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Developing Domestic Sources of Funds

**- a review of PVDO practice in
Bangladesh**

**A survey of the Practices of 29 small PVDOs
and Case Studies of 4 of them by
OXFAM and PACT Bangladesh**

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Contents

	Page
PREFACE	1
INTRODUCTION	4
Background Document on Financial Self-Reliance	7
List of the Sample PVDOs	14
1. OVERVIEW	15
2. ASSETS	18
2.1 Assets Owned by the Sample PVDOs	18
2.2 Income-Generating Assets	19
2.3 Income from Assets	19
2.4 Rate of Return on Assets	20
3. LOCAL FUND-RAISING	22
3.1 Local Fund-Raising Options	22
3.2 Local Fund-Raising Options as Ranked by the PVDOs	24
3.3 Sample PVDOs' Annual Budgets, 1990-92	27
3.4 Sample PVDOs' Local and External Funding, 1990-92	29
3.5 Most Successful Fund-Raising Attempts	32
3.6 Unsuccessful Fund-Raising Attempts	33
3.7 Ideas for Future Fund-Raising	34
4. SUMMARY AND RECOMMENDATIONS	35
5. CASE STUDIES	36
5.1 Banchte Chai Samaj Unnayan Samity (BCSUS), Pabna	37
5.2 Come to Work (CTW), Dinajpur	46
5.3 Bangladesh Agricultural Working People's Association (BAWPA), Dhaka	65
5.4 Centre for the Rehabilitation of the Paralyzed (CRP), Savar	87
6. CONCLUSION	97

More detailed primary research materials used in this study are available from PACT Bangladesh

Preface

In Bangladesh a very large number of PVDOs are very dependant on external donor funding for the income they require to carry out their development activities. They are, to a greater or lesser extent, aware of the dangers of this dependency, but the alternative of seeking their income from domestic sources, has not yet been considered very seriously by the PVDOs in Bangladesh.

Where they have considered this alternative they have considered that the amounts to be raised this way will be very limited. Experience to date in Bangladesh suggests that this may be true at the present, but that is no reason to avoid getting started, even in a small way.

Two factors are important:

- a. The more independent income a PVDO has, the greater its flexibility, and the less its constraints
- b. The more involvement with local society, the greater the local popular support for the PVDO's work, and the decrease in suspicion.

The boundaries of what is possible have not yet been established. There are very many ways to mobilize local resources, and PVDOs have experience of very few of them.

The present study is an attempt to get a clearer idea of the present situation and to show from the examples of a few small organisations, what ideas they are pursuing at present. Our hope is that both donors and PVDOs will become more interested in this topic and think how they can work together to mobilize more local resources.

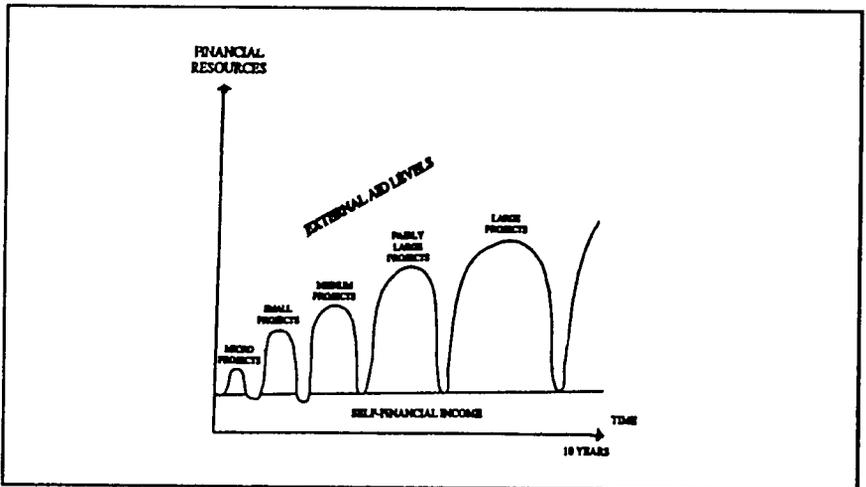
As far as we know this is the second research of its kind on the financial self-reliance practices of small PVDOs. MIDAS, under contract to PACT, previously analysed the work of MSS, CORR -The Jute Works, CWFP, and SOJAG. But most studies in the past have been on the financial self-reliance practices of the large PVDOs- BRAC's Printing Press, Cold Storage, Garment Factory, Proshika's unsuccessful Bus Company, and Comilla Proshika's unsuccessful Garment Factory. All these organisations are facing the same problems as the smaller ones shown here, but the operations here are on a smaller scale.

A note on Terminology: This book uses PVDO (Private Voluntary Development Organisation) as a more descriptive alternative to the older term "NGO".

The best overview of this subject comes from IRED's book "Towards Financial Autonomy". They picture the usual situation of PVDOs very dependant on external project funding, and then they compare it with their preferred version which shows both a greater variety of external funding modalities, but also a greater range of local financing.

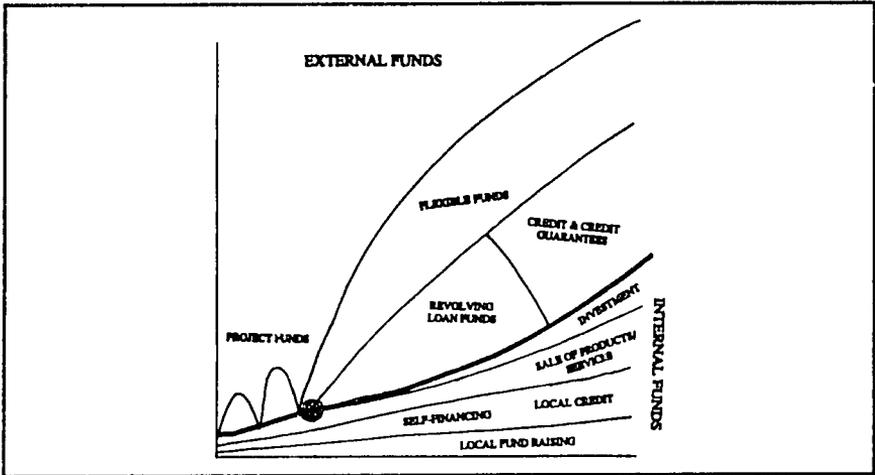
This book will show where Bangladeshi PVDOs are on the continuum, and will show some worthwhile paths for them to take.

Present Situation



- the level of self-financing is very low
- dependency is increasing
- external aid fluctuates considerably, is based on short term projects, but is gradually increasing
- the PVDO experiences cash flow problems between projects

Preferred Situation



- the organisation starts by raising some funds for itself
- it obtains some funds from external aid for some micro and small projects
- it then obtains some larger longer term flexible funds from external aid, part of which are for a Revolving Loan Fund (RLF)
- this allows it, with its own self-generated funds, to build up a capital reserve and invest it
- from the start it has had some local fund-raising: it now increases this, develops its own sale of products and services, and finds funding from local institutional sources
- it persuades external funding to give it loan guarantees
- after some time it gets access to local credit sources.

Introduction

In 1993, 29 small PVDOs, all partners of OXFAM in Bangladesh, took part in a workshop on financial self-reliance facilitated by PRIP. At this workshop, each PVDO agreed to provide data on their own organisation's self-reliance practices through a questionnaire designed and administered by OXFAM and PRIP. We hope that their responses, compiled in this report will provide them and us, and interested readers with useful information on the nature and status of financial self-reliance of small PVDOs in Bangladesh.

In general these 29 PVDOs are representative of all small PVDOs in Bangladesh - they work in a limited rural area on a range of integrated development projects, and most of their funding is from external donors. OXFAM is the common factor. There are two exceptions - CRP is an institutional project which works only with the disabled, and BAWPA is a national organisation which also works in Dhaka.

The data collected provides an interesting overview of small PVDOs in Bangladesh which counterpoints the overview of large PVDOs covered by the Asian Development Bank in their IDSS report of 1992.

Following the survey we concentrated on four organisations to produce more detailed case studies, and to try and give some of the flavour of what it means to run an income generating project for a small PVDO. We chose four PVDOs which provide a range of different practices:

- a. BCSUS (Banchte Chai Samaj Unnayan Samity) is an organisation born from struggles about land and ponds. It has developed effective use of a Revolving Loan Fund (RLF) for its revenue generation - going beyond the work that most small PVDOs do with an RLF.
- b. CTW (Come to Work) is an organisation born from one man's interest in helping his fellow countrymen, but which has gone off in many different directions from those which were envisioned at the start. Under great influence of donors it has evolved a number of revenue generating projects. We look at three: a Revolving Loan Fund, a Tree Seedling Nursery, and a Training Centre and Dormitory.
- c. BAWPA (Bangladesh Agricultural Working People's Association) is an organisation born from the work of a political party which has, however, now severed those links, and is practising a range of development activities with its members - the landless agricultural labourers. They have been largely shunned by external donors because

of donors apprehension of their political background, and have performed a range of revenue generating activities. We look at Accessing GOB projects, Using unused Government Resources, Working as a Business Intermediary, and self-Financed Credit Schemes.

d. CRP (Centre for the Rehabilitation of the Paralyzed) is a PVDO which was born from the welfare activities of a hospital, but which is now rehabilitating paralyzed people to regain a position in their families and their communities. As part of their rehabilitation they learn productive skills. One part of the revenue generation for CRP that comes from these skills is the Craft Production which we look at in this case study.

The case studies were produced in response to a series of questions, and thus the information that you have in this book is the information supplied to the researcher by the PVDO. The final "Conclusions", however, are the work of OXFAM and PACT and are outsiders' comments on the processes that are at work here.

Three common factors emerge from these case studies:

1. Donor funds have, in many cases, been used to create revenue for the organisation, even though it was not planned that way. With forethought, many donors could use their funds to help support sustainability strategies of an organisation, rather than just fund the project in question.
2. There is money looking for a safe and remunerative home available even from poor people in Bangladesh. In the face of the generally dysfunctional banking system in Bangladesh, the poor, and slightly better off offer the PVDOs a fine opportunity to act as their bankers, helping themselves, as well as helping the PVDOs.
3. Very few PVDOs who have involved themselves in mobilising domestic resources have treated this part of their work separately. They are managing it, for the most part via the same staff as manages the main work of the PVDO. This presents two sets of problems:

if the revenue generating part of the work becomes more important, the organisation will suffer from a lack of management resources for the main work of the organisation

the organisation will not know the real cost of the revenue generating operation (and thus the real income) since a part of it is a hidden subsidy from the rest of the organisation.

**Background Document
on
Financial Self-Reliance for PVDOs**

Clarifying our Terms and Options

**By
Richard Holloway**

Background Document

1. Clarifying our Terms

1.1. In order to avoid confusion and miscomprehension in the debate, let us use the following terms with the following definitions.

Self Financing this refers to community support, memberships, subscriptions, enterprises/ventures, and investment i.e. where the NGO/CBO itself carries out an activity.

Local Financing this refers to fund-raising from the general public, specialised parts of the public, business, local government, national government, partnerships with businesses and raising money from banks i.e. where the NGO/CBO tries to persuade others in the same country to donate it, or partner it in order to help it carry out its work.

NGOs this includes, and where possible, will specifically mention: Private Voluntary Development Organisations (PVDOs) which can further subdivide into

- implementing organisations
- support organisations
- NGO networks;

Community Based Organisations (CBOs) also called People's Organisations (POs)- by some Mass Organisations or Movements (MOs)

In the following text "NGO" is used as a portmanteau word, meaning "non government private development or welfare organisation" but if any specific point is to be taken up, reader should reflect whether it is relevant to PVDOs, CBOs, POs, and MOs.

As will be seen, these different kinds of NGOs have different opportunities and different comparative advantages with self and local financing.

Income Generating Activities (iGAs)

These refer to activities of an NGO which benefit its clients or its members by helping them to increase their own income.

Revenue Generating Activities (RGAs)

These refer to activities of an NGO to increase the organisational income.

- 1.2. Let us avoid the word **donor** (which most people used to mean external donor) preferring **external financing**. "Donor" can also refer, at different times, to governments, individuals, and firms. It is too loose a word for our arguments.
- 1.3. There are problems with "NGO-Speak" translating into "Business-Speak. NGOs use "support" and "donor" where Businesses use "invest" and "investor". NGOs use "surplus" or "excess funds" where Businesses use "profits".

2. Overview of Options

2.1. Self-Financing

2.1.1. Community Support

For a community based organisation (CBO) and for a Mass Organisation or Movement (MO), it is fundamentally important that they have contributions from their members which may be in kind, may be labour donations to create some capital, or may be purchasing shares, or paying fees. Apart from mobilizing united funds for the CBO or the MO, it is a measure of the members' confidence in the organisation, and ties them into organisation- frequently buying them the right to elect officers, decide policy etc.

For a CBO the support of richer members of the local community by donations of cash or land is also a very important element of self-financing- both to create capital for the organisation, and to obtain local leaders' support. On issues of class conflict this is obviously more problematic.

2.1.2. Memberships/Subscriptions

For all NGOs the option of selling memberships or obtaining subscriptions from supporters is possible and necessary. Again, apart from the cash so raised, such local financing ties the organisation into local supporters who may be useful in many other ways to the organisation than just by their cash donations. The subscriptions can be generally to the work of the organisation, or can be augmented by special drives for particular programs or projects.

MOs have a particular advantage here since an organisation with many thousand members, even if they are individually subscribing a little, will be able to amass serious funds- which will enable it in turn to invest and build up a capital fund.

2.1.3. Enterprises/Ventures

a. Organisational IGAs

Here a PVDO or CBO would take part in an Income Generating Activity alongside its clients or members, but the activity would be owned by the organisation, and may receive free labour from its clients or members to help it, e.g. a PVDO/CBO may help its members/clients to plant quick

growing fodder and firewood trees on leased land. The PVDO/CBO would then participate and handle one hectare of the project in the name of the PVDO/CBO. Apart from the intended income, this also gives a strong reality check for the PVDO/CBO as to whether the IGA is feasible.

b. Fees for service

Here the PVDO/CBO/MO helps its clients/members with some productive or welfare activity, but charges a small fee, or takes a small percentage of the activity to pay for the organisations' costs. Where the NGO is creating income, and providing a service, then this is relatively simple, cost effective, and acceptable- e.g. supply of credit. Where, however, the PVDO/CBO/MO is providing a service which is not creating new wealth as, for instance, family planning services or primary health care, literacy, or relief, the work of the NGO is based on the fact that the clients/members are needy and can not buy these services in the market place. How then, can they buy them from the NGO? Experience has shown that the poor are prepared to pay for services if they are good, reliable, and at hand- but they can not pay much. Apart from the income, the advantage for the NGO is the advantage of using the forces of the market place- the NGO will soon see which of its services are most valued.

c. Ventures/Enterprises linked to the work of the NGO

This is different in scale from the PVDO/CBO/MO working alongside its clients/members in an IGA. Here an NGO can set up a venture which relied upon its area expertise and experience. If the NGO is working, for example, in an agricultural extension, the NGO could invest in linked fields like soil testing, seed production, agricultural extension materials, crop processing, crop marketing, agricultural products storage, agricultural machinery repair etc. The product or service will be paid for by different people from those who are the main target of the NGOs work, but the field is common, and the NGOs' skills and experiences are pertinent. Many NGOs have developed an enterprise based upon exporting high quality handicrafts, arising from their involvement in IGAs with rural women. Other NGOs have made money by selling their experience through consultancies, research or publications.

d. RGAs not linked to the work of the NGO

Here an NGO is looking for a profit making venture, pure and simple. The venture will often be run by a different management set up to that of the NGO, and the NGO will act as the stockholder. Decisions on what enterprise to invest in would be dictated by availability of investment

capital, research into the market, and some business competence in the NGO. Many NGOs dream of this way of increasing their income, and but there are very few who have made a successes of it. It requires a knowledge of the business world.

2.1.4. Investment

This can be the way in which an NGO's savings can be encouraged to grow into a capital fund. It depends on having good interest rates for savings in the country concerned, and some skills in managing cash flow problems so that an NGO does not starve for ready money while its savings are locked up in high yielding long term deposits. As already stated MOs have an advantage here.

2.1.5. Endowment

This is an investment taken to its logical conclusion-self-financing from the investments of an Endowment. In this the NGOs' running costs are paid for from the interest of a large sum of money invested in banks, stocks, land, or a variety of financial instruments. Endowments can be set up by Government funds, business house funds, can gradually grow from contributions and can of course be set up by external financing. A form of Endowment is traditional in many South Asian Countries- usually linked to religious or educational institutions, and often depending on land. While sustainability is the obvious attraction, an endowment can easily fail without competent investment management skills. A limiting feature is that comparatively large funds are invested (thus tied up) to produce a moderate income.

NB: many of these ideas can be carried out in partnership with other parties- notably local and national government and the private business sector.

2.2. Local Financing

2.2.1. Fund-Raising from the General Public

This could involve door to door collections, street collections, pay roll contribution collections, one-off special events (fairs, films, shows, sports). The fund raising can be in cash or kind. This is one of the most common ways of raising funds traditionally in South Asia and has been used for religious and cultural events, and particularly for disasters, as well as less frequently for ongoing development work. A particular kind of this

fund-raising is by approaching the traditional religious fund-raising methods (for Muslims- *zakat and ṣadqah*).

2.2.2 Fund-Raising from Specialised Parts of the Public, Businesses

This refers to special targeted appeals to sectors of society- i.e. clubs, societies, local foundations, local businesses and philanthropists. It can involve basic requests for money or can be carried out through games/raffles/lotteries etc. As regards business house, the contribution can be in kind, particularly skilled personnel from a business house loaned to a PVDO.

List of the Sample PVDOS

Acronym	Name
EKK	Esho Kaj Kori
CRP	Centre for the Rehabilitation of the Paralyzed
MBSKS	Maukhara B. S. K. Sangstha
CDA	Community Development Association
KSS	Kalyani Shechhashebi Sangstha
BUK	Bikalpa Unnayan Karmasuchi
ORD	Organisation for Rural Development
BCSUS	Banchte Chai Samaj Unnayan Samity
PUK	Palligana Unnayan Kendra
FPAB	Family Planning Association of Bangladesh
CTW	Come to Work
SPP	Samaj Progoli Parishad
SSUS	Sagarika Samaj Unnayan Sangstha
DJKS	Dulai Jano Kalyan Sangstha
PUS	Pali Unnayan Samity
ISD	Integrated Social Development
A	Aloshika
KMS	Kalyani Mohila Samity
SJK	Sakaler Janyo Kalyan
MMS	Manab Mukti Sangstha
GUK	Gono Unnayan Kendra
SARPV	Social Assistance and Rehabilitation for the Physically Vulnerable
BAWPA	Bangladesh Agricultural Working People's Association
BPKS	Bangladesh Protibandhi Kalyan Samity
SD	Samaj Darpan
DUS	Dwip Unnayan Sangstha
S	Sankalpa
SSKS	Samata Samaj Kalyan Samity
SDS	Social Development Society

1. OVERVIEW OF THE SAMPLED PVDOs

1.1 Ages of the Sample PVDOs

All of the PVDOs surveyed are less than 20 years old. This is a relatively short period of time for a nonprofit organisation to establish economic self-reliance. The oldest of the PVDOs surveyed began in 1976.

Most of the PVDOs surveyed began around 1982-87. That is to say that most of the PVDOs surveyed are 7-12 years old.

1.2 Distribution within Bangladesh

These 29 PVDOs represent all 4 Divisions of Bangladesh. However, within these Divisions, the sample PVDOs are not evenly distributed. They cover only 12 of the 64 districts. A disproportionate number of the sample PVDOs are in certain districts, such as Barisal and Dinajpur.

Most of the PVDOs surveyed work in Rajshahi Division, followed in order by Khulna, Dhaka and Chittagong Divisions.

1.3 Coverage of Thanas and Unions

3 PVDOs are removed from the sample for this section. BAWPA is a national membership organization representing 218 unions of 57 thanas; its inclusion would skew the statistics. Also, CRP and SARPV are urban institutions and therefore are not included.

The remaining 26 PVDOs cover 59 of Bangladesh's 487 thanas; that is 12% of all the thanas. There is some overlap of efforts; 2 PVDOs are working in the same 8 thanas and 3 PVDOs are working in the same single thana. Also, 2 PVDOs are working in the same 13 unions.

Each PVDO sampled works in an average of 2.27 thanas. Only 4 of the sampled PVDOs (16%) work in more than 3 thanas:

- 38% of the PVDOs work in just 1 thana
- 23% of the PVDOs work in 2 thanas
- 23% of the PVDOs work in 3 thanas
- 8% of the PVDOs work in 4 thanas
- 8% of the PVDOs work in 5-6 thanas

No PVDO works in more than 6 thanas.

The sample PVDOs work in an average of 9.9 unions:

- 65% of the PVDOs work in 1-10 unions
- 23% of the PVDOs work in 11-20 unions
- 12% of the PVDOs work in over 20 unions

CDA, the farthest reaching of these 26 PVDOs, covers 38 unions.

It must be noted that anecdotal evidence indicates that the sample PVDOs do not work in all villages of a union or in all unions of a thana. Their working areas are mostly scattered.

1.4 Size of Staff

All of the sample PVDOs reported that they have at least 5 staff persons. In fact, 45% of the PVDOs claimed to have over 30 staff members. Some PVDOs reported up to 200 staff persons; however, it is not clear if the survey respondents clearly understood the difference between paid permanent staff and volunteers. Perhaps some of the statistics include volunteers as staff members.

1.5 Income and Expenditure, 1990-92

During 1990-92, these 29 PVDOs received an average Tk. 1.7 million and spent an average of Tk. 1.4 million. There is an abnormal increase in income and expenditures between 1990 and 91 because of relief contributions following the April cyclone. Both incomes and expenditures decreased in 1992 but '92 income was still Tk. 500,000 above the '90 level and '92 expenditures were Tk. 300,000 above the '90 level, suggesting a long-term trend of increasing budgets.

In 1990 and 91, the average income was Tk. 200,000 greater than expenditures. In 1992, income exceeded expenditures by Tk. 400,000.

1.6 Income and Expenditure in 3 Ranges, 1990-92

The sample PVDOs' annual incomes and expenditures were divided into 3 ranges (less than Tk. 100,000, Tk. 100,000 - 500,000, more than Tk. 500,000).

- a. The number of PVDOs with annual expenditures of less than Tk. 100,000 dropped between 1990 and 92
- b. The number of PVDOs with annual incomes and expenditures of Tk.100,000 - Tk. 500,000 also dropped.
- c. The number of PVDOs with annual incomes and expenditures above Tk. 500,000 has increased until 1992, when 22 of the 29 PVDOs were in the over Tk. 500,000 range.

It must be noted that incomes and expenditures were not always equal for a given year. It is believed that not all of 1991's incomes were spent in 1991 - some of the incomes were brought forward and spent in 1992.

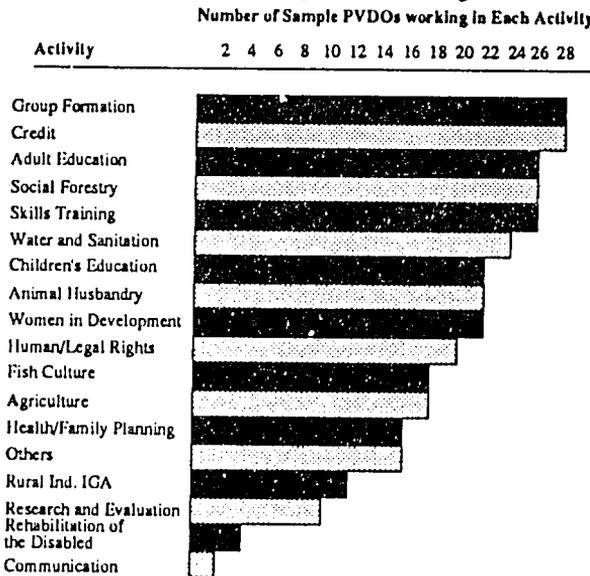
1.7 Activities

The sample PVDOs work in 18 different areas of program activities, as can be seen in table 1.7. Of these 18 areas, 10 represent human development activities, 6 represent economic development activities and 2 represent residual or organization-building activities (Research and Evaluation; Communication).

All but one of the PVDOs, Center for the Paralyzed, work by forming groups. Over 75% of the PVDOs work in 9 different categories of program activities.

Of the 9 most popular activities, only 2 (Credit and Animal Husbandry) are income-generating activities.

Table 1.7: Number of Sample PVDOs Working in Different Activities (N=26)



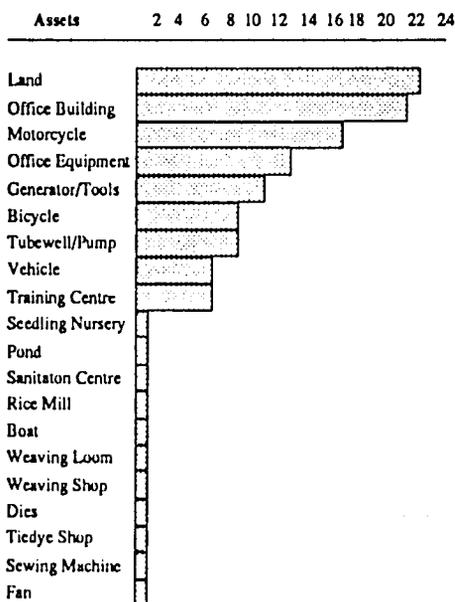
2. ASSETS

2.1 Assets Owned by the Sample PVDOs

Twenty-two of the 29 PVDOs own land. Twenty-one of the PVDOs have their own building. 16 own at least one motorcycle while 3 own a car or van. None of the sample PVDOs own income-generating livestock.

It should be noted that these PVDOs are of the opinion that their assets both earn income and reduce their expenditures.

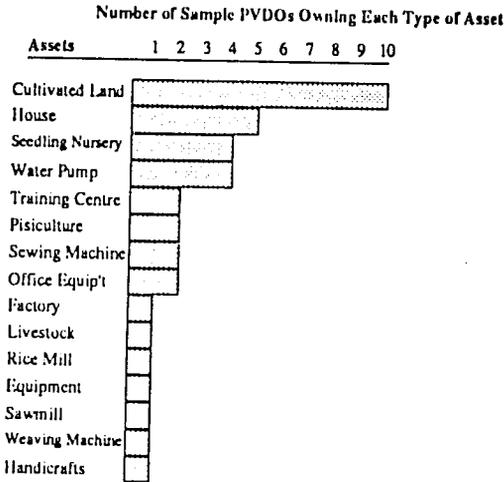
Table 2.1: Assets Owned by the Sample PVDOs (N=29)



2.2 Income-Generating Assets

Only 1/3 of the 29 PVDOs reported having any income-earning assets. Land is the most common income-generating asset of the sample PVDOs, 10 of the PVDOs own land that generates income, 5 own housing that generates income, 4 own seedling nurseries and 4 own water pumps. Many PVDOs own a variety of income-generating assets.

Table 2.2: Income-Generating Assets Owned by the Sample PVDOs (N=21)



2.3 Income from Assets

Table 2.3 is based on self-reported figures of income - not net profit. One can see that most of the assets produce very little income; some assets produce as little as Tk. 500/month.

While land is the most popular income-generating asset for these PVDOs, it is actually one of the least lucrative assets, averaging only Tk. 1,000/month/ PVDO. Those assets which produce the most income are single discrete investments, usually pursued by only one organization. For example, handicraft is the highest income-generating activity,

It is important to see land ownership as a cost reducing strategy as well as income earning. Equally significant is the fact that, often, land owned by PVDOs has been donated by local people. The fact that a cash investment would have brought the PVDO a higher return is therefore irrelevant, because selling the land is not a possibility.

The question of risk is a difficult one. We have seen examples of vegetable production, livestock raising and fish ponds all making and losing money. Management skill and other factors are just as likely to influence rates of return as the type of investment chosen. Risk of loss is also a moral dilemma when funds owned by or intended for the benefit of members/beneficiaries are being used, such as when BCSUS, and CTW used the service charges and even some of the capital from the RLF for developing land.

In looking at the return to the organisation, it is necessary to examine also just who else benefits. A low return to the PVDO on a large investment e.g. a grain store, may be reasonable if there is significant benefit to a large number of landless share-croppers or tenant farmers who would otherwise have had to sell their crops straight after harvest for a low price. Equally if, as in Sankalpa's sawmill, the organisation is creating employment for 14 group members, or as in CRP its handicrafts have another more important function of physical rehabilitation, one must obviously look at the books differently from the organisation which simply rents out an irrigation pump to local landowners to make money for itself.

3. LOCAL FUND-RAISING

3.1 Local Fund-Raising Options

As table 3.1 indicates, the sample PVDOs are actively engaged in a wide variety of fund-raising activities to help finance their operations. Of the 12 options listed for fund-raising, revolving loan funds, membership fees and income-generating activities are the most common. It is important to explain each fund-raising activity.

Most of the sample PVDOs (25 out of 29) raise money from revolving loan funds (RLFs). These are lump sums provided by donors which are then lent out to group members who pay back the credit with interest or a service fee which serves as income to the PVDO. Most interest rates/service fees are set to bring some income to the organisation which is then either off set against the costs of running the credit scheme or, more commonly, contributes to the size of the RLF itself, or augments the organisations' general fund.

A surprisingly large number of PVDOs (24 out of 29) collect membership fees from people in the area in which they operate. This not only provides a source of income, but ensures the involvement of the local community and is likely to ensure the PVDO's accountability to the local community.

An income-generating activity (IGA) is a source of income to the organization from the same field in which the PVDO is helping its group members. 17 out of 29 PVDOs raise money from IGAs.

"Local people" refer to donations from people in the local community. Such donations include land, zakat funds, sacrificed animal hides, material for latrines and tubewells, stamps and money. 12 of 29 PVDOs are funded by local people.

"Services" refer to funds raised by the PVDOs by selling some parts of the services that it offers, such as clinical services, training facilities, accommodations, training courses and pathological testing. 10 of the sample PVDOs sell services to fund activities.

"Revenue-generating activities (RGAs)" are businesses that the PVDO is carrying out which are related to the work that the PVDO is promoting for its group members. Many of those businesses are listed in table 2.3.. 8 of the 29 PVDOs engage in RGAs.

"Investments" refer to money deposited in the bank, earning interest. This includes both long-term deposits of the PVDO's own funds and the interest on the group savings funds of the PVDO group members. 7 of the sample PVDOs cited investments as a means of local fund-raising.

"Business" refers to contribution to the PVDOs from local businesses. 4 of the sample PVDOs reported contributions in kind from local businesses of seedlings, timber and in one case a photocopier.

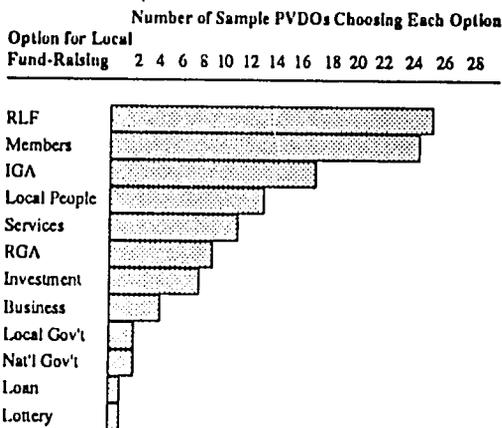
"Local Government" refers to Union Parishad. 2 PVDOs had contracts from local government agencies for roadside tree plantations and social forestry projects.

"National Government" refers to Central Government Ministries. 2 PVDOs had contracts with Ministries of the Government of Bangladesh - VGD (Vulnerable Group Development) through the Ministry of Relief and Adarsha Gram through the Ministry of Land.

Only 1 PVDO (BAWPA) reported taking a loan from a bank - in this case the bank was actually the Grameen Trust.

1 PVDO held a lottery as a fund-raising device.

Table 3.1: Sample PVDOs' Options for Local Fund-Raising (N=29)



3.2 Local Fund-Raising Options as Ranked by the PVDOs

Representatives of the sample PVDOs were asked to rank those local fund-raising methods which were most important to their own PVDO. The top 6 methods were ranked, number one being the most important local fund-raiser, number 2 being the second most important, and so on.

RLFs, the most common source of local funds, were acknowledged by 18 of the sample PVDOs as one of their 6 main local fund-raisers. 11 of the 18 said RLFs were their most important source of local funds; 5 others said RLFs are their second biggest source of local funds. Still others said RLFs are their third or fourth biggest source of local funding.

Although 24 of the PVDOs collect membership fees, only 15 of them ranked these fees as one of their 6 most important local fund-raisers. Among those 15 PVDOs, 6 ranked memberships fees as the third most important source of local funds while the others ranked it as anywhere from 1 to 6.

Of the 17 PVDOs who engaged in IGAs, only 12 ranked IGAs. 4 of these 12 said IGAs are their main source of local funds.

Of the 12 PVDOs who received funds from local people, 9 said this one of their 6 main local fund-raisers. 3 of the 9 said this was their most important local fund-raiser; another 3 said it was their fourth; others ranked it as their second, fifth and sixth biggest source of local funds.

10 of the sample PVDOs engaged in services but only 6 of them said these activities were one of their 6 main local fund-raisers. 3 said sales of services was their main source of local funds while the others said it was their second or fourth most important local fund-raiser.

Of the 8 PVDOs who listed RGAs as a means of local fund-raising, 6 ranked RGAs as one of their 6 most important local fund-raisers. 2 of these PVDOs said RGAs are their most important local fund-raiser, while another 2 said RGAs are their second most important source of local funds. 1 PVDO ranked RGAs as third and another as fourth.

7 of the sample PVDOs are engaged in investments, of which, 6 consider investments to be among their 6 most important local fund-raisers. 2 said investments are their second biggest local fund-raiser; 2 said it was the third biggest and 2 said it was the fourth.

4 PVDOs said help from businesses was one of their 6 main sources of local funding; 3 of the PVDOs said it was their second biggest source of local funds.

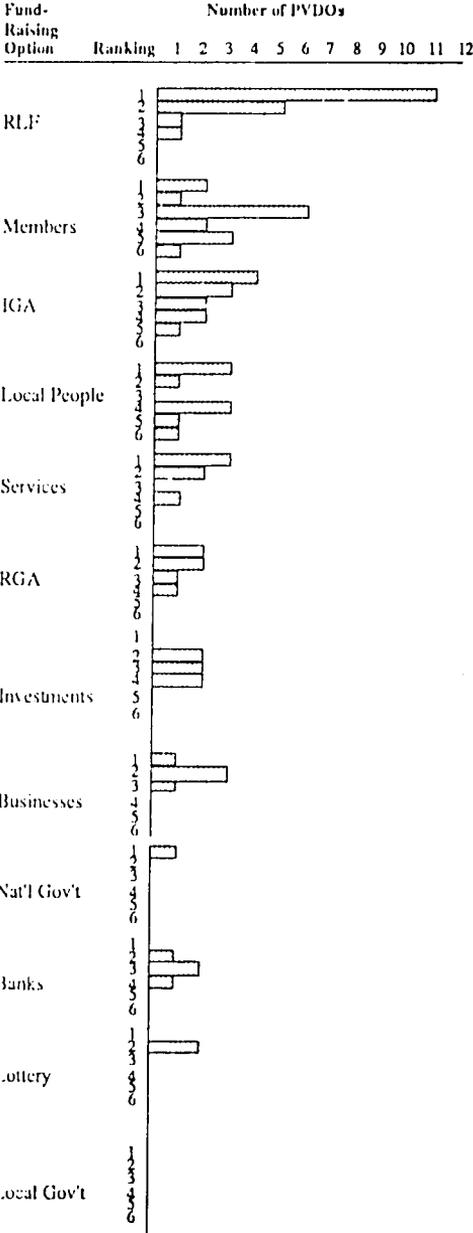
1 PVDO who engaged in contracts with the Government of Bangladesh said this was their main source of local funding.

4 PVDOs said help from banks was one their 6 main sources of local funding, ranking it between the second and fourth most important source.

2 PVDOs who listed appeals to clubs and lotteries as sources of local funding also said these activities are among their 6 main sources of local funds.

Although 2 of the sample PVDOs engaged in contracts with the local government, this option was not ranked by either of them. We can assume that the linkage between the PVDOs and the contract from the local government does not encourage the respective PVDOs to rank it as very important.

Table 3.2: Local Fund-Raising Options as Ranked by the Sample PVDOs (N=29)



3.3 Sample PVDOs' Annual Budgets, 1990-1992

By looking at each PVDO's budget for 1990-92, we see that most of the sample PVDOs have an annual budget below Tk. 2,000,000.

Looking at table 3.3, one can see that the annual budgets of the majority of the PVDOs grew substantially in 1990-92. For example, in 1990 only one PVDO had a budget over Tk. 4,000,000; but in 1991 two PVDOs had budgets over 10,000,000 and in 1992 one PVDO had a budget of almost 10,000,000. Please remember that 1991 was the year of a cyclone which attracted relief aid and thus increased some PVDO's budgets for that year.

Table 3.3: Annual Budgets of Each Sample PVDO, 1990-92
(N=25)

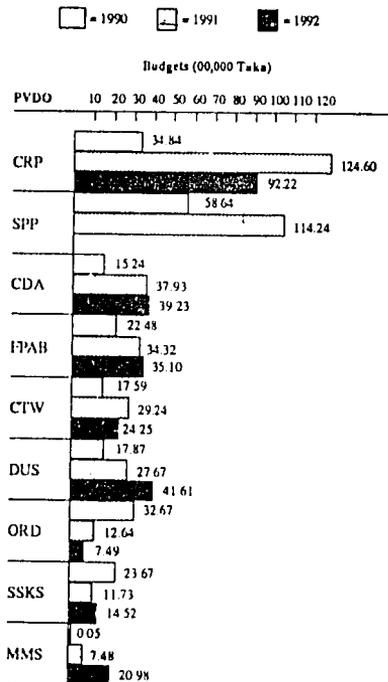
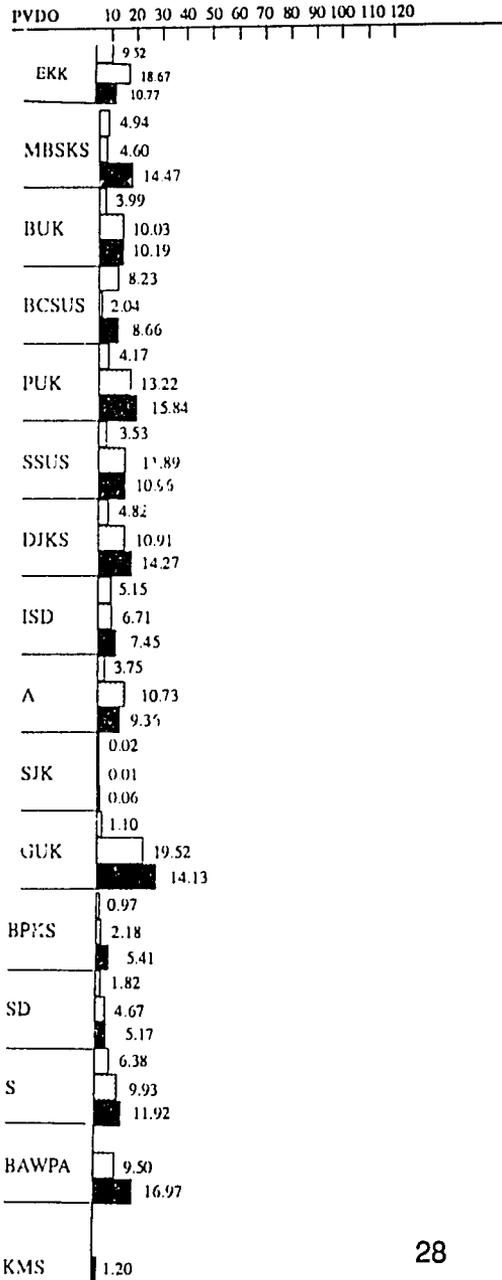


Table 3.3 Continued

Budget (00,000)



3.4 Sample PVDOs' Local and External Funding, 90-92

In general, the sample PVDOs are far more dependant on external funding than on local funding. In fact, 14 of the 22 PVDOs in table 3.4 receive less than 10% of their income from local sources. Of these 14, 7 receive less than 2% of their funds from local sources. 4 PVDOs reported local funding as 10-50% of their budget and only 2 PVDOs reported that local funding accounts for over half of their budget.

There is no discernible pattern as to whether the PVDOs' local financing is, in general, growing or diminishing. Examples of growth, decline and part of both are all seen.

3 PVDOs were dependant on local funds for 100% of their budget, but just for one year. 1 PVDO, SJK, was 100% dependant on local funds for all 3 years. Obviously, SJK is the exception who had not yet received foreign donations through OXFAM.

There is no common characteristic of the 8 PVDOs, who raise more than 10% of their own funds locally. The percentage is as much a reflection of the success, or lack of it, of their attempts at donor funding as it is on their local fund raising strategies. In other words as they succeed in getting more donor funds, the percentage raised locally will fall dramatically although the amount may not change. This does not change the fact that some PVDO have put considerable effort and imagination into a variety of initiatives which together give them greater flexibility and security.

Table 3.4: Sample PVDOs' Local Funding as a Percentage of Their Total Funding, 1990-1992 (N=25)

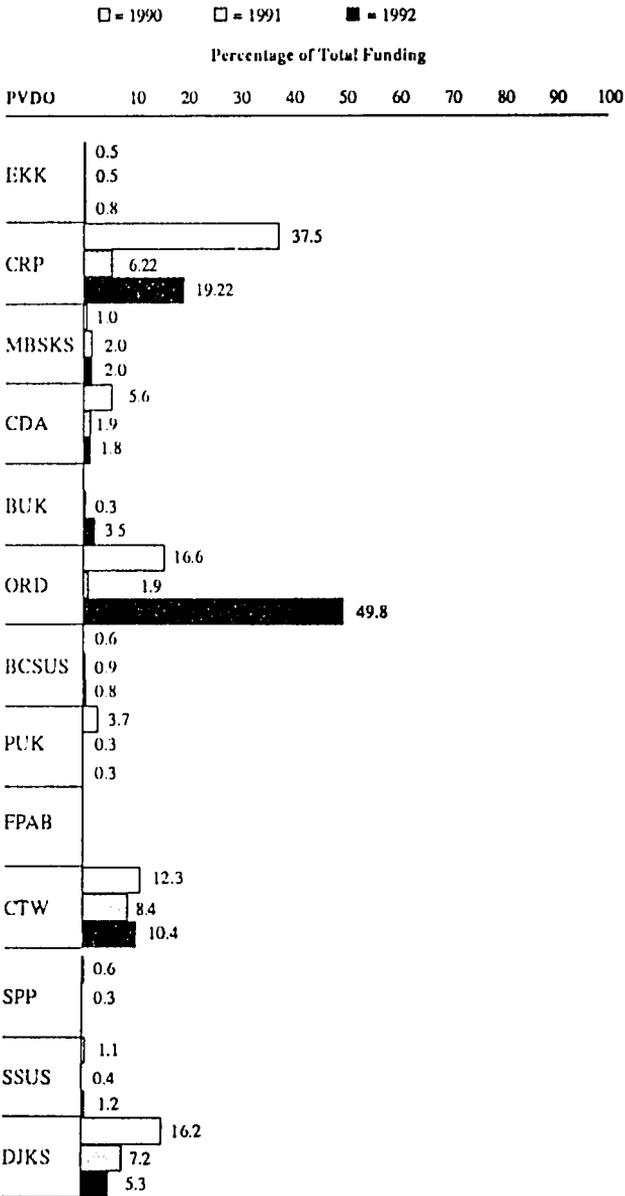
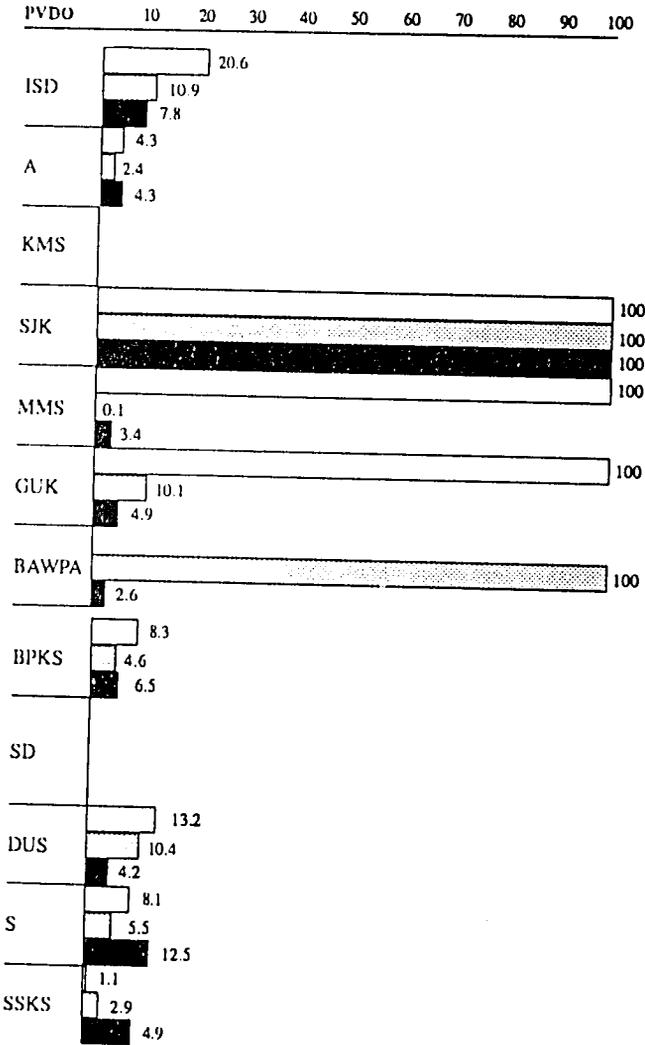


Table 3.4 Continued

Local Funding as a Percentage of Total Funding



3.5 Most Successful Fund-Raising Attempts

Representatives from the sample PVDOs were asked to write about their most successful fund-raising attempts. Here are some of their responses:

3.5.1 Land

Come to Work invested Tk. 22,000 of its own funds to buy a piece of low-lying land with the intention of digging a fish pond. They dug a pond in part of the land and used the excavated land to build a plinth for an office building and a seedling nursery. In 1991 they received Tk. 20,000 from OXFAM to invest in further excavation and preparation of the pond for fishing. Come to Work has been cultivating fish since 1992. They earned Tk. 5,000 in the first year. Thus Come to Work has invested in a low-lying piece of land and turned it into an income-generating fish pond and seedling nursery as well as a site for their own office building.

In another example, BCSUS of Pabna received 0.22 acres of land from 4 social workers in that locality. It took them 4 years to convince the people that this was a worthwhile donation of land - it has a value of Tk. 100,000.

3.5.2 Membership Fees

BAWPA, which evolved from the Khet Majur Samity, receives income from one-time admission fees (about Tk. 300,000 from 30,000 members at Tk.10 per member) and monthly fees from its members.

BAWPA is unique in Bangladesh in that it evolved from a Peasant Front of a political party (see Introduction to case study 3). But it has shown that even very poor people can provide funds for an organisation if they believe that the organisation is going to be useful to them.

3.5.3 Revenue-Generating Activities

Sankalpa of Barguna invested Tk. 350,000 in 2 sawmills which has had 2 results: (1) it generates an income of about Tk. 800 per day; and (2) it employs 14 group members. A sawmill seems a good investment for an organisation working in Barguna area since there is not a shortage of wood there.

MMS of Sirajgonj has invested Tk. 100,494 of OXFAM's money in an engine boat and combines a revenue generation activity with delivery of the organisation's services. For the sake of income, the organisation uses the boat for catching river fish and carrying goods to the market; for

the organisation's purposes it is also used to carry materials and distribute relief supplies during floods. The boat also employs 3 group members.

Aloshika has invested a relatively small amount (Tk. 15,080) in a water pump which is used seasonally to irrigate others' land for a fee. Aloshika has earned Tk. 14, 060 in one year from this investment.

SSKS of Pabna has a new idea not yet put into operation for managing the storage of crops. They will store crops at the time of harvest when the crop prices are very low and allow the farmers to sell them again when the prices are better. SSKS will charge a fee for the storage, and will thus make money for the organisation, as well as helping its farmers make money for themselves.

3.6 Unsuccessful Fund-Raising Attempts

Respondents were also asked to write about their least successful funding attempts. Here are some of their responses:

EKK of Kurigram invested in an auto-rickshaw and also in a mike-service but it failed because they were inexperienced in this matter and did not make any market survey.

CRP in Dhaka tried to raise animals but failed for lack of technical knowledge.

ORD of Thakurgaon attempted fish farming but this failed due to fish disease which they were unable to control due to lack of expertise.

ORD of Thakurgaon also leased land to produce paddy but found that the price of paddy did not cover the cost of production; they later switched to vegetable production.

BCSUS of Pabna tried growing vegetables on 0.08 acres of land but the price of vegetables fell and they could not profit from it.

SSUS of Noakhali tried to collect zakat money and income from sales of sacrificed animal hides but did not succeed because of religious prejudices. SSUS also tried to raise melons but failed because of bad seeds and lack of technical knowledge about cultivation.

SSUS of Noakhali tried a roadside plantation program with its group members but this failed because neither the members nor the local people were clear about the purposes of the project.

Come to Work of Dinajpur attempted seedbed preparation but lacked the skills necessary to succeed.

BCSUS of Pabna had an interesting experience with their revolving loan fund. They initially started a credit project in 1987 with low service charges and easy loan conditions (2% interest). After 1992, the service charge was raised to 6% and then to 10%, but the project still could not cover its costs. Finally, in 1993, they started a new system of 20% service charges and weekly loan repayment schedules and appear to have succeeded (see case study 1).

3.7 Ideas for Future Fund-Raising

Representatives of the sample PVDOs were asked what ideas they had for future fund-raising for their organisation.

Most respondents suggested traditional ideas- poultry, fish culture, seedling nursery and animal husbandry. Some less common ideas were crop storage and village godown, rice mill, soap factory, popular theatre, maternity centre, management of ghat and also exports.

4. Summary and Recommendations

The 29 PVDOs presented in this report are basically indicative of all small PVDOs in Bangladesh. They are engaged in a wide variety of activities, primarily for human development, such as adult education and women in development. Most PVDOs are involved in several activities at the same time.

As a whole, the sample PVDOs have increased their budgets between 1990 and 92. They have kept income above expenditures in these years. The majority of these 29 PVDOs have budgets below Tk. 2,000,000.

These PVDOs possess a wide variety of assets, from motorcycles to water pumps to sawmills. However, only 1/3 of these PVDOs have income-generating assets. Of those who do own income-generating assets, land is the most common asset. Although land has not proven to be a very lucrative investment, it gives security and reduces rental expenditure. In fact, the majority of the income-generating assets listed by the PVDOs are not very lucrative.

Most of the sample PVDOs also engage in a wide variety of local fund-raising initiatives, such as selling services or collecting membership fees. Often, the most lucrative of local funding initiatives are also the least common, such as the sales of handicrafts or operation of a sawmill. Many other local fund-raising attempts have failed due to lack of technical skills or knowledge.

In spite of this wide variety of local funding options, most of the sample PVDOs are heavily dependent on foreign funding. It is therefore advisable that the PVDOs investigate new and imaginative means of local fund-raising that capitalise on the expertise and knowledge already existing within the PVDO. Such endeavors should be appropriate for the PVDO's locality and would ideally directly involve the PVDO's beneficiaries. This would foster senses of ownership and responsibility among the beneficiaries towards the PVDO. Thus the PVDOs could supplement the continued growth of their budgets at the local level while increasing members' involvement.

5. Case Studies

- 1 Banchte Chai Samaj Unnayan Samity (BCSUS), Pabna
- 2 Come to Work (CTW), Dinajpur
- 3 Bangladesh Agricultural Working People's Association (BAWPA), Dhaka
- 4 Centre for the Rehabilitation of the Paralyzed (CRP), Savar

Banchte Chai Samaj Unnayan Samity

1. Background

The history of Banchte Chai Samaj Unnayan Samity (BCSUS) is closely linked with two other organisations - Lakhipur Fishermen's Cooperative (LFC) and Samata of Pabna.

The fishermen of Lakhipur were being grossly exploited by money lenders in the 70s: in return for loans the moneylenders were taking 50% of the catch and requiring Tk. 100 to be repaid at the end of the season on every Tk. 50 borrowed.

LFC was and is a cooperative of fishermen who fish the waters of the 150 acres Beel Chatra in Lakhipur Union of Pabna District, and was registered with the Dept. of Cooperatives in Pabna in 1975. The cooperative was formed by fishermen, and led by one Bhandiban who became secretary of the cooperative. Bhandiban was unable to break free from his accumulated debts and in 1980 was forced to sell 2 acres of land and his homestead. He was evicted from his home, and he left the cooperative which floundered without him.

Following organisational problems in 1980, the cooperative made a proposal for a loan of Tk. 60,000 to Community Aid Abroad (CAA) which at that time had no office in Bangladesh. This loan was agreed, but CAA asked OXFAM to manage it for them. OXFAM in turn asked SAMATA, an organisation that they already worked with, and which was about 15 miles distant, to work with LFC. LFC was not happy with this idea, thinking that Samata would become yet another exploitative organisation, but finally, following a tripartite meeting between OXFAM, LFC and Samata, they agreed to work with them.

LFC failed to repay the loan. Samata entered the area to organise the landless people, including the fishermen, and set up a branch office in Lakhipur. The main part of Samata's work there and elsewhere was getting access for their members to khas land and ponds. By 1986 this work had created great opposition amongst local powerful people who had already illegally occupied the khas land, and Samata was under attack, and some of its members in prison. For safety, Samata decided to register its branch offices as separate organisations and BCSUS was

created out of the Lakhipur branch office. 2 other NGOs were created in the same way.

LFC still continued as a separate organisation, but lost some members to BCSUS. BCSUS still has links with Samata (it is a member of the Samata executive committee), and also has links with two other local NGOs- DJKS (Dulai Jono Kalyan Sangstha) and TACD (Technical Assistance for Community Development).

The floods of 1987/88 hit BCSUS hard. Under the difficult conditions some members of the 250 groups which existed at that time withdrew their savings from the group accounts and left the group. As a consequence of this, the local powerholders struck while they were in disarray and acted against both Samata and BCSUS members. 59 people (55 men and 4 women) were imprisoned, and other members left. By 1989 the groups were reduced to 50.

Since then the organisation has gained in size and strength. There are now 168 groups of which 76 are men's groups and 92 women's group. The frequent migration of men in search of work has hindered the development of men's groups.

2. Geographical Coverage

BCSUS works in 39 villages in 8 unions of 5 Thanas of Pabna District. The working areas of BCSUS are scattered. The furthest is 16 kms from the Head office. BCSUS main office is based in Lakhipur village, head of Lakhipur Union, 20 kms from Pabna. The village has a private high school, one government primary school, a branch office of Janata Bank, a branch of the Post Office, one madrassa, three mosques, one mandir and a market.

The area of operation of BCSUS is dominated by the large Beel, Beel Chatra: it also contains one defunct canal. The area is typical Bangladesh paddy farmland with a lot of irrigated paddy, absentee landlords, and mixed Hindu/Muslim populations with Muslim predominating. The area was very disturbed by the actions of Samata and the reactions that these caused.

3. Sectoral Coverage

BCSUS started with programs of group formation, khas land acquisition and adult education. It soon ran into difficulties with adult education

because the menfolk frequently left the area to look for work, and so it changed to non-formal primary education since the women and children usually stayed in the village.

The acquisition of the khas land determined the other activities. The fishermen needed a revolving loan fund to make use of the new resource of land. With such a resource, together with training in social awareness, leadership, management, and practical skill training for income generating activities, the out migration of the men was somewhat diminished, and people started improving their lives where they were. Out of this came a desire for better sanitation and health.

BCSUS is now working with group building, khas land, non-formal primary education, credit, training, afforestation and health/sanitation.

4. Management

BCSUS is managed by a General Council of 53 members of which 24 are group members and 29 who are not group members, but were involved with the founding of the organisation. They are local business people, farmers etc. Previously, during 89-91, 15 areas with 10 groups each used to send a representative to the Executive Committee, but this caused many problems because the groups were at very different stages of development. Now the General Council elects 9 people to a 10 member Executive Committee, and they select a paid staff person to be the Director (and the tenth member of the Executive Committee). The 24 group members come from the most developed groups (according to criteria worked out by BCSUS). The organisation is managed by a paid 6 member senior staff team and 25 paid support staff. 15 are men and 16 are women. The staff are responsible for implementing the different activities and are accountable to the Executive Committee.

5. Funding History

a. External funding

The external funding of the organisation has been

<u>Year</u>	<u>Donor</u>	<u>Amount</u>	<u>Activity (in Taka)</u>
1987	OXFAM	97,000	consciousness raising, functional education.
1988	OXFAM	580,650	income generation (RLF)
1989	OXFAM	300,000	
1990	OXFAM	920,284	
1991	OXFAM	425,000	
1992	OXFAM	434,331	
1992	OXFAM	128,435	As above, plus
1993	OXFAM	964,590	Child education (in place of
1994	OXFAM	364,296	Functional education)
TOTAL		4,214,588	

b. Local Funding

Local donations from outside the organisation have been 0.22 acres of land which was given by four persons of the locality, on the condition that a part of it was used for an office for BCSUS and part of it for a clinic.

Local funding has also been the savings of the members of BCSUS which was invested in the Revolving Loan Fund.

6. Concept of Local Fund-Raising

When BCSUS was started it already had the expectation of funding from OXFAM since it was an area office of SAMATA - an OXFAM assisted project. There was, however, a deep seated worry that donor funding was not secure because of their experience with the court cases over khas land. They were apprehensive that donor funds may stop at any time. There was also a worry that dependence on a donor meant that decisions on funding would lie, not with BCSUS, but with the donor- and that BCSUS would be judged by donors criteria rather than their own.

They had already had one experience about re-scheduling a debt concerning buying rickshaw vans.

On the other hand BCSUS and its members had started to appreciate that one aspect of self-financing meant that they could decide on the use of their funds at their own discretion. They felt that they wanted donor funds, but they also wanted the flexibility of having their own funds to fill the gaps, and to decide on the best use of the funds. The ideas they have tried are:

(i) The Revolving Loan Fund (RLF) - plus

The Revolving Loan Fund (RLF) for the benefit of members was an activity already in place since 1987 and they decided to keep up this activity, increase the service charge, and extend it as a revenue generation activity for the whole organisation. Their next idea was to use the group members savings to supplement the money provided by OXFAM for the RLF.

These savings had arisen from BCSUS consciousness raising and group building work, in one part of which they stressed the importance of the group members saving. The savings were lying in the local bank gathering 8% profit, or had been withdrawn and consumed at the time of a disasters. BCSUS now considered supplementing the OXFAM grant for the RLF by adding to it the members' savings and this would increase the money available for investment, and increase the income to be derived from the service charge.

(ii) A Crop Godown.

In 1992/3 some of the groups had stored their paddy in BCSUS office in order to sell it at a higher price later. This was done successfully, but they were in fact subsidised by BCSUS since they had paid nothing for the storage. BCSUS now intends, with the groups' approval, to continue the service, but to charge for it as an organisational revenue generating scheme.

(iii) Fish Farming

Some years previously BCSUS had another idea which had not come to fruition. They wanted to re-excavate Beel Chatra for fish farming using World Food Programme (WFP) food assistance. To do this, however, WFP insists on the involvement of the Union Parishad, and BCSUS refused to accept this because they knew of the corruption likely to come

from the Union Parishad which was composed of the landlords and moneylenders who had been the cause of so much trouble in the past.

The last initiative from BCSUS which shows their thinking on self-financing is a proposal with OXFAM at the present to buy land for a 4 pond fish farming venture, and a 20 cow farm - all of which is intended for a business for organisational income to help with BCSUS financial sustainability.

7. Example of Self-Funding

Revolving Loan Fund - plus

a. *Description*

By using a Revolving Loan Fund given as a grant from OXFAM, BCSUS supplies loans to its members for income generating activities agreed by its members' groups. It charges a service fee on these loans sufficient to generate an income for the organisation. Further it borrows its members' savings to increase the amount of the RLF and also charges a service fee on loans made with that money.

b. *Sources of funds*

The first source of RLF funds is OXFAM who gave the following grants for this purpose. The second source is the savings of some of the group members who have handed over their savings to the BCSUS on the condition that they receive from BCSUS the same interest as they would have received from the bank where they had invested their savings previously.

c. *History to date*

Of the money loaned out each year, an increasing amount is repaid and similarly an increasing amount of service charge is collected as income for the organisation. The terms on which these loans and repayments have been made have changed over time, however.

<u>Year</u>	<u>Loans</u> <u>(in Taka)</u>	<u>Conditions</u>	<u>Results</u>
1987 (May)	12,000	a. to be repaid in one installment b. 2% service charge	Nothing recovered
1988 (May)	38,100	a. to be repaid in one installment b. 6% service charge	15,600 (60%) recovered 300 (13%) earned from service charge
1990 (May)	15,000	a. to be repaid in one installment b. 6 % service charge	5,849 (39%) recovered 196 (22%) earned from service charge
1993 (June)	44,400	a. to be repaid in 44 weekly installments b. 20% service charge (15% for BCSUS, 5% for group savings fund)	25,113 (57% recovered in 6 months by Dec 93 4,218 (48%) earned in 6 months from service charge

The members of the BCSUS seem to be more prepared to pay their loans back when the conditions are strict and tight, and they tended to ignore the repayment conditions when the conditions were loose and easy.

When BCSUS used Group members' savings to supplement the RLF the conditions were different: of the 20% service charge that was levied, 8% (i.e. the same as the bank rate of interest) was paid back to the group members as interest for using their money by BCSUS. Of the remaining 12% , 7% was income to BCSUS and 5% went to the members savings fund. Thus group members gained 13% interest on their funds (rather than the 8% of the bank interest) if they loaned their money to BCSUS to expand the RLF, and BCSUS itself received 7% income on the use of those same funds.

The group members who have decided to place their savings with BCSUS is increasing. Already Tk. 100,000 has been contributed.

d. Links to other organisations

The only links are to OXFAM (the source of the RLF) and the members' groups, whose savings they can use.

e. Hidden Subsidies

The RLF is subsidised by the rest of BCSUS projects since the costs of the project coordinator, the RLF field staff, and other recurrent expenditure are covered by OXFAM grants given to the organisations. However, see below, they can cover the costs of the RLF and still make a significant income for the organisation.

f. Management

The RLF is managed by the Project Coordinator who has received training from SETU in Kushlia. He has no separate staff to assist him.

Those wanting to borrow money from BCSUS must be

- i. members of groups in good standing
- ii. people who are saving money
- iii. people who have the agreement of the group members for their loan application
- iv. people who have signed a proposal which has been drawn up by the BCSUS staff and the group leaders
- v. people who have repaid any previous loans taken out.

The choice of loanee is made on the basis of need and the group's consideration of the loanee's ability to handle the investment, not necessarily on the future profitability of the investment.

g. Use of the Income

So far the BCSUS has used the income to increase the size of the RLF except for the purchase of 0.12 acres of land for Tk 15,000. It is important to note, however, that its present capital is Tk. 1,846,529 (this includes Tk.100,000 of group's savings): 15 % of this (i.e. the amount it can realise in service charges for itself) would be Tk. 276,979 which is sufficient to :

- (i) cover the administrative costs of running the RLF (last year costing Tk. 91,645)

and/or

- (ii) covering the following costs of the BCSUS program components
 - NFPE (Tk. 1,00,719)
 - partly cover consciousness raising (Tk. 447,676)
 - Admin. overhead for all of BCSUS (Tk. 85,129)

h. Future prospects of the activity.

The group members like the RLF and they are increasingly putting their own money into it. After a poor beginning, it seems at present to be well managed with a good recovery rate. Some groups are also taking RLF funds for joint activities (rickshaw vans and shallow tube wells). Not everyone has yet received a loan. BCSUS does not want to extend its area, but wants to concentrate on further coverage within the same area - and continue with the same kinds of activity and the same kinds of beneficiaries.

i. Reactions of the community

BCSUS does not face an adverse reaction from its members or from the local community to its desire to earn income for itself as an organisation. One reason is that the Executive Committee is itself almost totally composed of group members and the activities of BCSUS have to be agreed by them. Another factor is the good reputation that BCSUS has in the area - local small landowners are now prepared to sell land to it at less than the market rates to encourage them and because they believe in what the organisation is doing. Group members also see that what is good for the organisation is also good for them, and vice versa (e.g. the crop godown)

8. Reflections of BCSUS on Self-Financing

Self vs. donor funding

A very great difference was made to BCSUS work with the RLF when it decided to go for a system of 44 weekly repayments, and when it decided to up the service charge to 20%. Now it has got those conditions accepted it has the possibility of considerably increasing its income. BCSUS would like to have a mixture of donor and self-funding for the reasons mentioned earlier.

Come to Work

1. Background

Matiar Rahman, the current executive director of Come to Work (CTW), together with 3 village companions, started their professional life in 1979 at the LAMB (Lutheran Aides Medicine in Bangladesh) hospital in Parbatipur Thana of Dinajpur District; they continued there until the end of 1987. Matiari underwent a number of trainings at home and abroad on project planning and management, integrated development, communication and management, etc., while at LAMB. When he returned from overseas training in India (Certificate Course in Integrated Rural Development- CIRI), Matiari expected a promotion from the organisation but this did not happen. In fact, he observed that some of his juniors were promoted to the senior positions which Matiari had been expecting. This promoted him to form a separate private voluntary development organisation. In 1983, the primary stage of traditional rural development work began of a new organisation with the group formation and the group involvement in: (i) savings and (ii) training on health and sanitation. In 1984, the organisation was registered with the Social Welfare Department, Dinajpur as "Come to Work." (CTW)

Matiari continued to work with the LAMB hospital up to 1987, however, working voluntarily for CTW. Later, because his relationship with the LAMB hospital deteriorated, Matiari left the LAMB hospital and joined CTW as the Executive Director and a paid animator.

Unlike some PVDOs that developed because of a movement of landless people, CTW was developed by its promoters to apply their skills. The Group's formation for a period of time, did not show smooth development. There were drop-outs from the groups, particularly the male groups. These were due to:

- (i) the initiator's lack of skill in organisational development- he had the training only in health and family planning;
- (ii) increased demand by CTW (backed by SAP) to raise the quality of the groups (e.g. better attendance etc.)
- (iii) the organisation being unable to supply the demands of the beneficiaries.

The documents of the organisation inform us that as of December, 1993, there were 182 groups (23 male and 159 female). There were a total of 4,005 group members (1,019 males and 2,986 females). The drop-out of the male beneficiaries is significant, by the end of 1993, 60 male groups had disbanded. One reason was the presence of better organisations (Grameen Bank with soft conditions for loans and BRAC with small support programs). CTW was unable to retain the groups. A good number of disbanded male group members migrated to other PVDOs, many of which are working in CTW's area (BRAC, Grameen Bank, CARITAS, Shaheed Smriti Sangha, Milon Sangha, Samaj Darpan and Bangladesh Agricultural Working People's Association).

2. Geographical Coverage

CTW is a union-based organisation in the district of Dinajpur, 7 kms away from Parbatipur Thana and 26 kms away from Dinajpur City in the north of Bangladesh. CTW is located in Manmathpur village which is only 0.5 kms away from the union capital of Manmathpur. The village is surrounded by the following infra-structures: one junior high school (1.5 kms distance), one private high school (2 kms distance), 10 mosques and 2 primary schools. The village is without any mandir or market. The nearest college is 7 kms away, in Parbatipur. A 0.5 kms long kacha road links the village with the highway.

Having started with 2 villages of one union within a single thana in 1983, CTW presently reaches 45 villages of 2 thanas in 12 unions for its general work. CTW also has more than 33 villages in its afforestation program, for a total of 78 villages. The only distinguishing feature of this area is the agriculture. It is a dry land area with hardly any ponds that can be used for year-round fish production. The reason is that the sandy soil absorbs water so that deep ponds cannot be excavated. There are private irrigation facilities also.

3. Sectoral Coverage

CTW carries out a basic range of activities in a significantly large geographical area, although there is also a large area (33 villages) covered by only the single activity (afforestation). In the beginning, CTW's activities only concentrated on group formation followed by savings generation and training on health and family planning. Training on health and family planning was given at first to capitalise on the promoters' skills. At present, the activities are group formation, savings, group training, skill development, revolving loan fund, agricultural

program, afforestation, adult education, feeder school, mother and child health care, loan program, and water & sanitation.

The addition of different activities over time was not just a response to the demand created by the other activities, but also a response to the donors' intentions. In 1987, when the organisation approached SDC for funding, SDC wanted to fund an afforestation program.

At the start, CTW managed group savings and health & family planning training. The group's savings was used as the first RLF because CTW did not receive a grant for an RLF from any one. Subsequently CTW built on its training work in H & FP to run a MCH program. They followed this with an adult education program which did not succeed but gave birth to a feeder school program. Finally, at the request of group members, CTW started a water and sanitation program.

4. Management

Unlike most development organisations, CTW allowed its beneficiaries to govern the organisation, developing a sustainable institution at the grassroots level through a federated structure.

The governing body of CTW is the General Council comprised of 30 group leaders who represent the beneficiaries. Eight of the group leaders are females and 22 are males. An Executive Committee is accountable to the General Council and consists of 7 members, one of whom is the executive director, who serves as the secretary of the committee and is a paid staff person. There are also 5 group leaders and one non-group person who helps the group leaders regarding the organisational activities. The staff which implements the work of CTW consists of 102 members at different levels, 49 of whom are males and 53 are females.

The federated structure, is present in 6 union committees and 18 village committees. Five or more groups are required to form a village committee, with no fixed male to female ratio. The criteria to form either a village or union committee is yet to be documented. No village committee has its own funds. The union committee receives its funds from the primary groups to the extent that while a primary group is allowed access to the revolving loan fund, it is also required to donate Tk. 5 per member to the Union Committee fund. The Union Committee fund, at present, is supposed to be spent for social rather than the organisational activities.

5. Funding History

a. External funding

CTW has been dealing with 6 donors, some of them have country representatives and some are off-shore donors:

<u>Donor</u>	<u>Period</u>	<u>Activity Areas</u>	<u>Funds Committed (in Taka)</u>	<u>Funds Received (in Taka)</u>
BPHC	1990-96	MCH and FP	6,343,000	2,800,000
OXFAM-UK	1985-to date	Training, Skills development, Water and Sanitation, IGA, Education, VHCDP*	2,255,000	1,055,000
OXFAM-Hongkong	1992-94		900,000	900,000
APHD	1990-93		2,615,279	2,000,000
SDC	1987-94	VFFP**	2,178,000	2,103,691
SAP(Canada)	1986-93		1,959,335	1,955,355
TOTAL			16,250,614	10,814,046

* VHCDP - Village Health Community Development Program

** VFFP- Village Farm Forestry Program

As of December 31, 1993, CTW had received Tk. 10,814,046 out of Tk. 16,250,634 committed. Most of the funds were received in the early 1990s.

b. Local funding

Regarding local donations, the organisation has used the offices of the district administration and of CARITAS. In 1984, the Deputy Commissioner of Dinajpur District who was impressed by the mobilisation and enthusiasm of CTW's member donated Tk. 10,000.

In 1985-86, CARITAS donated Tk. 30,000 to build a community centre; CARITAS was unable to fund any program activity at the time it was approached by CTW.

Also, CTW arranged a 70 mile sponsored cycling event to raise Tk.10,000.

6. Concept of Local Fund-Raising

The concept of financial self-reliance did not come from the members but was the product of CTW's long struggle to attract international funding agencies. CTW encountered several obstacles when seeking funds from international donors:

- (i) uncertainty from the donors about funding and the long time needed for them to make decisions;
- (ii) specific guidelines from the funding agencies which dictated the program activities;
- (iii) interference by funding agencies at every step thus restricting CTW's freedom to make decisions; and
- (iv) uncertainty about donors' continuation, thus making CTW unsure of its future.

CTW was registered in 1984 and the first donation was received from OXFAM in 1985. Of this, Tk. 50,000 was received 14 months later due to a delay in ERD [External Resource Division] clearance.

In a desperate attempt to find funding, CTW approached SDC in 1987. SDC made the condition CTW must invest in the project itself. This condition forced CTW to use the savings of approximately 60 groups (Tk. 80,000) which created suspicion among the group members and discouraged CTW from using the groups' savings for such a purpose again.

In 1988, after the flood, OXFAM donated Tk. 80,000 to CTW for reconstruction of the damaged houses of the flood-affected people. CTW wanted to build bamboo houses while OXFAM insisted on clay houses. In the end, clay house with straw roofs were constructed. The following year, the residents could not replace the straw roofs and during the next rainy season, the houses were almost washed away. SAP-Bangladesh had been funding a project for 8 years (January 86- January 94) which has already ended. CTW has the dilemma of what to do with the project staff.

Faced with these experiences, CTW considered a number of possibilities to raise funds. All these ideas were given due attention and some of them are still being considered. One activity has, in many places, given

rise to another idea for fund raising. The attempts made and being made are:

(i) Membership Fees

This was CTW's first attempt at organisational development. CTW may be called an indirect membership organisation because the group members, through the groups, pay to the organisational fund. The subscriptions come from the groups who are the members of the General Council.

The 30 groups which represent the general council pay Tk. 80 in entry fees and for every consecutive year, each member group has to pay Tk. 60. If any member group fails to pay, it will lose its space in the General Council.

(ii) Cycling Event

The necessity to buy land for constructing office buildings inspired an interesting attempt. The executive director, together with 60 people from different local organisation, its own group members and local people cycled 70 miles to raise Tk.10,000 in funds. This attempt was not further repeated because it would lose its uniqueness and would not be able to attract enough people a second time for a similar cycling fund raiser.

(iii) Staff Donations

The staff has also assumed some responsibility to raise funds for the organisation, contributing from their salaries for any funding crisis. Salaries for 15 days of the year from each staff person are donated to the organisation. As of December 1993, staff donations amounted to Tk. 60,950.

(iv) Bank Interest

Income from different activities and funds received from different sources are deposited in a commercial bank to earn interest. As of December 1993, Tk. 29,663 of interest had been earned.

(v) Group Savings

Using group savings to generate funds was also considered but this idea was later abandoned. SDC, when approached by CTW for funding, made the condition of CTW'S own investment in an afforestation program. To fulfill SDC's conditions, CTW used the savings of 60 groups (Tk. 80,000)

for roadside plantations. The groups' savings were invested without any service charges to be given to the groups. This practice was later abandoned because it caused the groups to doubt CTW's integrity. But SDC's agro-forestry program has in-turn given a forward linkage - CTW's nursery now generates funds for CTW.

(vi) Revolving Loan Fund

The intention of a RLF was to accumulate capital through the service charges from the loans and then to utilise this money to buy land. In 1993, CTW began revolving the principle amount; the income from service charge itself started revolving in January 1994, by loaning it out to the beneficiaries at a 12% rate of interest.

(vii) Tree Seedling Nursery

Among a number of forward linkages arising from the agro-forestry program, the nursery plays an important role in raising funds for the organisation. The nursery was a part of the agro-forestry program of SDC which wanted some contact farmers from within the community to distribute seedlings free to promote the afforestation program.

(viii) Training Centre and Dormitory

CTW decided to reduce expenditure on training by constructing a training room and a dormitory for the trainers and trainees. By the end of 1990, a training hall and a dormitory had been built with funds from SDC and income from service charges of the RLF. The physical equipment were purchased with assistance from OXFAM-UK in 1993. The training centre and dormitory started generating funds for CTW from 1991. It provides income in 2 ways: (1) by renting out the training hall and dormitory and (2) by deducting the charges from the project budget when it is used by CTW.

(ix) Trainer and Resource Services

Construction of the training centre and dormitory has also provided a forward linkage - the trainers and resource persons raise funds for CTW. CTW rents out its training facilities to different non-government development organisations, such as NGO Forum for Drinking Water Supply and Sanitation. The organisation rents out the trainers, resource persons and facilitators e.g. Masuda, a CTW women's activist, received training from BDPC (Bangladesh Disaster Prepared Centre) on disaster preparedness and went to Banchte Chai Samaj Unnayan Samity to

facilitate a training course organised by BDPC and earned income for CTW by doing so. CTW requires its facilitators or resource persons to give 33% of the income to CTW.

(x) Fish Cultivation

Instead of simply revolving the service charges from the loan fund, income from the service charges opened another forward linkage possibility to generate income. In 1986, 0.65 acres of low lying land were converted into a pond for fish cultivation by CTW using the money from service charges. The problem is that the pond can be used for only 6 months of the year because there is no water during the winter and dry season. So CTW can only harvest fish once a year. In spite of this restriction, CTW has decided not to abandon the project since it regularly produces some income.

(xi) Van Rental

A part of fund-raising also comes from renting out movable assets. The organisation owns 2 rickshaw vans, one of which works and is being rented out. As of December 1993, the accumulated income from rentals was Tk. 34,978.

7. Examples of Self-Funding

The main examples shown here are:

1. Revolving Loan Fund
2. Tree Seedling Nursery
3. Training Centre and Dormitory

7.1. Revolving Loan Fund

a. *Description*

CTW's only source of income from service charges is via the loans made from the Revolving Loan Fund (RLF). The group members use the RLF for individual and collective enterprises. Individual loans are repayable in 12 months while the collective loans are repayable in 36 months.

b Sources of funds

Contributions made to CTW's RLF as of December 31, 1994 are:

<u>Sources</u>	<u>Year</u>	<u>Amount (in Taka)</u>
OXFAM-UK	1988-89	30,000
SAP	1986-89	270,000
ADAB	1987	37,000
ADAB	1989	187,500
SAP	1989	30,000
BPHC	1990-91	60,000
SAP	1991	335,000
OXFAM-UK	1991	204,814
OXFAM-UK	1992	10,000
SAP	1992	83,000
BPHC	1992	50,000
APHD	1992	36,000
OXFAM	1993	640,000
APHD	1993	109,000
NGO Forum	1993	45,000
BPHC	1993	85,000
SAP	1993	51,000
TOTAL		2,263,314

c. History to date

CTW's RLF started in 1986; most of the funds for the RLF were received in the early 1990s. As of December 1993, CTW had received Tk. 2,263,314 which has already been loaned out with 12% annual service charges except for Tk. 335,000 from SAP-Bangladesh in 1991 which was loaned out with 10% annual service charges. This was because the NGO Affairs Bureau would only approve the project with a 10% rate of service charge. This restriction only lasted 1 year.

From January 1991 to December 1993, CTW received Tk.1,708,814 for the RLF, which is equivalent to 76% of the total funds received up to December 1993. The principal amount started revolving in January 1993. As of December 1992, principal of Tk. 1,376,514 was loaned out to the group members, of which, Tk.1,193,407 (87%) was recovered. As of December 1992, Tk. 140,555 (89%) of Tk.158,482 outstanding service charges had been collected.

Tk.1,193,407 revolved during January - December 1993. As of December 1993, a total of Tk. 2,263,314 had been loaned out, including the repaid principle of 1992. Of the total Tk.2,263,314 loaned out in 1993, Tk.1,899,836 (84%) was recovered. Of the total Tk.264,898 service charges, Tk. 215,721 (82%) was collected. The CTW began revolving these last service charges in January 1994.

d. Links to other organisations

CTW has 6 backward linkages for the RLF - 4 international funding agencies (OXFAM-UK, SAP, APHD and BPHC) and 2 domestic organisations (ADAB and NGO Forum) have funded the revolving loan fund in a span of 8 years (1986-93).

e. Hidden subsidies

All the staff who manage the RLF are actually paid from the General Fund - thus there is a good deal of subsidy.

f. Management

Once again, the RLF is managed by the CTW staff. Those seeking loans must be:

- (i) members with good records of conduct in their group;
- (ii) members who are selected by the primary groups to be loanees;
- (iii) members who are reliable for managing credit;
- (iv) members who have signed the agreement drawn up by CTW and the group leaders and approved by the Village Committee;
- (v) members who never received a loan before from CTW or who received a loan and repaid it on time.

The decision for what loans are given to whom depend not on the profitability of the proposed loan investment, but on the managerial capability and need of the loanee.

g. Use of the income

A part of the principal of the Revolving Loan Fund was used to construct an office for CTW. This money was thus made unavailable for the beneficiaries as loan money. CTW then chose to use the service charges to buy assets, rather than loan this new money out. Part of these assets

were, again, land. Up to December 1993, the service charges, instead of being loaned out, were used to buy assets for CTW. These service charges, amounting to Tk. 215,721 as of December 1993, have been used to purchase land, and for construction. Tk. 87,300 has been invested in land (Tk. 35,000 for 0.65 acres; Tk. 19,000 for 0.37 acres; Tk. 8,800 for 0.17 acres and Tk. 24,500 for 0.48 acres of land). This has now changed, as of Dec 1993, and the service charges are loaned out again to increase the size of the RLF.

Considering the total TK. 2,263,314 of loaned out capital as of December 1993 with 12% annual service charges, Tk. 271,598 should be collected, which is enough to cover the probable costs of their expected expenditure Tk. 261,150 for January-December 1994.

h. Future prospects of the activity

The repayment rate of the RLF with its service charges show that the group members are happy with the RLF. As noted earlier, the repayment rate is quite good. The RLF with the service charges has also helped CTW to buy significant assets, including land. If this pattern continue, the benefits to CTW look like they will also continue.

i. Reactions of the community

The governance of CTW (The group members' presence both in the general council and in the executive committee) discourage any adverse reactions from the community since they themselves approve the idea. Not only that, the individual and group loans have been benefitted from more capital being available. CTW also has retained its staff morale; the staff continue to donate 15 days wages to CTW each year.

7.2. Tree Seedling Nursery

a. Description

A part of the Village and Farm Forestry Program (VFFP) funded by SDC, has 3 forward linkages: (i) 20 selected farmers from the community are supplied with free seedlings, (ii) group members are also given free seedlings and (iii) sales to local people- which generates income for CTW.

The selected 20 farmers also produce seedlings on their own land and sell the seedlings in the locality. The project ended on April 30, 1994, and management costs were covered by SDC during the life of the project.

b. *Sources of funds*

Not only were SDC funds used for this project, but CTW also invested a substantial amount in this project. In 1991, 0.37 acres of low lying land were purchased with Tk. 19,000 which was income from CTW's service charges. It purchased 0.37 acres of low lying land in 1991, then in 1992 purchased another low lying area which was converted into a pond. The clay from the latter was used to rise the former and this became the seedbed for the nursery. The estimated cost for such land fill if they had paid it themselves would be Tk. 40,000.

c. *History to date*

The project began with the land preparation in May 1991 and started generating income in 1992. Over the years, with an increase in expenditure (variable costs) both sales and free distribution increased significantly. The present stock in the nursery is 26,696 seedlings with a present worth of Tk. 80,088. As of December 1993, the total production was Tk. 203,369. Total sales were Tk. 57,609, and free distribution to group members and community people was equivalent to Tk. 65,672. Total expenditures, (excluding land purchases) were Tk. 85,434.

<i>Year</i>	<i>Expenditures* (in Taka)</i>	<i>Sales (in Taka)</i>	<i>Free Distribution (in Taka)</i>	<i>Total (in Taka)</i>
1991	9,996	-	-	-
1992	34,712	23,818	22,552	46,370
<u>1993</u>	<u>40,776</u>	<u>33,791</u>	<u>43,120</u>	<u>76,911</u>
Total	85,484	57,609	65,672	123,281

* Seedbed and seedlings preparation, pesticides, seeds, bamboo, etc.

Present Stock = 26,696 seedlings @ Tk.3 = Tk. 80,088 (as of December, 1993)

Total Production (Total sales+stock)) = Tk. (80,088 + 57,609 + 65,672)

= Tk. 203,369

Total Cost

= Tk. 85,484

Gross Income

= Total sales* - Variable Costs

= Tk. (203,369 - 85,484)

= Tk. 117,885

*Total Sales=Sales + Free Distribution + present stock

Assuming that the depreciation cost of land is zero, the net income of VFFP as of December 1993 is:

Net Income	= Total Sales - (Variable Costs + Fixed Costs)*
	= Total Sales - variable costs
	= Tk.117,885

*Fixed costs = 0

SDC covered the project costs up to April 30, 1993. From fiscal year May 1992 to April 1993, CTW spent Tk. 541,624 of SDC fund on VFFP. The project cost included: (i) inputs and supply services, (ii) staff support, (iii) training and development, (iv) transport and (v) administrative overhead.

d. Links to other organizations

For VFFP, the only backward linkage is SDC. The forward linkages are the group members, selected farmers from within the community and consumers (non-group members, the rural community).

e. Hidden subsidies

A part of the total management cost of the project was covered by SDC and a part was covered by CTW through subsidised use of the office building and account's staff to maintain accounts. Although the VFFP budget provides for the cost for training the staff and farmers as well as for participant's motivation, training materials and trainer's fees, the training facilities are being used for the project and therefore are hidden subsidies by CTW. This can also be considered as CTW's contribution to the project. For fiscal year 1992-93, such hidden subsidies for VFFP were more than Tk.12,500.

f. Management

The project is managed by a project coordinator, plantation worker and group supervisor, all of whom are paid staff and use the services of the accounts officer and office premises. The seedlings were distributed through sales and free distribution. The paying customers are the non-group members and the selected farmers while the free distribution is for group members and the 20 selected model farmers.

g. Use of the income

It is hard to differentiate VFFP income from other income because all the income from different sources were accumulated into a single account -

the general fund. However, if we consider the production costs and sales for the January-December 1993:

<u>Production Costs</u> <u>(in Taka)</u>	<u>Sales</u> <u>(in Taka)</u>	<u>Free Distribution</u> <u>(in Taka)</u>	<u>Present Stock</u> <u>(in Taka)</u>
40,776	33,792	43,120	80,088

Assuming the depreciation cost of land is zero, the net income of the project for 1993 is:

$$\begin{aligned}
 \text{Net Income} &= \text{Total Sales} - (\text{Variable Costs} + \text{Fixed Costs}) \\
 &= (\text{Sales} + \text{Free Distribution} + \text{Present Stock}) - \text{Variable Costs} \\
 &= \text{Tk.}(33,792 + 43,120 + 80,088) - 40,776 \\
 &= \text{Tk.}(157,00 - 40,776) \\
 &= \text{Tk.}116,224
 \end{aligned}$$

If Tk. 40,776 is considered as working capital for the nursery, the following may be deduced:

- (i) the nursery will generate a net income of Tk.116,224 per year
- (ii) of the Tk.116,224 net income, Tk. 43,120 will be free distribution (if the organisation wants to maintain it), leaving Tk.73,104;
- (iii) if free distribution to the community is stopped, the net income Tk.116,224 will cover either total costs for staff support (Tk. 90,908), total cost of administrative overhead (Tk. 69,609), or total costs of field allowances plus establishment and management of a central nursery (Tk. 58,583). After covering the total cost of any one of these 3 options there will remain some surplus to cover a part of either of the 2 remaining options.

h. Future prospects of the activity

CTW feels that once the project has ended, the replacement of previous backward linkages with the present backward linkages (i.e., income from the nursery to continue the production of the nursery), the activity can be of help in managing either a part of the total expenses of CTW or different components of CTW's expenses.

i. *Reactions of the community*

The free distribution of seedlings to the selected farmers who in turn sell the seedlings grown in their mini-nurseries is complementary to CTW's mission. Therefore, CTW has not faced any adverse reactions from the community.

7.3. Training Centre and Dormitory

a. *Description*

The training centre and the dormitory are located on the office premises, covering an area of 0.02 acres of land. The training hall began operating in 1991 with the capacity of 30 persons, and this saves Tk.1,000 per month of expenditures.

b. *Sources of funds*

There were a number of sources of fund for purchasing the land, constructing the training hall and dormitory, and purchasing the necessary facilities.:

<u>Sources</u>	<u>Year</u>	<u>Amount (in Taka)</u>	<u>Activity</u>
Service Charges	1990	709	0.02 acres land
SAP/IRDP Project	1991	18,000	building
OXFAM-UK	1993	4,000	benches (14)

The first backward linkage was the service charges from the RLF, used to buy 0.02 acres of land in 1990. The second backward linkage was the IRDP project of SAP which was the source of Tk. 18,000 in 1991 to build the training hall and dormitory. The third backward linkage was OXFAM-UK for the facilities, a Tk. 4,000 donation from OXFAM in 1993 was used to purchase 14 benches.

c. *History to date*

The training hall and the dormitory are used to train CTW staff and also to rent out to different local PVDOs and national-level networks working in the area. In 1993, NGO Forum for Drinking Water Supply and Sanitation rented the training hall and dormitory twice to provide training to its

partners on safe drinking water and sanitation. The earnings from these 2 training sessions was Tk. 3,200.

CTW's use of the training centre reduces training expenditures for CTW. When CTW rents out the centre, the following payments are collected:

Food Costs	: actual + 10%
Training Centre	: Tk. 100 per day [total number of participants]
Dormitory	: Tk. 100 per day [total number of participants]
Training Materials	: Tk. 100 per person per course
Trainers' Fees	: Tk. 5 per person per day

The dormitory has one 2-bed guest room charging:

Boarding	: Tk.30 per night
Food	: Tk. 55 per day

CTW has both earned and saved. Furthermore, these earnings and savings have increased over the years; as of December 1993:

<u>Year</u>	<u>Income (in Taka)</u>
1990	100
1991	2,150
1992	5,068
1993	19,797
Total	27,115

d. *Links to other organisations*

So far, the backward linkages are: (i) service charges, (ii) SAP and (iii) OXFAM-UK. The forward linkages are: (i) CTW and (ii) other PVDOs and networks.

e. *Hidden subsidies*

The training requirements (i.e., training hall, physical facilities and trainers) for any CTW project are met by the training facilities. The training hall and the dormitory are saving Tk.1,000 per month which CTW would have had to pay to rent from other sources.

The VFFP-related training expenses are:

<u>Year</u>	<u>Training</u>	<u>Budget (in Taka)</u>	<u>Actual (in Taka)</u>	<u>Saved (in Taka)</u>
1992-3	Staff	9,000	3,880	5,120
	Core farmers	24,000	20,509	3,491
	Motivation	40,000	17,781	22,219
	Materials	10,000	9,939	61
	Fees	<u>16,000</u>	<u>2,580</u>	<u>13,420</u>
Total		99,000	54,689	44,311

<u>Year</u>	<u>Training</u>	<u>Budget (in Taka)</u>	<u>Actual (in Taka)</u>	<u>Saved (in Taka)</u>
1991-92	Staff	9,000	2,351	6,649
	Core Farmers	24,000	11,993	12,007
	Motivation	40,000	5,824	34,176
	Materials	10,000	9,971	29
	Fees	<u>16,000</u>	<u>600</u>	<u>15,400</u>
Total		99,000	39,739	68,261

The hidden subsidies are saving on trainers' fees. CTW is well endowed and does not have to borrow trainers from outside.

f. Management

No separate project for training is funded by any donor, rather training is a component of all the projects funded by all the donors. As such, the training was managed by the staff of all projects working with CTW.

g. Use of the income

Once all the income is accumulated in a single account, namely the general fund, it was not possible to discern the utilisation of the income from the training centre. So far, the general fund is used to cover the office's maintenance costs.

h. Future prospects of the activity

Unquestionably, the training hall and the dormitory will be significant in the future. While the income from the training centre was significantly higher in 1993 than 1992 (a 291% increase, from Tk 5,068 in 1992 to Tk 19,797 in 1993), marketing of the services depends on the quality of the training facilities and the demand for training. In the future, local-level

PVDOs may decide to have training facilities of their own because most projects have training as an essential component of the budget and the training is funded by the donors.

i. Reactions of the community

CTW faces no adverse reactions to the training centre.

8. CTW's Income (as of December 1993) vs. Expected Management Expenditures (1994)

<u>Sources</u>	<u>Income (in Taka)</u>		<u>Expenditure (in Taka)</u>
RLF	215,721	Staff Salary*	
Pond	4,668	Director	92,950
Nursery	117,885**	Project Co-or.	41,600
Training		Accountant	39,000
Centre/Dorm.	27,115***		
Staff Donations	60,951	Assist. Acc.	22,750
Bank Interest	29,663	Van Driver	13,650
Membership Fees	44,609****	AGM	6,000
Van Rental	34,978	Office Stationary	6,000
Trainers/Resource		Monthly Meetings	3,000
Persons	57,264	Staff Development	
		Training	5,000
		Travel	6,000
		Electricity	4,200
		Printing/	
		Publications	5,000
		Office Rent	12,000
		Bank Charges	1,000
		Audit Fees	<u>3,000</u>
Total	592854		261,150

* Staff salary was calculated for 13 months.

** Income from nursery includes free distribution to selected farmers.

*** Income from training centre and dormitory includes CTW's expenditure savings for training.

**** Membership fees include donations.

CTW calculated their expenditures by themselves. The biggest source of income is the RLF, followed by the nursery. Other sources are also significant.

As of December 1993, the service charges that were recovered were used to buy land. If the further purchase of land is stopped, the present revolving of RLF plus 12% service charge Tk. (2,263,314 + 271,598 = 2,534,912) will increase the volume of actual service charges to more than what the organisation has received as of December 1993.

The free distribution of seedlings from the nursery to the selected farmers and group members amounts to Tk. 43,120 which is 37% of the total income. If CTW stops free distribution, once the selected farmers have developed their own mini-nurseries, the value of the free distributions will go to CTW's general fund.

So if CTW stops buying land and stops giving away free seedlings, and continues to receive funds from other sources of income, they will cover their expenditures for 1994 and still have a substantial surplus.

9. Reflections of CTW on Self-Financing

a. Self vs. donor funding

Although CTW prefers to work with both donors and self-funding, relationships with the donors forced CTW to look for a number of revenue and income-generating activities. The big problem that CTW faces with the donors is that the donors' guidelines and the required accountability to donors sometimes cause serious problems and hinder CTW's freedom.

b. Future strategies

With an increase in the RLF, CTW is considering entrepreneurship development in the future. Present ideas include community crop go-down facilities, cold storage, a large husking mill and a brick field. Land practices and leasing ponds are also being considered.

Bangladesh Agricultural Working People's Association

1. Background

The Bangladesh Krishak Samity (the Peasant Front of the Communist party of Bangladesh) created the Khet Majur Samity (KMS) as a means of dealing with the specific problems of landless labourers. KMS has for long been pursuing changes in the welfare of the peasantry through political means. It characterised itself as being in the vanguard of the aspirations of landless agricultural labourers in Bangladesh, and opposed the work of PVDOs which it saw as diluting the political struggle, and providing benefits dependant on overseas aid.

Over time frustration and discontent built up within its members at their lack of progress in advancing the welfare of the landless agricultural labourers, and a split occurred in 1991 between those who wanted to carry out development activities to benefit the landless labourers, and those who wanted to continue the struggle through political means.

Khet Majur Samity (KMS) became divided into two parts - one part being the old time political activists, while the other brought into being a new organisation called the Bangladesh Agricultural Working People's Association (BAWPA). This association started to act as a development PVDO, but it had the important differences with other PVDOs that it was a national organisation and that it was a membership organisation.

BAWPA started to take overseas aid, but found its relations with potential donors constrained because they were apprehensive about supporting an organisation with a strong political past. Its support has come from existing Bangladeshi PVDOs, the Government of Bangladesh, (a few) external donors, and (largely) its own resources. It claims a membership of nearly half a million, and has started a range of economic development activities to help its members.

2. Geographical Coverage

In April 1992, BAWPA started with 95 villages of 19 unions of 5 thanas in 3 districts. As of December 1993, the geographical coverage extended up to 3646 villages of 366 unions of 61 thanas of 23 districts. The rapid expansion of geographical coverage is assisted by the training received from Grameen Bank in October 1992. The 2 months training from

Grameen Bank focussed on organisational development & management, as well as management of savings and credit.

The successes and problems of the initial initiatives made by the organisation for savings generation and the experiences from Grameen Bank training were further explored at a workshop following the ZOPP methodology. In this workshop BAWPA developed guidelines for the expansion of its geographical coverage. As of December 1993, 8 regions with 20 areas, 61 branches and 2955 samities are working.

As of December 1993, the total number of groups is 10,344 with 8,905 female groups and 1,439 male groups. There are 71,571 members - 61,661 female members and 9,910 male members. These members have generated a total of Tk.4,139,425 in savings which are deposited with BAWPA different branch accounts and administered by BAWPA officials.

3. Sectoral Coverage

BAWPA's first activities were savings, afforestation & nursery, homestead gardening and, in one branch, poultry farming and goat rearing. Present activities include savings & credit, afforestation, poultry, goat rearing, homestead gardening, education, fisheries, seed distribution, and training.

The two most important additions are credit, and poultry farming now being operated by all the BAWPA branches. Because there is no revolving loan fund from any donor, the members savings are being used to meet their own credit demands. Poultry farming at all the branches is BAWPA's policy using one branch (Sarisabari thana of district Jamalpur) as the central source of chickens and ducks with all other branches buying from the Sarisabari branch. There is also another attempt to develop poultry production at all branches and for the branches to develop mini poultry farms.

4. Management

To manage its activities at 61 branches in 61 thanas of 21 districts, BAWPA has a large management unit which consists of 487 staff, 23 of whom are area coordinators, 17 are central staff and 447 are field staff. Without any external funding for management costs, BAWPA has had to depend on voluntary labour for a considerable period of time. As of December, 1993 the number of paid staff was: 17 area coordinators, 17

central staff and 125 field staff (program organisers and field organisers). The number of voluntary staff was: 6 area coordinators and 322 field staff.

Voluntary labour is an essential component of BAWPA's management. The central staff give voluntary services for the first two months, the area coordinators render voluntary services for first three months, and the field staff give voluntary services for the first six months. During the voluntary period, no field allowances are allowed for the field staff but the area coordinators are given Tk.500 per month.

BAWPA management system involves three tier system:

1. Central management
2. Branch management, and
3. Samity level management

Central Management coordinates and monitors the branch, samity and group activities. Central Management also meets with the donors, private business community and the government.

Branch Management manages the branch activities as well as the samity & group activities. A decentralised management system exists with authority given to the branches for policy making, especially in selecting IGAs or RGAs, mobilising the private business community & the local people, and banking.

The Samities are accountable to the Branches who are, in turn, accountable to the Central Management. Central Management is accountable to the Executive Committee, which in turn, is accountable to the General Council.

The Executive Committee is a 7 member committee with Executive Director and 6 other members. The Executive Director is a salaried staff and the other 6 members receive an honorarium. The General Council, which is the highest authority, has 49 members, 10 % of whom are nominated by the Executive Committee, 30 % represent the staff and 60% represent the members.

5. Funding History

- a. External funding

Within a short time since its inception, BAWPA has linked with four international funding agencies, but 2 of the donors worked with BAWPA

on a one time basis. As of December 1993, BAWPA has received the following funds:

<u>Donor</u>	<u>Period</u>	<u>Activity</u>	<u>Fund Committed (in Taka)</u>	<u>Fund Received (in Taka)</u>
PACT-Bangladesh	1992	Agro-based IGA	915,000	300,000*
OXFAM-America	1992	Agro-Based IGA	300,000	300,000
PACT-Bangladesh	1992	Afforestation & nursery dev.	297,000	297,000
OXFAM- UK	1992	Agro-based IGA	615,000	615,000
OXFAM- UK	1993	Flood Rehabilitation	682,000	682,000
OXFAM- UK	1993	Agro-based IGA	813,000	813,000
OXFAM-Hongkong	1993	Training & Agro-based IGA	997,000	997,000
TOTAL			4,619,000	4,004,000

* the balance, Tk.615,000, was later funded by OXFAM-UK

Also the World Food Program (WFP) donated 172 tons of wheat for 48 kms of road in Jhenaida, Magura and Rangunia and 18.5 tons of wheat for 2 ponds in Sunamgonj.

During 1992-93, BAWPA was promised Tk. 4,619,000 and received Tk. 4,004,000. Most of the funds were for agro-based IGAs, followed by the rehabilitation program.

b. Local funding

As of December 1993, BAWPA, has succeeded in linking with one local donor and one local private business:

<u>Donor</u>	<u>Period</u>	<u>Activity</u>	<u>Fund Committed (in Taka)</u>	<u>Fund Received (in Taka)</u>
Grameen Trust	1993	Urban credit	350,000	350,000
Bangladesh Seed Foundation	1993	Loan (rural credit)*	1,078,000	1,078,000
TOTAL:			1,428,000	1,428,000

* Bangladesh Seed Foundation is a private business. The loan was given in kind (37 tons of seeds and 100 treadle pumps).

BAWPA received a total of Tk.1,428,000 in local donations collected in two forms: (i) cash and (ii) in-kind credit. But both the funds were given as loans to be used as cash credit for BAWPA's urban members, and in-kind credit to rural members.

6. Concept of Local Fund-Raising

The concept for BAWPA's development initiative was the rural development through self employment with the generation and utilisation of savings as credit. BAWPA was apprehensive about seeking external funds because they thought that the external agencies would not be interested in BAWPA's development activities due to BAWPA's political past. This doubt was coupled with the positive experiences of local fund-raising initiatives while the promoters of BAWPA still worked with KMS - and this prompted the promoters to depend on their own funds rather on international assistance. Moreover the promoters believed that local fund-raising would encourage community participation in development activities.

BAWPA's attempts so far to generate local funds are:

- (i) Accessing GOB Projects

BAWPA has entered into two sectors arrangements with the Government of Bangladesh: the Adarsha Gram project under the Ministry of Land and

the Integrated Non Formal Education Program (INFEP) under the Ministry of Education.

The INFEP program with the government is a 2 years project beginning from May 1994. This program has the coverage 205 schools in 205 villages of 4 thanas in 4 districts. The total project cost would be Tk. 4,536,000

(ii) Local Funding Agencies

BAWPA has contacted two organisations: (i) Palli Karma Shahayak Foundation (PKSF) and (ii) the Grameen Trust. Of the two, BAWPA has succeeded in getting funding from the Grameen Trust as a loan with 2 per cent interest rate. In 1993, the Grameen Trust first made a loan of Tk.350,000 to BAWPA for 7 years for credit operations at the slum areas of Dhaka managed by 4 branches- Mohammedpur, Mirpur, Cantonment and Lalbagh branches. In 1994, the Grameen Trust has disbursed Tk. 500,000 to BAWPA with the same annual interest rate for 7 years.

BAWPA tried to raise funds from PKSF- a Government of Bangladesh financed independent Foundation. PKSF insisted that BAWPA change its constitution and Executive Committee in order to become eligible for one of its loans. While BAWPA agreed to modify its constitution, it refused to change its Executive Committee since it strongly favoured keeping political personalities involved in development.

(iii) Working as a Business Intermediary

BAWPA has worked to persuade seed merchants that they should improve their services to BAWPA's members by arranging them to make quality seed available on credit.

(iv) Fund Mobilisation from Local People

Local people have some money to invest but a lack of confidence in investing in local businesses or in banks. This has been addressed by BAWPA which has allowed local people to invest with them and get a better return.

(v) Government's Unused Local Resources

Through negotiation at some districts, unused government facilities such as ponds and buildings have been transformed into income generating possibilities such as fish cultivation or poultry. In some cases the facilities are free, and in some cases rented.

(vi) Admission Fees

BAWPA follows KMS's tradition of collecting a one time mandatory, non-refundable membership fee.

(vii) Service Charges on Savings

Non refundable, mandatory, monthly contributions are given by BAWPA's members. This service charge is fixed.

(viii) Loan Application Fees

To apply for a loan, members must pay a loan application fee which is also non refundable. The loan application fee is same for any loan activity. But some activities, to encourage members participation in that particular activity, have been excluded from the loan application fee.

(ix) Self-Financed Credit Scheme

This is the usual system followed by the regular PVDOs involved in credit activities, but it is independent of foreign funds. The members savings are loaned out instead of using a revolving loan fund from an international donor. The members are given better returns than they would get from a commercial bank, but they can only borrow once a year.

7. Examples of Self-Funding

The main examples shown here are:

1. Accessing GOB Projects
2. Using unused Government Resources
3. Working as a Business Intermediary
4. Self-Financed Credit Scheme

7.1. Accessing GOB Projects - Adarsha Gram

a. *Description*

BAWPA has linked to GOB projects through the Ministry of Land. The Adarsha Gram Project is managed by BAWPA branches in places where agreed Adarsha Gram activities are located. The project was intended to cover 559 households and will end in October 1994. But only 387 of the 559 households have been reached. As of March 1994 100% of the funds allocated for credit for the 387 households was disbursed to

BAWPA, but only 80% of the funds for overhead, training, and village expenditures.

b. Sources of funds

The only source of the project is the government who provides funds (the funds come from the European Union originally). The total obligated funds are Tk. 4,216,550, of which Tk. 1,354,500 with 3 % annual interest rate was given to BAWPA. The funds are divided by sector as follows:

<u>Source</u>	<u>Activity</u>	<u>Period</u>	<u>Fund (in Taka)</u>
Government.	Overhead cost	24 mths	3,633,50*
	Training cost	24 mths	7,267,00**
	Village expenses	24 mths	1,170,000***
	Credit	24 mths	<u>1,956,500****</u>
Total:			4,216,550

- * overhead cost @Tk. 650 for 559 households
- ** training cost @Tk.1300 for 559 households
- *** village expenses @ Tk. 65000 for 18 villages
- **** credit @ Tk. 3500 for 559 households

c. History to date

The project began in October 1992 with 18 Adarsha Gram villages located in 4 districts in 2nd and 3rd phases:

<u>District</u>	<u>Villages</u>
Dinajpur	10
Panchagar	1
Gazipur	3
Cox's Bazar	4

The total number of beneficiaries is 559 households under an integrated program of human resource development (skill development, social awareness building, afforestation, leadership development) and agro-based income generating activities - poultry and livestock.

BAWPA has two income generating sources from the project : (i) training cost, and (ii) credit. The overhead costs* are covered by the project. Excluding the training allowances for each household (Tk. 810) BAWPA earns the rest of the training cost (Tk. 290) of the project after paying for the cost of materials (Tk. 50 per family) and trainers allowances (Tk. 150 per trainer)

The principal amount of credit per family- Tk. 3500 is invested with 15% annual interest rate per annum. While the principal amount with 3 per cent interest per annum is repaid back to the Ministry of Land. Therefore BAWPA earns 12% service charges annually from the loans. The loan is repayable in 50 equal instalments a year. As of December 1993 the credit budget stipulated in the project agreement has already been disbursed to the beneficiaries. As of April 1994, the revenue to BAWPA from this project is:

<u>Line item</u>	<u>Amount Realisable (in Taka)</u>	<u>Amount Realised (in Taka)</u>
Principal amount	13,54,500**	6,78,000
Trainer's fees	89,784***	89,784
Service charges	1,62,540****	1,01,700

- * overhead cost include the management cost incurred by central, district and thana offices and travelling expenditures
- ** loan disbursed by the government to BAWPA for 387 families
- *** the trainers fees were calculated for 387 households and 80 per cent was taken into account
- **** the figure stands for 12 per cent annual interest rate instead of 15 per cent interest rate including the 3 per cent for the government

BAWPA used the services of its trainers. Only 63 per cent of the total service charges were earned by BAWPA, and the rest should be earned by November 1994. In all, the total income should be Tk. 396,890. The income from the credit is being deposited against the respective district branch account.

d. Links to other organisations

BAWPA has the government as the backward linkage to the project. The forward linkages are the members and non-members in Adarsha Gram, the local government and different developmental agencies of the government (e.g. AC Land, Agricultural officer, Livestock officer, Family planning worker etc.).

e. Hidden subsidies

The project has its own salaried staff, but the services of respective branch offices and the central office are subsidised by BAWPA. The services of the Executive Director, Regional Coordinator (Dinajpur), 3 Area Coordinators, Agricultural Coordinator of the central office and the

Accountant of central office and Dinajpur branch are subsidising the project.

f. Management

The project is managed by 1 project coordinator who coordinates the activities of 18 Adarsha Gram, and also looks into daily activities of Adarsha Gram activities at Gazipur district. 2 District Coordinators - one for Dinajpur and Panchagar district and the other for Cox's Bazar district with 18 residential village development workers - one in each of the 18 Adarsha Gram villages - are a part of the project management. The accounts officer at the central office also looks into financial management of the project. a part of his salary is covered from the project's budget.

g. Use of the income

The income has been used in two different ways: (i) service charges from credit intervention have been invested in the savings and credit program of the organisation with a 16% interest rate, and (ii) the income from the trainer's fees has been invested in holding workshops and training sessions

h. Future prospects of the activity

BAWPA feels that 2 years is not enough time for the beneficiaries of this project to reach a minimum level of sustainable development. The project is therefore expected to be integrated into BAWPA's own program. The management of Adarsha Gram has the advantage that the Village Development Workers for Adarsha Gram are simultaneously working as the field workers of BAWPA branch areas. These field workers, though presently earning more, have a verbal agreement with BAWPA to take less salary when the Adarsha Gram project will be integrated into BAWPA's activities. The excess expenditures from the integration of Adarsha Gram projects are expected to be covered by the branch's income.

Reactions of the community

The reactions of the community are mixed. 5 of 18 Adarsha Gram were once involved with KMS, and the project is favoured in those areas. The beneficiaries of Adarsha Gram are worried about its future once the government pulls out.

7.2. Using Unused Government Resources

a. Description

A number of Government facilities (e.g. building for poultry complexes, fish ponds etc.) are lying vacant and unused in the rural areas. BAWPA negotiated with the local government officials and started to employ the unused physical facilities usefully. BAWPA is presently employing unused government facilities in 4 thanas. The physical facilities are being used for poultry and fish farming.

b. Sources of fund

The facilities are the property of the Government of Bangladesh, and so their use is a kind of donation from the Government. To put the facilities to good use (some of them need repair) has required BAWPA's own resources, and in one case, funds from OXFAM)

c. History to date

The activity began at Sarisabari thana in 1992 followed by the districts of Dinajpur, Thakurgaon and Jamalpur in 1993. As of March 1994, the utilisation of govt. facilities is:

<u>Branch</u>	<u>Facilities</u>	<u>Activity</u>	<u>Rent per month (in Taka)</u>
Sarisabari (Jamalpur)	building	poultry	free
Nawabgonj (Dinajpur)	building	poultry	350
Pirgonj (Pirgonj)	building	poultry	250
Melando (Jamalpur)	building	poultry	free

The negotiation with the local government are written agreements that preserve the Government's right to declare the agreement null and void

at any time. At three branches, activities have started and at Melando, activities are expected to start very soon.

Other unused government resources i.e. ponds have been employed by BAWPA for IGAs in 3 branches of Dinajpur district.

<u>Branch</u>	<u>Resources</u>	<u>Number</u>	<u>Area (acre)</u>	<u>Period (years)</u>	<u>Activity</u>
Nawabgonj (Dinajpur)	Pond	2	5	9	fish farming
			2	9	fish farming
Bochagonj (Dinajpur)	Pond	2	2	3	fish farming
			1.5	3	fish farming
Khansama Dinajpur	Pond	2	1.5	3	fish farming
			3.5	3	fish farming

BAWPA leases the ponds from the Government for a definite period of time: the amount paid depends on the size of the pond. At Nawabgonj Thana in 1994, 2 ponds covering 7 acres were leased for Tk. 33,000 for 9 years. At Bochagonj Thana in 1993, 2 ponds covering 3.5 acres were leased for Tk. 13,000 for 3 years. And, at Khansama Thana in 1994, of 2 ponds, one with 3.5 acres was given free and the other, with 1.5 acres is leased for Tk. 7,500 for 3 years.

Only two branches have started generating income from the use of these government resources - Sarisabari thana which is working as the Central poultry farming unit, and Bochagonj pond which has been harvested once.

d. Hidden subsidies

The activities are subsidised by all the sources of income that the branches have at their disposal.

e. Management

The activity is managed by the program manager (savings and credit) and the field organisers.

f. Use of the income

There is no significant income for the organisation from these activities yet, but there are substantial savings in that the buildings would otherwise have had to be rented on the open market.

g. Future prospects of the activity

There are substantial numbers of unused government facilities and infrastructure all over the county which could be put to good use by PVDOs. It needs PVDO staff to be aware of what exists and to lobby hard for Government officials to let them be used by others. BAWPA has found that it was not as difficult as it expected to get the use of such facilities.

h. Reactions of the community

There are no adverse reactions from the community.

7.3. Working as a Business Intermediary

a. Description

Due to lack of funds and pressures from its members for social and economic interventions, BAWPA has opted for an unusual attempt to support its development activities. BAWPA is well aware of the fact that the private local producers and wholesale business people are facing a stagnating market. BAWPA has a strong network of members who themselves constitute a market for such people but with 2 problems: (i) they are unable to get access to the wholesale market and (ii) they do not have the purchasing power to buy in bulk directly from the producers or wholesalers. The problem with BAWPA was that it was not able to provide cash capital to its members on the one hand, nor was it able to buy even part of the members' requirements from the producers or wholesalers itself.

To solve the problem, BAWPA has assumed the role of a market intermediary by (i) working as collateral security for the beneficiaries and (ii) linking the beneficiaries to the producers and wholesale business people. By making a down payment on part of the total cost of the products - in this case - seeds and other requirements for planting - BAWPA has mobilised the business community to intervene in both economic and social sectors of the beneficiaries. The products are

supplied to the beneficiaries on credit with 16% annual interest which the beneficiaries repay to the branches in 26 equal weekly installments. The branches then repay the loans to the businesses in 6 month installments.

b. Sources of funds

As of March 1994, there are three sources of capital for this activity:

<u>Sources</u>	<u>Amount (in Taka)</u>
OXFAM-UK	10,00,000
Group's savings	20-30% of the total cost*
BSF**	310 tons seed

* variable because of the competency of different branches in gaining the confidence of the private businessmen and thus lowering the volume of down payment. Other than the OXFAM-UK's contribution for down payment, the down payment is usually made from the group's savings.

** Bangladesh Seed Foundation

Through BAWPA, OXFAM's involvement came through the Bangladesh Seed Foundation - a local seed producers company that supplies seeds to the members. The 30 per cent down payment (Tk.1,000,000) was made by a one year loan by OXFAM to BAWPA. Usually the volume of down payment varies from locality to locality and the product the members desire to purchase.

c. *History to date*

The activity started in February 1994. BAWPA has linked members with the business community in a number of sectors:

<u>Product</u>	<u>Number/quantity</u>	<u>Price/unit</u> <u>(in Taka)</u>	<u>Total</u> <u>(in Taka)</u>	<u>Rate of interest</u> <u>(per cent)</u>
Tubewell	350	565	197,750	16*
Treadle pump	270	870	234,900	16*
Sanitary latrine	300	475	142,500	16*
Seeds	85 tons	1400 per ton (wheat/potato)	119,000	Tk.1 per kg
Seeds	19 tons	28,000 per ton (ginger)	532,000	Tk.2.25 per kg
Hens	11,000	20	220,000	Tk. 3 per hen
Ducks	3500	20	70,000	Tk. 3 per duck
Fish fingerlings	35,000	375 per 1000	13,125	16*

* the income from these activities will go to the branches, and from the rest activities the income will reach the central office

** 18 tons are provided by BSF, and the other 67 tons are procured locally with local funds

As of April 1994, the business community has been mobilised to a considerable extent in 19 branches in 9 districts.

The income for central BAWPA comes from supplying the seeds, hens & ducks. The income from other sources for business community mobilisation will go to the respective branches where the activity is functioning. However, the income for central BAWPA from this activity is:

<u>Sources</u>	<u>Amount (in Taka)</u>
Seeds (wheat & potato)	85000 (repaid)
Seeds (ginger)	42750 (outstanding)
Ducks & hens	43500 (repaid)
TOTAL	171,250

Of this Tk.171,250, Tk.128,500 (75%) is repaid, and the total outstanding amount is Tk. 42,750 (25%)

d. Links to other organisations

The backward linkage is the private producers and traders. The direct forward linkage is the different branches. The indirect forward linkages are the members of BAWPA and Central BAWPA. Central BAWPA works as the intermediary between the branches, the producers, and the traders for high quality seeds and hens and ducks.

e. Hidden subsidies

The activity is managed by the project staff (program organisers and field organisers), and the numbers of staff vary from branch to branch. The staff are paid by the income from all the income sources mentioned above. Central BAWPA, because of its involvement, has the services of 2 central staff from the agricultural component of its work, and the central accountant - whose services are subsidised by the income from all the other sources.

f. Management

The Program Organisers (savings ad credit) manage the activity.

g. Use of the income

The income has been used to cover the salaries of 2 central staff amounting Tk. 8000 per month and a part of the project maintenance costs (Tk. 3000 per month).

h. Future prospects of the activity

BAWPA is highly optimistic about the future prospects of the activity. But the demand in different sectors and at different branches is almost overwhelming:

<u>Name of the services</u>	<u>Quantity required</u>
Treadle pump	5000 nos
Tubewell	1700 nos
Sanitary latrine	2500 nos
Seeds	1652 tons
Hens	35000 nos
Ducks	15000 nos
Fish fingerlings	450,000 nos

BAWPA is encouraged by its success so far. If the conditions between the producers, the traders, the members and BAWPA can be maintained, a good number of more producers and traders will consider doing business with BAWPA's members.

Also a part of the seed requirements (310 of 1,652 tons) has already been procured. OXFAM UK has already disbursed Tk 10,00,000 for a 30% down payment of Tk. 3,280,000 (the total costs of 310 tons of seed) to BAWPA as an interest free loan to be paid to BSF. To cover the rest of the required seeds, BAWPA is negotiating with 3 cold storage facilities.

i. Reactions of the community

The community lacks good quality agricultural inputs and lacks the capital to buy in bulk at cheap prices. BAWPA is addressing both of these issues and finds that the community is very happy with the activities.

7.4. Self-Financed Credit Scheme

a. Description

As mentioned previously BAWPA's credit scheme is financed by the members' savings, with no externally funded RLF. It is therefore under considerable pressure to build up enough funds in the scheme to enable members to take loans. To maintain the necessary accounts on savings generation and pay for the cost of supplying the pass books to the members of the organisation, the organisation is charging Tk. 1 per month

from the members of the organisation. The service charges generated are deposited with the respective BAWPA branches. Because of the fund crises at the branch level, the central office is yet to generate income from this service charges, though the following guidelines for central income have already been outlined:

- i. for the branches with 1000-1500 members, the branch will keep Tk.1000, and the rest will be refunded back to the central account.
- ii. for the branches with 2000-3000 members, the branch will keep Tk. 2000 and the rest will be refunded back to the central account.

The central office is expecting income from this activity from August 1994. The idea to generate service charges stemmed from its past experiences while working with BKMS and the experiences of different political parties and mass based organisation where the members of the organisation bear a part of expenditures related to organisational activities.

BAWPA is also offering its savings scheme as a place where lower middle and middle class people in the neighbourhood can deposit their own savings and get a higher interest rate than other formal institutions.

b. Sources of fund

The members of the organisation are the sources of fund, and recently other people who wish to save on preferential rates

c. History to date

As of March 1994, the activity generated service charges amounting Tk. 4,66,205. Total savings generated at all the branches of the organisation, as of March 1994, is Tk. 59,89,645. Of the total amount Tk. 64,55,850 (service charges + savings), 7 per cent was given as the service charges on savings utilisation .

As regards the savings from non-member, the activity started since November 1993. As of March 1994, at 9 branches of 5 districts, the fund from local people have been mobilised.

<u>Name of the district</u>	<u>Name of the branches</u>	<u>Fund mobilised (in Taka)</u>
Bogra	Dhunot	35000
	Sherpur	30000
	Kahaloo	25000
Nagaon	Sadar	25000
Manikgonj	South Sadar	35000
Dinajpur	Birampur	45000
	Khansama	27000
	Kaharol	25000
Jamalpur	Islampur	30000
	Total	277000

As of March 1994, an amount of Tk. 277,000 are invested to BAWPA by the local people.

BAWPA is giving more interest than what the investors would have received from National Savings Certificate-14% interest rate per annum for five years deposit and 11.5 per cent per annum for 3 years deposit. The scheduled bank's interest rate is 6 per cent per annum on savings. BAWPA negotiated with the local people with varied interest rate depending on the period of investment:

<u>Period</u>	<u>Rate of Interest</u>
6 months	10 per cent
2-3 years	14-18 per cent
>2-3 years	20-22 per cent

The invested capital is deposited against different respective branches of BAWPA and the branches are reinvesting the same into its savings and credit program with 16 per cent annual interest rate repayable in 50 equal instalments.

d. Links to other organisations

There are no linkages to other organisations. The backward linkages are the members of the organisation and local depositors and the forward linkage is the organisation itself.

e. *Hidden subsidies*

The activity is subsidised by the income of the branches from all sources.

f. *Management*

The program organisers (savings and credit) and the field organisers of the branches manage the activity

g. *Use of the income*

The income is used to supply necessary books and papers related to maintain savings account at the branch office and members level. The income is also used to cover office rent and a part of conveyance and office stationeries at the branch level. In due course, it is hoped that the income will pay for the cost of the central management.

n. *Future prospects of the activity*

The future prospects of the activity lies in increasing the members of the organisation. The more the members, the more savings to be generated and the more the service charges to be generated.

As regards local fund mobilisation, an example of the possibilities is seen by Hakimpur thana of the district Dinajpur, where a samity of 300 people was unable to manage its savings of Tk. 75,000 and later, on the information of local fund mobilisation and investment by BAWPA, joined BAWPA with its savings as members.

i. *Reactions of the community*

Neither the members of the organisation nor the local donors have shown any adverse reaction to the activity, because the organisation has widened the scope for more credit and the local depositors, so far, have not felt insecure with the investment because the respective branch leaders are from the same locality and enjoy the faith of the community.

8. Central BAWPA's Expected Income & Expenditure Statement for 1994

<u>Income Sources</u>	<u>Amount (in Taka)</u>	<u>Expenditure Head* (in Taka)</u>	<u>Amount (per mth)</u>
Seeds, Hens* & ducks	2,91,000 (fixed)	Salary	47,700
Ginger*	42750 (fixed)	Travelling	5,500
Adarsha Gram**	125775 (fixed)	Office rent	4,700
Admission fees***	540,000	Stationeries & incidental expenses	3,000
Savings **** and credit	57050		
Total	10,56,575	Total (per month)	60,900
		Total (per year)	7,30,800

- * this is already agreed between BSF and BAWPA for 1994
- ** Adarsha Gram project might or might not continue
- *** @Tk. 500 per month from 30 branches with 1500 members and @Tk. 1000 per month for 30 branches with 2000 members
- **** as of March 1994, @15 per cent of the total service charges to be received by the branches

The following must be considered regarding the sources of income:

- (i) the Adarsha gram project is valid for 2 years, and will end in October 1994. The income from Adarsha Gram project covers 50% of the overhead costs outlined in the budget. If the Adarsha Gram project is not extended, then the income will be terminated.
- (ii) the income from the savings and credit programs account for 15% of the total annual service charges. The service charges differ from branch to branch.

Considering that BAWPA's expected income will not vary significantly, and excluding the income from the Adarsha Gram project from the total income, the following may be said:

- the total income (other than that from Adarsha Gram) amounting to Tk. 7,30,800 will cover 100 % of the expected expenditures
- There will be a surplus of Tk. 200,000 per year i.e. equivalent to Tk. 16,667 per month
- the surplus amount will be able to cover any significant deviations in expected expenditures. This surplus can also financially assist extensive and intensive monitoring e.g. the travel expenses.

The surplus could also be saved in the bank as a disaster preparedness fund.

One must also say that there will be inflation, and that the staff will continue to grow- both of which will absorb a part of the expected surplus amount.

9. Reflections of BAWPA on Self-Financing

a. Self vs. donor funding

As BAWPA sees it, the advantage of self-financing over external donor funding is primarily the sustainability of an activity. BAWPA feels that any activity either at micro-level or macro level which is funded by an external donor will become permanently dependant on the donor. BAWPA also dislikes the donor's relief oriented mentality. BAWPA feels that donor funds can be accepted but only for working capital, and that there should be some means to help the project graduate to a self-financing status.

BAWPA also feels that local fund-raising will encourage the local community to participate in the development activity.

b. Future strategies

The only future strategy considered so far is the '**deposit pension scheme**' an idea from Stuart Rutherford, ex Country Director of Action Aid in Bangladesh. The process is an attempt to encourage investment in BAWPA by the local people who have some surplus capital but have not invested it anywhere because of lack of safety. The period of investment to BAWPA would be a minimum of 5 years and a maximum of 10 years. The deposit will be weekly or monthly- depending on the wishes of the investor.

The benefit BAWPA will give to the investors is 14 per cent annual interest. The invested capital will be used in BAWPA's savings and credit program. BAWPA will get three benefits from this strategy: (i) Tk. 35 as non-refundable admission fees, (ii) Tk. 2 per month as service charges for accounts management, and (iii) 2 per cent service charge (the 16 per cent service charge less the 14% interest to be paid).

The expected investors are the middle peasants, small traders, students, supporters of BAWPA and the target areas would be where no banking facilities exist. BAWPA hopes to have 30,000 investors by Dec 1994.

Centre for the Rehabilitation of the Paralyzed

1. Background

Centre for the Rehabilitation of the Paralyzed(CRP), is located in Savar, 25 kms from Dhaka.

In 1968-69, Valerie Taylor, CRP's present coordinator had been working as a VSO volunteer with the Christian Missionary Hospital at Chandraghona in Chittagong District.

Immediately after the Liberation War in 1971, the Rehabilitation Institute and Hospital for the Disabled (RIHD) was founded. This was a non-governmental initiative located in the Suhrawrdi Health Complex in Dhaka. Dr. Gust worked as RIHD's project director since its inception, collecting funds from international donors. To employ the productive capabilities of the disabled, Dr. Gust opened a vocational training centre for job placement which was housed in another building. The physiotherapy treatment was given in the patients' homes.

In 1975-76, Valerie Taylor started her profession with a government hospital in Dhaka as a VSO physiotherapist. Dr. Gust entrusted Valerie Taylor with the responsibility of physiotherapy treatment of the disabled. She continued with Dr. Gust until 1979, while a space was being arranged in the health complex for physiotherapy treatment for the paralyzed patients. In 1980, Valerie parted with Dr. Gust and started working with Rehabilitation Centre for Paralyzed Patients (RCPP).

In 1981, the Government of Bangladesh took over RIHD and Dr. Gust was replaced by a Bangladeshi doctor.

While Valerie had been working with the government hospital, she realised that the ways the government dealt with patients did not carry any significant benefits for the patients. During 1979-81, the RCPP was housed in the health complex. Later, RCPP was shifted to Sanker in Dhaka under the new title of CRP and started to work independently. CRP got registration from the government in 1986 to work as a private voluntary development organisation. It moved to its present premises in Savar in 1991. A Trust, Friends of the Centre for the Rehabilitation of the Paralyzed (FCRP) was created in the UK to raise funds for CRP.

CRP covers 7.91 acres at Savar and 0.50 acres at Mirpur, all its own property. At Savar, the office compound covers an area 5.41 acres, a pond takes up one acre and staff quarters occupy another 1.5 acres. The value of the land is Tk. 7,123,629. NORAD contributed Tk.2,941,000 and FCRP contributed Tk. 4,182,629 to buy this land. The office building costs Tk. 14,539,666 which was donated by FCRP (Tk. 7,238,666), CARITAS-Italy (Tk. 3,970,000) and ICCO (Tk. 3,331,000).

As of December 1993, the total number of patients admitted to CRP was 1,409, of which, 1,149 were adults and 260 were children. The total number of patients discharged, as of December 1993, was 1,379, of which, 1,129 were adults and 250 were children.

2. Geographical Coverage

Although CRP has the paralyzed as its target group, it does not limit its geographical coverage.

At the beginning, most of the patients used to be referred from different hospitals. Presently, 50% of the patients come to CRP on their own from around the country, and the rest are coming from different hospitals around the country. Former CRP patients are working to disseminate information about CRP and encouraging other handicapped persons to come to CRP.

3. Sectoral Coverage

Attention is given to productive activities which will : (i) activate the paralyzed limbs and prepare materials for the organisation, and (ii) develop skills that can be utilised when the patient is released. The patients are trained for poultry farming, weaving, tailoring, shop keeping, making wooden handicrafts (carpentry), painting, sewing, etc.

4. Management

Since 1979, CRP has been managed by a Board of Trustees which is comprised of 7 members. The internal management is led by an 8 member team, which includes 5 representatives from the 5 departments, the project manager, the fund-raiser (Valerie Taylor), and one representative for wheelchair persons. The internal management remains responsible to the Board of Trustees through the Coordinator, Valerie Taylor.

There are 5 departments with 63 staff to manage CRP's activities:

<u>Name of the department</u>	<u>Number of staff</u>
Physiotherapy	04
Ward	29
Occupational therapy	05
Social welfare	05
Administration	20
Total	63

There are 2 support units: (i) the metal workshop with 3 staff and (ii) the pathology unit with one staff.

The Occupational Therapy and the Social Welfare Departments are CRP's 2 most important components. As soon as the patients are admitted, they are given preliminary assessment by the Indoor Medical Care Unit for physiotherapy, which lasts for 1-2 hours. Instead of just treating the patients with physiotherapy techniques, an attempt is made to make use of the paralyzed limbs in an occupation after the patient is released. This is done by the Occupational Therapy unit. During the occupational therapy, the patients are involved in productive work using their paralyzed limbs both for themselves and for CRP. The patient's activities are chosen by considering the (i) patient's interest, (ii) physical condition, and (iii) possible future employment.

Patients stay with CRP for an average of 6 months. The Social Welfare Department collaborates with the Occupational Therapy Unit, monitoring the released patients and the activities in which they are involved.

To sustain these activities, CRP gives interest-free revolving loans to the released patients. As of December 1993, Tk. 103,132, were loaned out and Tk. 3,410 were recovered, leaving Tk. 99,722 outstanding. The outstanding balance is the cumulative figure since 1979. The outstanding balance also rose higher because some of the loan recipients died and some of them were completely unable to repay the loan. Moreover, in the past, CRP did not give enough stress on loan recovery, and only recently started intensive monitoring of loan utilisation and loan recovery.

5. Funding History

a. External funding

CRP's driving force continues to be the external institutional donors combined with non-institutional donors.

Institutional Donors

<u>Name of the Donor</u>	<u>Year</u>	<u>Amount (in Taka)</u>
British High Commission	1983-1993	1,603,000
NORAD	1983-1991	5,501,000
UMCOR	1983-1993	3,226,000
OXFAM	1983-1993	1,959,000
FCRP*	1983-93	12,930,000
SCF-UK	1983-92	544,000
AHC	1984-92	529,000
NZHC	1984-89	320,000
Boras Rotary Club	1984-86	449,000
Caring & Sharing	1985-93	4,979,000
World Vision of Bangladesh	1985-89	248,000
Danida	1986-87	200,000
AHRTAG (UK)	1986-92	1,940,000
ICCO*	1988-93	5,367,000
Saudi Arabian Embassy (Muslim World League)	1990	169,000
ARP/BD	1992	94,000
Procura Saveriane(Italy)	1993	1,586,000
Caritas Italiana	1993	3,970,000
Royal Netherlands Embassy	1991	184,000

Non-Institutional Donors

Gytenbeek Family	1990-93	5,608,000
Total		51,406,000

* Friends of Centre for the Rehabilitation of the Paralyzed - a UK-based organisation

* Inter Church Coordinating Committee- a Holland-based organisation

b. Local funding

CRP's local funding comes from local donors and patients:

Local Donations*:	<u>Year</u>	<u>Amount (in Taka)</u>
	1991	443,663
	1992	773,987
	1993	871,397
Patients Donations:	1991	50,000
	1992	223,400
	1993	310,497

* CRP supporters usually donate according to their ability

6. Concept of Local Fund-Raising

The difference between CRP and traditional PVDOs is its nature of work. The organisation is only concerned with treating the disabled. For this purpose CRP has greatly expanded its infra-structural facilities and, over the years, increased its expenditures to serve more patients. CRP considered the followings before seeking local funds:

- (i) the lack of long-term commitment by any donor leaves a gap in fund-raising which needs to be filled by local funds;
- (ii) although CRP is an organisation with a Board of Trustees, it does not have any specific time limited project, and it is difficult to coordinate this with international donors who are usually organised in such ways; and
- (iii) operational costs (approx Tk.6,000,000 annually up to 1996) have forced CRP to opt for new local sources to cover part of the yearly operational costs.

At first only international funds were pursued. The following local fund-raising initiatives were later employed to help meet operational costs:

(i) Fish Farming

On CRP land is a fish pond of 1.5 acres which has been managed as a revenue generating and training project from 1993 by CRP. Before that it was leased out, but insufficient income was collected. In 1993 it made a gross income of Tk. 23,740. The investment in the pond was made by a loan from the metal and wood workshop of CRP.

(ii) Agriculture

Also in 1993 CRP began to cultivate Bananas on 0.5 acres of land with an investment from income of another part of CRP - the guest house. Gross income in 1993 was Tk. 13,856.

(iii). Poultry Farming/Animal Husbandry

CRP runs a small poultry operation and a small milk (cow and goat) operation. Though the intention is primarily to train patients in occupational therapy, and they also earn to some extent.

(iv) Guest House and Dormitory

The guest house and dormitory was given to the CRP by the British Embassy, Dhaka and the Gytenbeek family of Australia. It has 28 beds and made Tk. 66472 net income in 1993.

(v) Admission fees

Admission fees are taken from patients when they are admitted for treatment. The fee is nominal, but the income has increased over the years.

(vi) Metal Workshop

The metal workshop produces wheel-chairs and accessories for disabled patients. It has been financed by the central income of CRP and has been operating the longest of all CRP's revenue generating projects. It has not been making money for long, but since 1993 has generated significant income (Tk. 48,185 in 1993). There is a mobility aids showroom to display the wheel chairs and other accessories, from which they are sold.

(vii) Craft Production

Again as part of the occupational therapy process, this unit makes toys and games from wood and cloth - as well as some utilitarian goods like ladders and chairs. These are sold from a showroom and shop on the premises, and are also sold from other shops in Dhaka, and some are exported. This is the most important revenue generating project of CRP

7. Examples of Self-Funding

Craft Production

a. *Description*

This is one of CRP's key sources of income. Occupational therapy plays the most important role in activating the paralyzed limbs and making them usable by involving the paralyzed persons in small production activities. The CRP has a craft workshop which makes a variety of soft toys, wooden toys, and some household furniture which can be made by patients with various degrees of paralysis. It also has a handicrafts showroom in a shopping complex just adjacent to CRP's property. This shopping complex has four outlays to generate income for CRP: (i) a canteen, (ii) a tailoring shop, (iii) the handicrafts showroom, and (iv) a mobility aids showroom.

Products of the Occupational Therapy unit are sold in these shops, but are also sold through shops in Dhaka (particularly Ideas International) and are exported overseas through alternative marketing outlets.

b. *Sources of funds*

The sources of the funds for the shopping complex are external donors- the British High Commission and Gytenbeek Family-Australia, but the ongoing costs of the Occupational Therapy Craft Production Unit are part of the regular funding of CRP since the operation is viewed as part training and part production.

The handicrafts showroom is rented out to the Occupational Therapy Unit and the mobility aids showroom has been rented out to the Metal Workshop. The rental charge is Tk. 500 per month. The paralyzed patients work in the shopping complex.

c. *History to date*

The Occupational Therapy Unit began functioning when CRP began, it has started to generate considerable income since 1993. The shopping complex began in July 1993. As of December 1993, the sales from the occupational therapy unit was Tk. 728,340 with total production Tk. 848,268 against an expenditure of Tk.635,089:

Net income = (total sales* - variable cost)
= Tk. 213,179

* Total Sales= Sales+stock= Total production

In 1993, the sales from the shopping complex were Tk.24,648 against an expenditure of Tk. 11,430. The net income is Tk. 13,218.

d. *Links to other organisations*

The backward linkages are the British High Commission and Gytenbeek Family- Australia, and the forward linkages are the customers - many purchasers of CRP goods hear of CRP first through purchasing their products - and this may lead to personal support of CRP in the future.

e. *Hidden subsidies*

The salaries of the involved staff are paid for by the CRP general budget which thus subsidises the sales operations of the Occupational Therapy unit.

f. *Management*

The Occupational Therapy Unit with 5 staff manages the production activity and CRP and the patients manage the shopping complex.

g. *Use of the income*

The income is used to cover a part of CRP's total operational costs.

h. *Future prospects of the activity*

The future of craft production as a revenue generating operation depends on the number and competence of the patients in the Occupational Therapy Unit, since they are the producers. If the number of patients expands, the production can also expand.

i. *Reactions of the community*

There are no adverse reactions from the community.

8. CRP's Income and Expenditure Statement for 1993

<u>Source of Income</u>	<u>Amount (in Taka)</u>	<u>Expenditure (in Taka)</u>	<u>Amount (in Taka)</u>
Fish project	23,740	<u>Salaries</u>	
Agriculture	13,856	Physiotherapy	202,356
Poultry	3,378	Ward	930,708
Cow project	6,259	Occupational therapy	122,292
Shopping complex	13,208	Metal workshop	114,285
Guest house	66,473	Pathology	30,000
Occup. therapy	213,179	Social welfare unit	208,107
Metal workshop	48,185	Administration	463,650
		Recurring expenditures	2,470,827
Total	388,278		4,542,225

- (i) Of the total income, the biggest local income is the occupational therapy unit (55%), but still it contributes very little to covering total expenditures (only 5%);
- (ii) following occupational therapy, the other significant sources of income are: the guest house and dormitory, the metal workshop, the shopping complex, the fish project and agriculture;
- (iii) the poultry farm contributes the least with 0.9% of the local income or 0.07% of total expenditures; and
- (iv) the total local income can cover a part of the salary of the ward or administration or can cover the total salary for any of the other units and still leave some surplus.

9. Reflections of CRP on Self-Financing

a. Self vs. donor funding

CRP feels that local funding is advantageous because:

- (i) donor funding has many conditions for which one must hire international expertise which takes a lot of money;
- (ii) uncertainty about continued funding from the donor is problematic; and
- (iii) CRP's local income will determine the period of any project and if necessary CRP has the advantage to switch over to a different project at its own judgement

b. Future strategies

For the future, CRP has its own entrepreneurial ideas:

- (i) At Gonokbari of Savar Thana, the government has leased-out 50 acres of land for 99 years but CRP has yet to make a decision on this. CRP is considering the development of an export promotion project where the paralyzed patients will be working as the main labour force. The entrepreneurial ideas, that are presently being considered are: mobility aids products, poultry farming, fish farming and metal and wood works. The pilot project, poultry farming at Mirpur, is expected to be moved to Savar in 1997.
- (ii) In Mirpur, a 6-story building will be built on a half acre of land donated by the government. The ground floor will be for a shopping complex, office and physiotherapy clinic; the other 5 floors will be used for residential purposes. Work on the building will begin in 1996.
- (iii) Since CRP's operational costs are very high (Tk. 6,000,000 per year), CRP's strategy is to try and generate 50% of its own income by 2000 and try and get the rest from donors.

6. CONCLUSIONS

What lessons can we learn from this overview and these case studies? In many cases we can only pose questions, because there is not enough experience for any of us to give solidly based advice. This is a new field for most Bangladesh PVDOs.

a. Likelihood of failure

It is not easy to run a small business as a PVDO. Successful small business managers/owners (like boat owners, power tiller owners, godown owners, van owners) look after their assets well, and have a very personal interest in their capital goods. It does not seem easy for PVDOs to look after goods owned by an organisation in quite the same way. Many also lack a business instinct. There may also be conflict between the social and economic priorities for using their resources. The poor can pay less for services than the rich. PVDOs, may, or perhaps some would say, should be less ruthless and single minded in the way they run their business. But then they will make less money and so should possibly focus on revenue generating activities, other than straight business. The importance of service charges, local donations, sponsorship and accessing Government and other resources should not be underestimated.

b. Ethical/Unethical local financing

If the PVDO is using money which is given for the purpose of helping the poor, and is using it for building up of the organisation, there may be conflicts of interest. Diversion of RLF for buying land, staff salary deductions, borrowing of members savings without their full understanding, are all questionable activities. However, none of these practices are inevitable, and there is plenty of evidence that organisations can make small sums of money without detracting from the benefits their members receive, especially if their donors are supportive.

c. Making money and doing good

It is not impossible, but it is very difficult to make money for your organisation, and keep the mission of the organisation clearly in front of your eyes. It is possible, because CORR-The Jute Works has done it, BRAC is doing it and there are other examples - but it is difficult: using a boat to help farmers market as well as earning an income from it, combining training with the production of saleable products, raising chickens for stock for the landless as well as making a margin of profit -

these are all difficult things to pull off. But there is evidence here that these can be done. There is certainly an attraction to running activities, such as nurseries, grain stores, credit programs, etc. which both help the poor and benefit the organisation, other than investing in ventures just to make money. But the objectives, and strategies to achieve them must be very clear.

d. Advantages of own funds

The advantages are many: you can pay for things that a donor won't pay for, you can use the money in ways that you want to for the sake of the organisation, you can have the security of bridging funds when a project's funds run out - all these things are possible. It is unlikely, that you will be able to make enough money to run your own projects, but you may be able to make some activities pay for themselves or contribute to general running costs. Another implication is a new accountability to those buying your services. A corollary to self financing is a stronger position for negotiating with your donors for better terms of their project grants.

e. Donors have little experience as well

As mentioned before, good experience is hard to come by - not just with PVDOs, but also with donors. Donors have not yet worked out how they deal with locally raised money. Do they insist that you contribute to the agreed project, and thus reduce the money they give you? Do they insist that your funds are used to prolong their project? Do they allow you to put your money into term deposits to build up your capital fund? Do they insist that you use the money for similar things as their project deals with? A lot of work needs to be done with donors on balancing their concern for immediate poverty alleviation with the need for institutional development, including Financial Self Reliance. All donors want to see evidence of local resource mobilisation but few want to invest in promoting it. Generally, the examples given show that costs of running certain progress can be recovered, but, without significant financial investment and skill the levels of funds raised locally to cover general project costs will remain low.

There is no unanimity on any of this. Donors need to examine the subject as well as PVDOs. We hope that this book will give everyone a basis for discussion.