</b>
<b>Proshika-MUK</b>	<b>308.45</b>
<b>Swanirvar</b>	<b>22.42</b>
<b>BRDB</b>	<b>173.24</b>

Source: Alam, 1988, p. 88

sponsored programs is very high (Table 6.6). The operating cost of BRAC programs per member is Tk. 936.88. The poor group members are paying this cost as they are paying higher interest than other sectors. It is sure that by paying this amount unknowingly, the helpless poor are becoming more vulnerable.

If we consider the poverty, based on the extent of receiving credit it is also revealed that compared to the similar organization BRAC's performance is not satisfactory. From the research of Khandaker & Chowdhury (1996) it is found that Among BRDB, Grameen Bank and BRAC, the record of the last mentioned organization is worst. From the table it is not difficult to understand that the participants of BRAC group based credit are not getting out of poverty (see, Table 6.7).



**Table 6.7: Poverty based on the extent of receiving Credit**  
(Percentage of participants; Month based)

Organization	Moderate Poverty			Absolute Poverty		
	<12	12-24	24+	<12	12-24	24+
BRDB	83	—	67	63	33	6
Grameen Bank	80	88	59	20	35	8
BRAC	63	86	70	12	14	14

Source: *Khandaker & Chowdhury, 1996, p. 263*

Again the research of Montgomery & others (1996) shows that BRAC's financial management is not that efficient as required. Sometimes it shows some improvement but in common practice it not sustainable in the long run. The interest rate of BRAC credit program is 20% as recorded. But in practice it is found that in a no-loss no-profit situation the interest rate of BRAC credit program should be 52% in average (see Table 6.8). So, not the management capacity but the subsidy from aid money only could sustain the BRAC credit program and so is happening.

**Table 6.8: Sustainability of BRAC Credit Program**

Year	Required Interest Rate		Subsidy-Dependency Indicator	
	BRAC	TRDEP	BRAC	TRDEP
1986	44	51	—	—
1987	11	302	—	—
1988	96	108	233	107
1989	45	48	200	311
1990	10	31	539	271
1991	10	62	642	131
Average	52	100	408	199

Source: *Montgomery & others, 1996, p. 121*

Another study (though some older) conducted by Canadian International Development Agency showed the aspects of sustainability of NGO programs (Table 6.9). The study presented the perception of group members about the future of their programs. The group members were of the view that their income would decline if NGO withdraws from the area. Nobody answered affirmative that his/her income would be further improved. In case of BRAC programs 62% of the

respondents opined that their income would decline if it withdraws from the working area. And only 38% said that the income would remain unchanged.

**Table 6.9: Sustainability of NGO programs\***

(According to the Perception of group members)

Name of the Organization	No. of Respondents	If NGO withdraws from the area what would be the income status		
		Would be further improved	Would remain unchanged*	Would decline
ASA	49	--	2 (4)	47 (96)
BRAC	39	--	15 (38)	24 (62)
PROSHIKA-MUK	45	--	20 (44)	25 (56)
RDRS	20	--	20 (44)	6 (30)
GRAMEEN BANK	25	--	7 (28)	18 (72)

\* Number in the parentheses indicates percentage.

Source: CIDA, 1985, p.49

The group members view were also found justified when it was revealed that “nowhere has BRAC phased out, which proves that before a group becomes self-reliant, much has to happen. The existing group have not expanded on their own, nor have they succeeded in changing their economic condition more than marginally” (Chowdhury, 1996, p. 109). After almost three decades of operation the situation remains the same. From this situation one may conclude that, NGOs don't really want to change the life of the poor significantly, or they have limitation in their capacity to do the same. The other answer may be that any significant change in the rural life will make the presence of NGOs difficult. The reason is that if a poor man/woman become self-reliant s/he will never come back to receive NGO credit. NGOs are not so foolish to do loose their prospective clients by making them self-reliant.

Although NGOs say like that they are supplementing government initiatives to alleviate poverty. In NGO literature it is found that the program will phase out after gaining certain level of upliftment of the poor. Such program will then be initiated in other new areas.

But no instance however, is found that an NGO leaves an area after attaining some level of success. Rather they are building permanent structures of their own. For BRAC it is true like day light as we see- “ BRAC policy makers have developed from the days when they spurred institution building, leaving it to the government authorities, now they are aiming at building permanent structures” (Chowdhury, 1996).

With huge money infused through NGOs they become new elite in the rural areas. Aditee Nag Chowdhury see this trend in case of BRAC as she wrote, “ *With superior resources, BRAC has become a new elite in the villages, taking the place of political parties without a strong program to defend its activities. By involving them in rural development business NGOs have taken the place of political parties*”. Though NGOs usually unlike politics they like to be involved into political activities. In this end NGOs demand themselves as civil society. From civil society as defined by NGOs, political parties are excluded but these societies should have a political entity. So they like to be involve in politics without forming a political party (for details see, Mazhar, 1999). So BRAC is not taking place of political parties as stated above but by playing this role it is only strengthening the NGO defined civil societies.

The poor capacity in credit management also found in supervision of the member's activities after giving credit. In research report of Zaman (1997) as mentioned “..... almost 90% of credit disbursed went for activities that are not complemented by BRAC's training, extension or marketing services”. Though in BRAC literature always referring to that it is practicing a 'credit-plus' approach<sup>9</sup>. In such a situation the poor will find her/him in a confused situation about how to

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<sup>9</sup> It implies such a credit program where the credit receivers are well supported by training, technical assistance and marketing services

use the money. Before ending the confusion the loanee has to start repayment on installment. So the poor wo/man has the only option to lessen the amount for investment without starting her/his venture.

In earlier discussion we see that the poorest section usually not benefited from credit program though all the NGO programs are aimed at to mitigate the sufferings of this section. In BRAC's case it is found that accepting more than 10,000 taka as credit could guarantee some improvement to poverty reduction amongst the group members. But the average loan size of BRAC hardly crosses the said limit. And the 'ultra poor'<sup>10</sup>, does not be evident to have benefited from BRAC credit even those who had taken more than 10,000 taka (see, Zaman, 1997).

Some times BRAC (and other big players as well) provide large amounts of credit to its group members which is beyond their capacity to productive sector. An in fact the poor rural families do not have the capacity to utilize a large amount through investment as capital. When the loan amount is beyond the capacity of the loanees to make proper utilization, the loanees can not generate the desired income (ASA, 1997a, p. 39) and become more vulnerable. Because whether the loanees could make productive use of the money or not they have to pay the installments in time (usually from the next week of receiving the loan). Then the same will be happened as mentioned earlier.

One other aspect is that repayment must start within the first week of taking the loan, which includes people to save in order to repay credit and ensures therefore, that projects stay small. It mean that a lot of micro credit is not going into projects, or if it does, it goes into very small scale petty trading projects in localized, over

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<sup>10</sup> Those who own only less than .10 acres of land.

subscribed activities. This reduces bargaining power and open up possibilities for exploitation-as warned by Wood.

The high repayment rate of micro credit is an important aspect of NGO led development episode in Bangladesh. Most NGOs recorded high repayment rate of more than 95%. In case of BRAC the repayment rate is over 98%. It is the group pressure, which creates incentives to repay loans. To enforce group pressure and to keep discipline among the credit recipients there required some managerial supervision (see Khandker, 1999, p. 153). This adds extra costs as well as extra burden to the recipients. Continuing pressure means the program for graduating the group members is not working well. Thus NGOs and BRAC as well are spending money in two ways. On the one hand, they are spending money to graduate the group members and on the other they are spending money to keep constant pressure to repay the loan in time. In fact the poor carry on both the costs of such program.

Thus we can say that what BRAC is doing, is not at all alleviating poverty that it really aimed at. Credit program in this age, is more like a profit making business. And NGOs in Bangladesh and BRAC as well, are doing the same. And the basic difference between the traditional credit operation is that the commercial or industrial entrepreneurs are of a strong base in the society, who need not pay back<sup>11</sup> the money they take and the BRAC group members are the vulnerable section who have to pay back the same. The state is so weak that it can not harm the defaulters of commercial or industrial loans. And the NGOs have this strength to get back the money they invest in credit poor whether the means of getting back the money is rational or inhuman.

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<sup>11</sup> Top 20 defaulters have Tk. 898 crore (\$ 18,708,333.33) overdue loans to (NCBs) "Nationalized Commercial Banks" (The Daily Star, May 17, 1997).

Here in Bangladesh, the poor men have been provided with Tk. 244,40,00,000 as credit in 1995 by some 1000 NGOs engaged in micro-finance delivery (CDF, 1997; World Bank, 1996c). Because of higher interest rate NGOs in Bangladesh have been making a huge profit.

From five years of operation (1996-2000) BRAC has been expecting to collect Tk. 588 Million as interest on loan. So by investing Tk. 1736 Million as credit fund it is going to receive Tk. 588 Million that is the rate of interest is almost 34 percent (BRAC, 1995). Here is the secret of continuing efforts in alleviating poverty through micro-credit from the NGO sector. Any body will hardly find such a risk free investment and furthermore a huge yield in turn. This is the real picture of poverty alleviation in Bangladesh from the NGOs point of view. So somebody called the NGOs as “New Money Lenders” or “New Kbuliwalas”<sup>12</sup>

The ‘Kabuliwala’ syndrome is found in every NGOs in Bangladesh. These NGOs are feeling great that they are taking less interest than the traditional moneylenders. But the other features of the Kabuliwalas remain the same in NGOs. In a comprehensive survey Ruhul Amin showed that NGOs in Bangladesh are using coercive measures for collecting loan money from their beneficiaries. The NGO staff on the particular of loan repayment goes to loanees house and never went back without the sum. He listed a few common unfair tactics usually NGO staffs undertaken as (for detail see, Amin, 1997:103):

1. *Loan repayment has to be paid on the fixed date even if someone is dead in the house;*
2. *In case of failure of pay installment, NGO staff come and sit tight in the house until it is paid;*
3. *Sometimes, installments are to be paid by selling valuable things;*

<sup>12</sup> Kabuliwala means the people of Kabul, Afghanistan. During the colonial regime the kabuliwalas sold fruits and some others came here to lend money to the poor Bangladeshis. They charged so high interest rates that people still remember and refer them while found some similar incidents. They were also famous for using coercive measures to recover loan. The date of repayment was never re-scheduled by them. On the date they usually came to the loanees house and never left the place without getting the money back.

4. *NGO staffs are cruel and break houses of loanees and even house is taken away if installments are not paid in time;*
5. *They impose fine if installment is not paid in time;*
6. *They compel women to do exercise by raising hands in front of man.*

These are not all. Sometimes it is found that the beneficiary leaves the village in fear of being harassed by NGO staff. Even we have seen the news that an NGO beneficiary committed suicide after failing to repay the installment on the fixed date. This is the reflection of Kabuliwala syndrome in NGO activities in Bangladesh. And if the proclaimed mission of NGOs is poverty alleviation, there should be some human face in it. It is not fair to say that NGOs are trying to alleviate poverty through creating a situation that the poor voluntarily commit suicide and in this way poverty will be eradicated. But if the poor fled away from the village and commit suicide who will be self-reliant and sustainable by NGO intervention.

#### **6.6 Changing Dimensions in BRAC activities**

The credit business is so bountiful in profit that BRAC is now going to open a Commercial Bank<sup>13</sup> to be named as “**BRAC Bank**”. Thus BRAC has become the trendsetter in NGO sector by becoming the owner of private sector (for profit) Bank from the rhetoric not for profit<sup>14</sup> organization. When a massive world-wide demand for banking services for the poor is increasing (Robinson, 1995a) the learning organization BRAC is going to launch a Private Commercial Bank. It is very interesting to see the contrast between the BRAC’s wisdom and the events.

Like other business organizations NGOs are also only concerned for their business interests. The business expansion is the only target of the big NGOs like BRAC. On the eve of nearly three decades of its business in Bangladesh BRAC has so far

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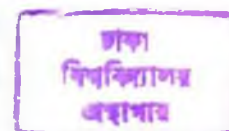
<sup>13</sup> The Government of Bangladesh has recently (in November, 1998) accepted six proposal of establishing Private Commercial Banks of which BRAC Bank is one.

developed more than 15 business enterprises. Among these enterprises some are big that involves millions of dollars. If we see for example the case of **Delta-BRAC Housing Finance Company Ltd.**

It is the first of its kind in Bangladesh in private sector. It is created to finance people swilling to build or purchase houses (apartments) in Dhaka. If we search at the name of the company it looks a joint venture of **Delta Life Insurance Company Limited** and BRAC, but there involved three locals and two foreign companies, including **Green Delta Insurance Company Limited** from Bangladesh, **Housing Development Finance Corporation (HDFC)** India and **International Finance Corporation (IFC)** the United Nations partner. From where the share of BRAC's capital has come in this venture? Perhaps, these are the money from the rural Bangladeshi poor that save with BRAC as a counter part fund for their loans, they received from BRAC. This way BRAC has made link to international finance capital and becoming business tycoons in Bangladesh. It is also an indication that NGOs are really the product of the New International Economic Order.

**ARONG** Marketing Outlet is the first attempt of developing business enterprises by BARC. The first **ARONG** shop was opened in Dhaka in 1978 (BRAC, 1995). It has now six sales centers in Bangladesh and one in United Kingdom. Through **AROONG** it is selling handicrafts and rural crafts made by rural artisans. Logically it is a nice scope opened up for the rural for marketing their products in the market what was rather difficult through their individual efforts. But the fact is that **ARONG** is famous for its high price and the producers get very little from their produces. In the name of making the rural poor self-reliant the latter have become captive to the **ARONG** authority. BRAC is exploiting the apocalyptic unemployment situation existing in Bangladesh. Lack of income source compelled

<sup>14</sup> See, The Memorandum of the Society of Rules and regulation of Bangladesh Rural Advancement Committee under "The Societies Registration Act of 1860", Article 3 (i).





the poor people to stay aside from any bargaining the price for their labor. So the producers are not getting the fair price but BRAC is becoming healthier gradually, establishing more enterprises.

**BRAC Printers** is one of the biggest and technologically most developed printing house in Bangladesh. With all modern technology BRAC printers has become champion in Printing business in this country. Beside the technology BRAC Printers as enjoying a status of not-for-profit organization, import papers, inks and other machinery's but getting tax exemptions. Thus BRAC Printers is offering competitive price than other printing firms and getting more jobs. How funny the issue is? On the one hand it is enjoying NGO status and getting TAX exemptions like many other countries but doing free hand commercial business with the raw materials what imported in the name of voluntary activities.

BRAC deems lack of information is one of the obstacles to alleviate poverty. So it is very much concerned about information technology. BRAC likes to make the 'information super highway' available to the mass people. So they are selling computers (BRAC Computers), providing Internet and e-mail services (BRAC BD Mail Network) and recently also established an institution named **BRAC Information Technology Institute (BITI)** for developing technical manpower. The main thrust of this establishment is to impart high quality multi-access training and education in the field of Information Technology (IT) and develop human resources in Bangladesh. BITI also aims to become one of the largest IT institutions in the SAARC region within next couple of years. So it seems that BRAC thinks, the poor should not be ignorant about information technology. As poverty alleviation a multi dimensional approach the poor should equipped with modern technologies and poverty will be eradicated by using the all-modern information technologies. In this way by purchasing computers, using e-mail and

Internet services and taught by high paid tuition fee the son of the poor will become empowered and poverty will no more be a curse for the Bangladeshis.

Hybrid rice is very much discussed and debated issue in contemporary Bangladesh. BRAC is the pioneer in importing this high yielding rice variety in Bangladesh in collaboration with **NOVARTIS**, a well-known multi-national company. As an over populated country we need to grow more food as we can. So high yielding very should be welcomed by all and BRAC should be thanked for it. But farmers of Bangladesh did not welcome the high-yielding variety of rice. Because it is clinically created and developed and will not be used as seeds, that is the poor farmers will be dependent on BRAC forever for the seeds.

If for some reasons like floods or drought has occurred and the crops become damaged that are common in Bangladesh, than the farmers will be unable to buy seeds for the next harvesting time and BRAC will again come forward with credit. So the farmers will become more vulnerable. Beside this for cultivating hybrid rice, as experts say, the farmers need more chemical fertilizer and again are in need of credit. Thus for cultivating yielding rice they also have to pay high and who bears the price? So it can be said that not for increasing food production but for increasing the credit business hybrid rice was introduced by BRAC in Bangladesh. These are all about the poverty alleviation approaches of BRAC.

**BRAC Seed and Feed Marketing Project** has also been established to sale hybrid rice and vegetable seeds to the farmers. Through this organization the beneficiaries of BRAC credit program are being compelled to purchase these. While selling the seeds they never concern the illiterate and poor farmers that they can not use these seeds as they use the local variety for harvesting in the next season. Later BRAC authority had to publish newspaper advertisement to inform that the farmers could not use the hybrid variety as seeds for the next cultivation

(for details, see Johnny, 1999). This advertisement proved that BRAC simply cheated the poor by selling hybrid seeds to its credit beneficiaries and not telling the fact that these seed are not to be used as seedlings at the next time. They are simply creating customers of their product by this venture.

Nowadays we see very attractive advertisement of a new Hotel in Dhaka i.e. Hotel BRAC Centre Inn in short **Hotel BRAC Inn** in the dailies and weeklies. This latest version of BRAC business has been established an international standard hotel at the BRAC head office building taking four floors of its twenty-two storied BRAC Centre.

All these are the reflection of the course of commercialization program of BRAC (for a detailed list of BRAC commercial enterprises see, Annex 6). And in most of cases it is using their credit program beneficiaries as the customers. Thus it added a new dimension in NGO activities in Bangladesh. When in market the multi-national giants are facing difficulties in keeping their customers BRAC finds it easy to get customer of their product. This has added a new approach to BRAC activities after (i) relief and rehabilitation, (ii) community development and (iii) target group approach. The fourth approach may be called "**The Commercial Ventures Approach**". Adding this approach the whole dimension of BRAC mission has been changed.

#### **6.7 The Ultimate goal of BRAC**

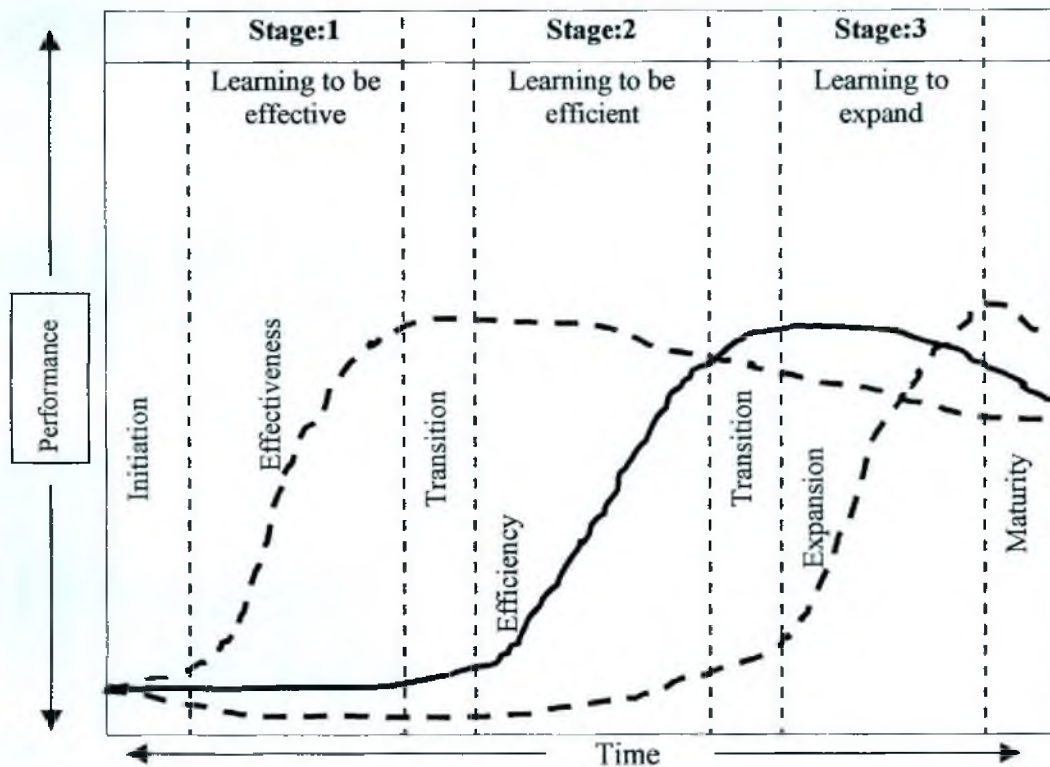
From the above analysis it may be concluded that voluntarism has already been disappeared from BRAC activities. But we see that BRAC was established as a private voluntary organization with more relief and welfare contents. So BRAC had earned a lot of credit to its crown. And small is beautiful was justified in BRAC activities rightly. And as the small organization has become larger and established as permanent organization it tends to lose its voluntarism gradually.

Theoretically 'voluntarism' refers to the givers, either money or services, and not to the recipients. If someone or some organization gives money or services without expectation of any favor or financial return, this giving is called voluntary (Rahman, 1993). In this sense NGOs specially, BRAC is not expected to be voluntary though claim is available that it is a Private Voluntary Development Organization (PVDO). No doubt it is private but no way it could be termed as voluntary as per theoretical analysis.

As mentioned earlier BRAC for its growth and development, has taken the 'learning process approach' that developed by Korten and Klaus (1984). The main focus of learning process approach is the plight of any organization from its initiation towards its maturity. To become mature an organization must cross three stage what Korten and Klaus labeled as 1) Stage1: Learning to be effective; 2) Learning to be efficient; 3) Learning to expand. At the initial stage it tends to be effective and the next course is sure to be efficient after overcoming the required transitional period. And at last after getting the required effectiveness and efficiency it tends to expand. Thus we see that BRAC has been perfectly fits to the 'learning process approach'. If we consider its initial performance we find some modest efficiency and effectiveness as relief and rehabilitation organization. After that it tries to expand its activities. The most interesting feature of learning process approach is according to Korten and Klaus is that, as organizations are trying to expand they are performances are decreasing. And so has been happened to BRAC. It is gradually becoming big and threatening its effectiveness and efficiency. Thus we see that BRAC is becoming a big business concern in Bangladesh and its poverty alleviation programs are like a derelict infant. Figure: 6.1 clearly depict the fact that how efficiency and effectiveness of an organization gradually shrinks. The nature of expansion might cause harm to the very nature of the organization and so is the case of BRAC.

The transition of BRAC from Bangladesh Rehabilitation Committee to Bangladesh Rural Advancement Committee is discussed in previous chapter. And now BRAC is expanding its activities in manifolds. The very logic of this expansion is justified to become sustainable. In the name of being sustainable in doing voluntary works BRAC has established its empire of business. On the other hand the poor involved with them see very little change in their life.

Figure 6.1: Learning Process Approach



Source: Korten and Clauss (1984)

So what BRAC is doing is neither a charity (it also not demands so) nor alleviating poverty rather it is doing business with the money received by showing the gloomy picture of the country's poverty to the western donors. And funding is no problem for a learning organization like BRAC. But what is learnt is clear to us if we read the Manisha Aryal's testimony of such learning organization. She says,

*“They make mistakes, learn lessons and get funded to make some more mistakes”* (Aryal, 1992). For getting such funds NGOs only needs ‘to sprinkle the phrase of the moment, at the beginning or end of the paragraphs: “holistic approach”, “poverty alleviation or eradication”, “targeted beneficiaries” “upliftment”, “gender equity”, “social mobilization”, “grassroots participation”, “democratization” etc.

## Chapter 7

# Concluding Observation

### 7.1 BRAC: Shifting Ideologies

The history of BRAC is not so old in Bangladesh. Immediately after the emergence of a newly independent country, a British Oil Company executive Mr. Fazle Hassan Abed initiated to form a 'help organization' with financial assistance from OXFAM, to distribute relief to the Cyclone affected rural people of Sulla in Sylhet. At the initial period this help organization, Bangladesh Rehabilitation Assistance Committee<sup>1</sup> (BRAC) is now Bangladesh Rural Advancement Committee. After a few years this rehabilitation committee become a development organization when the organizers found rehabilitation work is finished and the real task is not. In fact this was the first transformation initiative in BRAC activities.

Then change of name is also unequivocal to the nature of work with the new organization. The aim of rehabilitating the poor is then shifted to eradication of poverty of the same people. So the shift was planned in nature<sup>2</sup>. And after two and half decades of operation BRAC is now over matured organization. We are now observing another shift in its operation though not sure about the change of the name the organization for the third time as it is no more a rehabilitation committee or an organization engaged in poverty alleviation. With its gold earning credit business aside, nowadays it is a business conglomerate with more than 15 distinct enterprises.

Thus from the above analysis it could be said that as the time progresses the mission of BRAC has got some distinct shape. And it is roaming with different

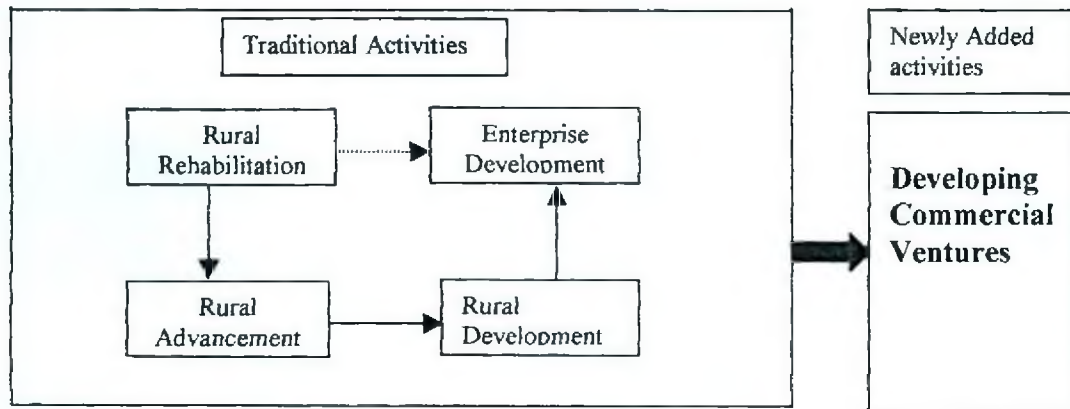
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<sup>1</sup> The Extra-Ordinary General Meeting that held on 3<sup>rd</sup> April 1974 confirmed the name of the Society to Bangladesh Rural Advancement Committee.

name such as (1) rural development, (2) Rural Advancement, (3) Rural Development, (4) Enterprise Development etc. All these propositions are in a way or other related to the mission of BRAC. But the latest one, Commercial Ventures added a new phenomenon in BRAC activities that seldom embrace with the mission of BRAC as it was created to (Figure: 7.1). BRAC by engaging these types of activities works against its objectives. In the Memorandum of the Society of BRAC it is clearly written “The objects for which the Society is established are

- i. *To engage in charitable purposes and social welfare activities strictly on non-profit basis*<sup>3</sup>

**Figure 7.1: Changing dimensions of BRAC activities**



## 7.2 Voluntarism in BRAC activities

Whether BRAC was established as to help the war ravaged people in Bangladesh. Some middle class educated man was the pioneer of this organization (see Annex 7). They had come forward voluntarily for the betterment of the fellow countrymen. It is an irony that all those were involved in the initial period of BRAC are no more with it. One reason of that might be that BRAC has lost its very character as a voluntary organization.

<sup>2</sup> For details see Mr. Abed's interview in *The Weekly Bichitra*, issued on December 9, 1993.

<sup>3</sup> Article 3 (i) of Memorandum of the Society “Bangladesh Rural Advancement Committee” registered on 9<sup>th</sup> April, 19974 in the Office of the Registrar of Joint Stock Companies Bangladesh.



It is true that voluntarism could be found in the initial phase of organizing NGOs. It is equitable to the smaller ones with more relief and welfare context. With the passage of time these organization become larger and established organization, they tend to lose voluntarism slowly (Rahman, 1993, p. 64). This argument is absolutely factual in case of BRAC. At the initial phase of BRAC all those were involved were not forced to establish an organization like BRAC. The initial labor of the founding members was gradually converted as (some) the organizers start to take their salary from the NGO budget. All the BRAC activists (over fifty thousand in number) are taking their salaries from its revenue. The VHSS survey of 1989-90 stated that there was no volunteer working in BRAC. The situation remains same in 1998. If so happen to any organization called voluntary organization, voluntarism has become a mere fallacy.

There is no doubt that the poor are in its target. The target group approach of BRAC as defined, is in the right direction, as they are the real groups to intervene in their life. And all the NGOs effort and BRAC as well, are directed to change the fate of these people. So the programs are being taken in such a fashion that these popularly called target people can't be outside their safety nets. The NGO programs proved that the people who are vulnerable to live a modest life are also found very disciplined and sincere in repaying the loans. What may be the impact of these loans to their lives but the NGOs are satisfied that they are paying back the money with interest, though usually the rate of interest is higher than traditional market.

The proposition that "the poor of Bangladesh are bankable" is the main fallacy of NGO business. Due to the inability of the state in developing countries with poor resource base, the public sector failed to come forward with such a program that helps the poor who have no access to the traditional banking sector. In this

vacuum, NGOs have come with the mission of voluntarism for playing with the life of the ill-fated millions.

Banking is all over the world a profitable and highly disciplined business. And NGOs have come forward to do such business in Bangladesh with the poor. The Bangladeshi poor experienced many models for their development and many hopes and aspirations were given to them which gone all in vain such as Basic Democracy, Integrated Rural Development Program, Village Cooperatives, Basic Need Approach etc. But still the very gentle Bangladeshi people never get hopeless. The greatly nature of the Bangladeshis are like that. And knowing this NGOs have come with a new formula of '*micro credit led development*' for the poor.

The voluntarism should be aimed at to ease the sufferings of the poor rather the NGOs started credit business under 'certain controlled conditions' (as Rutherford, 1995 said) which may not applicable to the real world business policies. The conditions gave the NGOs the capabilities to lend to people and have them repay the money on time along with interest. Obviously the customers of such loans have pay the costs of such lending. The initial capitalization on the part of NGOs was possible by the grace of the donors, which really was not money for making business. The NGOs easy access to cheap capital in large quantities from abroad, has given them a comfortable entry into the capital market (Rutherford, 1995).

### **7.3 Rural Advancement or Creating Business Clients**

The 'poorest of the poor' in BRAC's credit program, are almost excluded on the ground that the interest rate is very high and essentially that micro credit institution should be profitable and cost effective, in order to reach ever larger number of clients. Then of course the question of the fate of the very poor people has come to our mind. And BRAC has the ready answer that the very poor need

social security programs rather than a credit service and that credit 'cannot be all things to all men' (for details see, Rutherford, 1995). So it is sure that NGOs and BRAC as well are not ready to admit their incapacity that they are not the right organization to reach the poorest of the poor. So the basic difference between a commercial bank and NGO credit service is that the former one is giving loans of larger amount and the latter one is concerned with something smaller.

So, BRAC is not giving credit to the poorest of the poor, which it really ought to. Several studies proved this statement true (see Khandker, 1999; Montgomery, 1995; Montgomery and others, 1996). Its prospective clients are the well of households with up to a minimal standard of financial stability and who are able to take risk on investing in small business. Richard Montgomery called this credit as "promotional credit" that promotes business. Montgomery from his vast experience in South Asia and in particular in rural Bangladesh, further argued that 'in South Asia there are millions of poorer household who need "protectional credit" – loans to dig themselves out of ill-health or other emergencies, or to tide over lapses in their income (Montgomery, 1995 cited in Rutherford, 1995).

Once of the BRAC thinking was that "The powerlessness of the poor to withstand the machinations of the rural elite appears to be the primary constraint to development and social change"(Rutherford, 1995, p.148). So the so-called 'conscientisation' programs were taken with no fruitful out come experienced. The NGO project as 'conscientisation' or 'social mobilization' programs are always like this. "*Money is spent, projects are completed, little is achieved*" (Aryal, 1992). And now BRAC changed its strategy and believes that the rural poor can be empowered both by changes in their living conditions and by developing their capabilities (BRAC, 1991). And to BRAC, the only means to this end is credit.

So BRAC has taken the policy that is, somewhat individualistic. Though it is propagating group-based model, the entire program aimed at making the people individualistic. Otherwise it may lose the control over millions of the customer. NGOs in Bangladesh has diminished the idea of self-help among the people. One who once become a member of an NGO group the fate of that man then tied with the concerned NGO. S/he never thinks of being without this group. Many of the studies show that the group members are not interested to the idea of disappearing of the NGOs after sometimes. The NGOs give high value to their clients. So NGOs never come back from where once entered. This is the state of 'making the poor sustainable'.

Ultimately, BRAC is in its way to achieve institutional sustainability whatever happened to their clients. It is also true that NGOs do not want to let the poor people die. Living poor are important to NGOs. NGOs giving money to the poor to raise their purchasing power so that they can consume something from market. As NGOs entering in to the market with consumer goods it the NGO beneficiaries who purchase goods of the NGO ventures. This view is well supplemented by Kuhn as he says " A strategic element of BRAC's strategy to achieve institutional sustainability in the future is characterized by their vision to transform their supported beneficiaries into customers of BRAC traded products" (for details see Kuhn, 1999). BRAC has been encouraged in this way so those donors, the single source to whom NGOs and BRAC as well are in a way or other accountable, are satisfied with the institutional sustainability. They don't bother whatever happened to the prime objectives of NGOs and so is the case of BRAC.

#### **7.4 NGOs: The alternative job market**

NGOs are source of jobs to the educated unemployed in Bangladesh. Only in BRAC there are more than fifty thousand people working. If we consider the number of NGOs and the whole workforce it will be obviously quite a big total.

NGOs are getting a lot of money being infused in Bangladesh whatever the means of expending is. NGOs opened up the scope for having some jobs in a highly unemployed country like Bangladesh. The guardians are now happy that their kids will get a job at least in an NGO. One of the guardians told that there are two sources of jobs now available in Bangladesh, the government service and BRAC. It's really a great gift to the society where thousands of educated youth are waiting for a job of any standard. These youths do not look for the nature of the job rather the situation is like that- 'they need a job and they have to have one any where'. We all know that voluntary works need high degree of motivation and commitment to the customer of their services. It is not fair to expect such motivation and commitment from these job seekers.

### **7.5 The Missing Link**

Whether the BRAC (and other NGOs also) is not self sufficient how it could teach the others to be self-reliant? Big NGOs have their five-year plan as have the governments. Like developing country governments NGOs also submit it to donors for funding. The plan has been made to please the donors and is full of pledges and documentation of achievements. These documents are hardly made public. It is very much unlikely to find any such plan without requests for foreign funds. And thus one can raise the question that how far NGOs remain dependent on foreign funds for running for their programs. If this repetition continues, there will be no difference between a beggar and an NGO, whatever the size of NGOs might be. But it sure that these beggars are not with torn clothes, no food, no shelters etc. Rather they are more sophisticated beggars with costly suits, lunch in five star hotels, cars of latest models etc.

NGOs always talk about development. But for whom the development? - development of NGOs themselves or development for the poor. The experience of the development efforts of the poor by NGOs or in case of BRAC is no way

hopeful. They never think of a total thing. Always look for things from a sectoral point of view. This is why there found any realistic NGO program that can be at least shown as national program of their own. The sectoral program also could be successful if there was no business motive. But we have not seen such a program on the part of NGOs. This is why people says, by the working of almost three decades BRAC has got two 20 plus storied high rise commercial building with more than 15 business enterprises with no change in the fate of the thousands of their clientele who received credit form BRAC.

All concerned know that Bangladesh is lagging behind in technology and industrialization and above all the necessary infrastructure. And such a country with severe poverty only can produce unemployment, and this sort unemployment burdened country has no option but to be dependent on the wealthiest countries. But NGOs in Bangladesh never come forward with a pragmatic program to intervene the crying needs of Bangladesh like (a) Development of physical infrastructure, (b) massive electrification, (c) Introduction of contemporary technology and (d) Outright industrialization. We found not a single project in this direction taken by the NGO community in Bangladesh.

It can be said that where NGOs find such a huge the amount of capital. The economist often criticizes the trend of investing in real estate business by moneyed men. As BRAC claims it as a development organization why it made two multi storied building and university. Couldn't it invest the sum expended for such luxurious buildings and university campus than in a producing power? Then an example being set that BRAC is a real development organization who think for the real problem peoples facing in Bangladesh.

So what BRAC is doing is neither charity nor alleviating poverty rather it is engaged in developing commercial enterprises. Therefore, if this trend is going on

we could find another BEXIMCO<sup>4</sup> in BRAC. And BRAC is clever enough that they are now treating itself as private sector organization rather than an NGO. If it do so honestly one might not mind. But before doing that it has to surrender its NGO image and must refund the money back to the donors. The other option is, it must distribute the same amount it had had taken since last thirty years to the poor who really are the owner of this money.

This changing dimension in NGO activities might make the organization institutionally/financially sustainable, but with little change in the life of the poor for whom their creation was justified. So the complains are mounting that NGOs are working in such a fashion that ‘people engaged with NGOs only learn to know how to live with the NGOs, they can not think of being without NGOs’. Nobody knows when the journey of the NGOs towards poverty eradication will end and how this could be achieved. Someone may think that, is there really an end in itself? Or, is it a mean in itself to reach some other ends?

### **7.6 What should be done?**

In this respect for making NGO activities more meaningful and beneficial to the poorest of the poor certain steps should be taken not only for the poor but the better interest of the nation as well. These are as follows:

- 1) There should be clear definition of what really NGO means and what are the characteristics of NGO in the context of Bangladesh.
- 2) For getting Tax exemptions NGO activities must be purely not for profit basis and welfare oriented.
- 3) If an NGO wishes to be involved in profit earning activities for the sake of the poor people, they have to clearly specify and have to make it public where this profit will be utilized.

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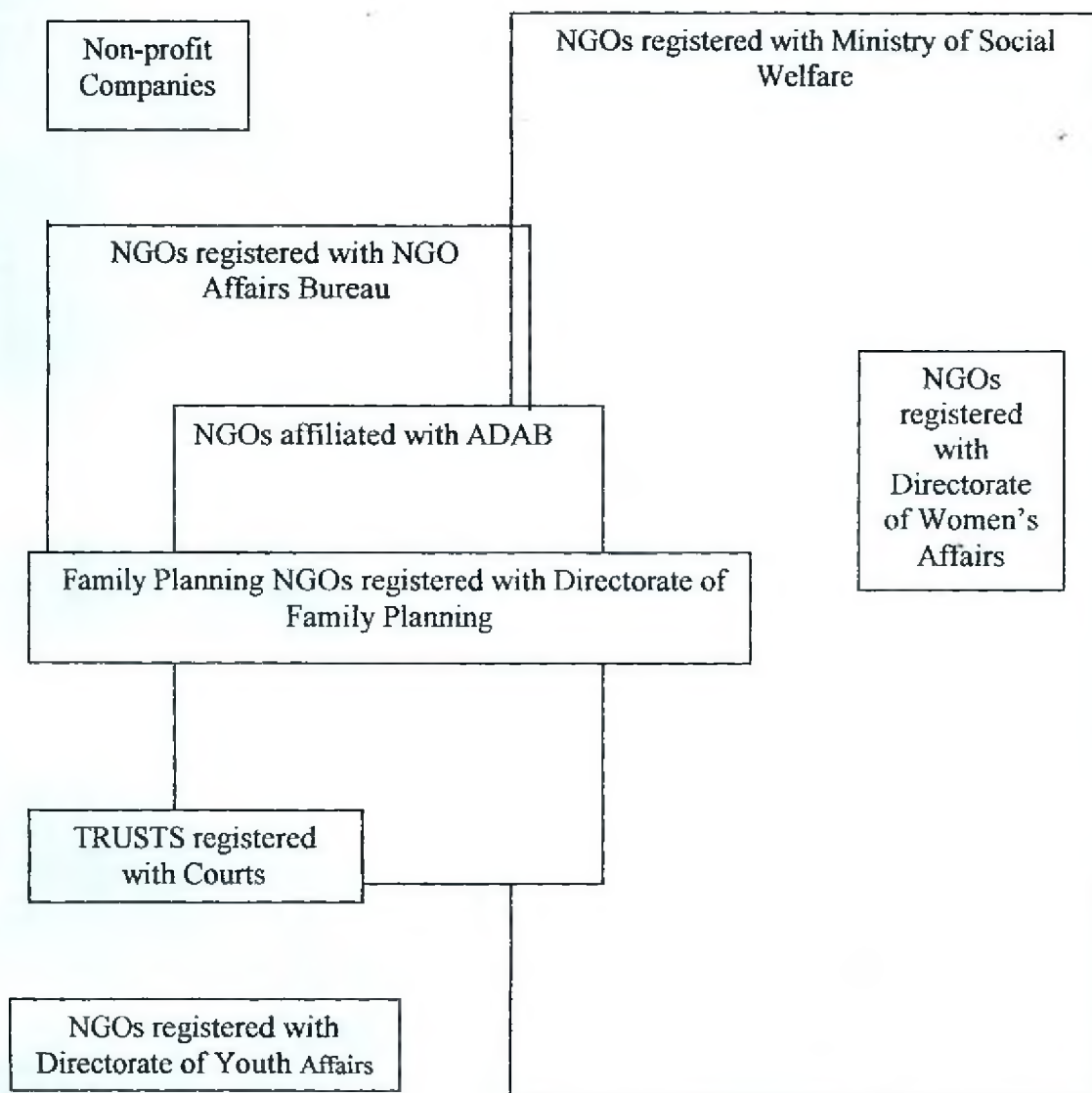
<sup>4</sup> Beximco Group is one of the largest business conglomerates of Bangladesh. It has business in every sector in home and abroad.

- 4) If some NGOs like to engage themselves in business for collecting more revenue they must submit their detail income from those ventures to the concerned authorities of the state describing the expenditures in this end.
- 5) Every body abiding by the rules of the state have the right to do business and hence to start business. The business sector should be treated as an important sector and no body should get any privilege by showing any reason of charity work.
- 6) NGOs should encourage their beneficiaries to form cooperative like societies to take care themselves after some initial help provided by them (NGOs) so that they could serve some other people.



## Annex: 1

### Varieties of NGO affiliations in Bangladesh



Source: Holloway, 1998, p. 210

## Annex: 2

## Features of the FWP and VGD Programs in Bangladesh

Program Feature	Food For Work		Vulnerable Group Development
	Program 1	Program 2	
Sources of Funds	USAID, GOB	WFP, other donors	WFP, Canada, European Union, Australia, Germany, Belgium, Bangladesh
Commodity Distributed	Wheat	Wheat	Wheat
Target Group	Unskilled laborers	Unskilled laborers	Destitute Women
Regional Focus	National	National	Destitute Areas
Season	January -May	Predominantly December-April	Year-round
Activities	Roads (80%)	Embankments and Canals (40%), roads (30%), forestry (8%), fisheries (7%), other (15%)	Integrated Poultry program, pilot credit scheme, self-employment through cottage industries, functional literacy, health, nutrition, and agricultural training
Leakage (percentage)	30-35	30-35	14
Year started	1975	1975	1975
Administered by	CARE	WFP, GOB	WFP

Source: Ahmed and others, 1995

### Annex: 3

#### Codes of conduct of Members of BRAC Micro Credit Programs

##### **BRAC's 17 promises for the credit group**

1. We will not engage in malpractice or injustice.
2. We will work hard and bring prosperity for our family.
3. We will send our children to school.
4. We will adopt family planning and keep our family size small.
5. We will try to be clean and keep our house tidy.
6. We will always drink pure water.
7. We will not keep our food uncovered and will wash our hands before we take our meal.
8. We will construct our latrines and will not leave our stool where it doesn't belong.
9. We will cultivate vegetables and trees in and around our house.
10. We will try to help each other under all circumstances.
11. We will fight against polygamy and injustices to our wives and all women.
12. We will be loyal to the organization and abide by the rules and regulations.
13. We will not sign anything without having a good understanding of what it means (we will look carefully before we act).
14. We will attend weekly meetings regularly and on time.
15. We will always abide by the decisions of the weekly group meetings.
16. We will regularly deposit our weekly savings.
17. If we receive loan we will repay it.

*Source: Khandker, 1999, p. 27*

## Annex: 4

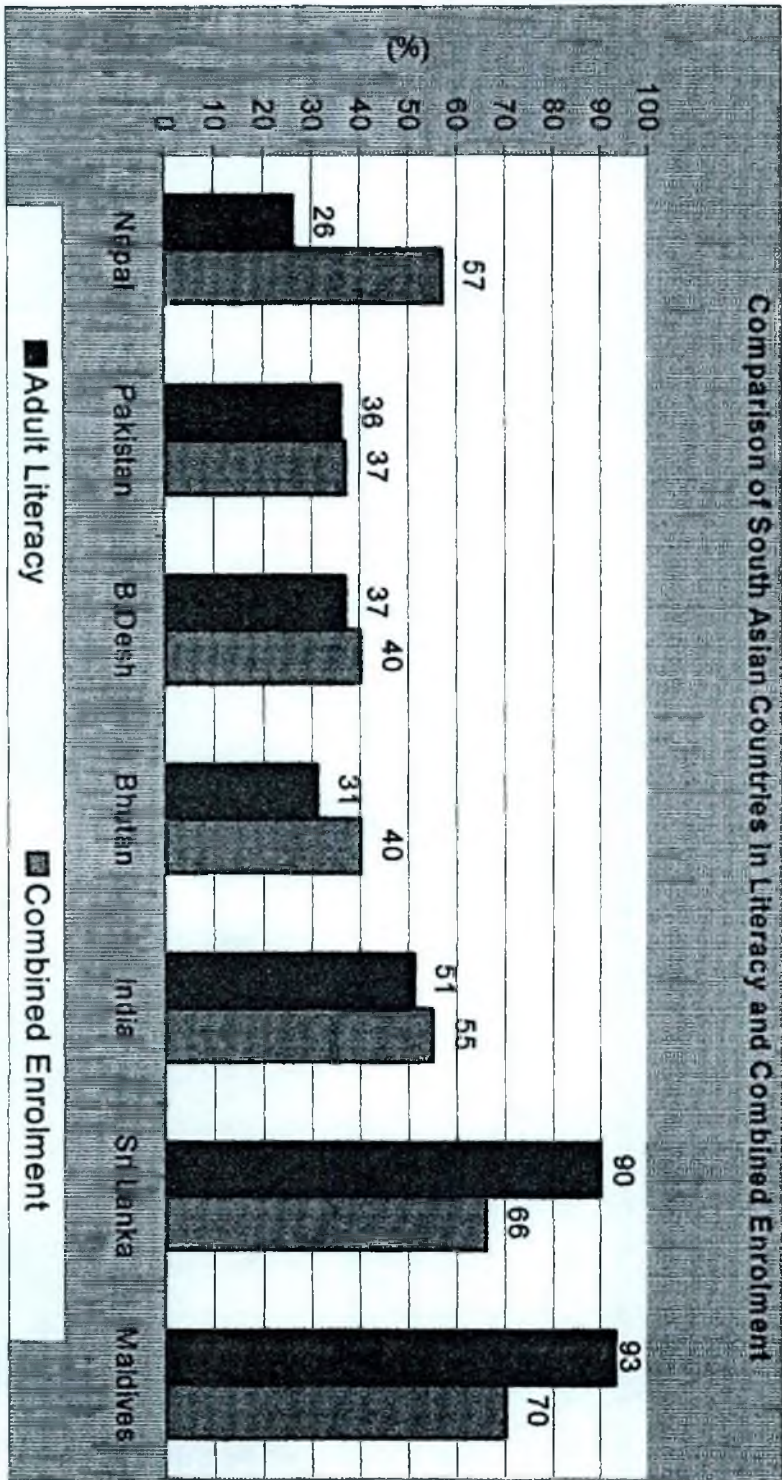
## Features of BRAC Credit Program

	Features
Membership criteria	<ul style="list-style-type: none"> <li>■ Maximum landing holding of .5 acre of land.</li> <li>■ At least one household member must work for wages (since 1992 one member allowed per household).</li> </ul>
Group features	<ul style="list-style-type: none"> <li>■ 30-40 members from village organizations.</li> <li>■ Village organizations are divided into solidarity groups of 5-7 members.</li> <li>■ Separate groups for men and women.</li> <li>■ Each women group has a counterpart men group.</li> <li>■ Weekly meetings of solidarity groups.</li> </ul>
Savings mobilization	<ul style="list-style-type: none"> <li>■ Tk. 2 per week.</li> <li>■ 4 percent of each loan (nonrefundable) goes to group fund.</li> <li>■ 1 percent of each loan used for group insurance.</li> </ul>
Credit delivery mechanism	<ul style="list-style-type: none"> <li>■ No collateral but group liability.</li> <li>■ 50 week installment of loan.</li> <li>■ Interest at the end of loan cycle.</li> <li>■ 20 percent interest for production loans.</li> <li>■ Maximum loan Tk. 1000.</li> </ul>
Social development	<ul style="list-style-type: none"> <li>■ Training duration 3-6 months.</li> <li>■ Review of code of conduct (see Appendix.6) at village organization meetings.</li> <li>■ Substantial skill-based training.</li> </ul>

Source: Khandker, 1999, p. 24

Annex: 5

Comparison of South Asian Countries in Literacy and Combined Enrolment



Source: Haq, 1997, p. 15

## **Annex: 6**

### **The List of BRAC's Commercial Enterprises:**

1. BRAC Housing Ltd.
2. ARONG Marketing Outlet
3. BRAC Bank
4. BRAC BD-Mail Network
5. BRAC Cold Storage LTD.
6. BRAC Computers
7. BRAC Dairy ( ARONG Milk)
8. BRAC Institute of Information Technology.
9. BRAC Printers
10. BRAC Publications
11. BRAC Seed and Feed Marketing Project
12. BRAC Steel Mills
13. BRAC Textiles
14. BRAC Transport
15. BRAC University
16. BRAC-NOVARTIS Agro-Services Limited
17. Delta-BRAC Housing Finance Company Ltd.

*Source: BRAC Library, Newspapers and other printed Documents.*

**Annex. 7**

The name, address and occupation of the Members of the First Governing Body of Bangladesh Rural Advancement Committee (BRAC).

	Name	Address	Occupation
1.	F H Abed	3, Circuit House Road Dhaka-2	Accountant
2.	V I Chowdhury	Road No.113, GTC 333 Gulshan, Dhaka	Lawyer
3.	S R Hussain	Dawood Petroleum Ltd. Sadarghat, Chittagong	General Manager, Dawood Petroleum Ltd.
4.	Akbar Kabir	298, Dhanmondi Road No. 26, Dhaka-5	Regional Representative Bangladesh Shipping Corp.
5.	Begum Sufia Kamal	658/A, Dhanmondi Road No. 32, Dhaka-5	Poetess & Social Worker
6.	Qazi Fazlur Rahman	B E House Elephant Road, Paribagh, Dhaka-5	Manager, Burma Eastern, Dhaka
7.	Prof. Abdur Razzak	Old Bungalow No. 3 University of Dhaka	Professor and Head of the Department of Political Science, University of Dhaka

Source: Article 6, Memorandum of the Society and Rules and Regulation of Bangladesh Rural Advancement Committee under the Societies Regulation Act of 1860, p.4

*N.B. From these seven persons only Mr. Fazle Hassan Abed and is still working with BRAC as it Executive Director.*

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