

**GOVERNMENT OF THE PEOPLE'S REPUBLIC OF BANGLADESH  
MINISTRY OF FISHERIES AND LIVESTOCK.**

**REPORT OF THE COMMITTEE  
ON  
THE UTILIZATION AND MANAGEMENT OF SAVINGS AND  
MICRO-CREDIT FUND OF MACH PROJECT.**

**OCTOBER, 2002**

## Report on the Utilization and Management of Savings and Micro-credit Fund of MACH Project.

### 1. Committee Formation :

1.1 In pursuance of the decision of the fourth meeting of the Steering Committee of MACH Project held on 29.05.2002, a Committee was constituted to examine and develop a mechanism for management and utilization of micro-credit after completion of the project. The composition of the Committee is as follows :

1. Md. Habibur Rahman : Convener  
Joint Chief,  
Ministry of Fisheries & Livestock.
2. Zafar Ullah : Member  
Director (Rural Development)  
I M E D.
3. S. N. Chowdhury : Member  
National Coordinator, MACH Project.
4. Anwara Begum Shelly : Member  
Director (Fisheries)  
CARITAS, Dhaka.

1.2 Later on, in the first meeting of the Committee, the following two officers were co-opted as members to facilitate the work of the Committee.

1. Mokammel Hossain  
Deputy Director (Planning),  
Department of Fisheries.
2. Shamsur Rahman Khan  
Assistant Chief,  
Ministry of Fisheries & Livestock.

### 2. Terms of Reference :

Terms of Reference of the Committee are as follows :

- I. To examine the existing system of micro-credit of CARITAS.
- II. To visit the project areas and hold discussion with all concerned and beneficiaries about the system.
- III. To review agreement between CARITAS and MACH project on micro-credit fund.
- IV. To develop a mechanism for management and utilization of the AIGA fund after the completion of the project.
- V. Any other issue.

### 3. Methodology :

The MACH project carries on its activities in three field sites. They include Hail Haor in Moulvibazar district, the lower Bangsi/Turag River Basin in Gazipur and Tangail districts and the Upper Kongshaw/Malijhee River Basin in Sherpur district. The project is being implemented by four NGOs namely Winrock International, the Bangladesh Center for Advanced Studies (BCAS), the Center for Natural Resources Studies (CNRS) and CARITAS- Bangladesh. CARITAS is responsible for implementation of micro-credit finance component of the project for alternate income generating activities. The Committee made field visits to the project sites and held discussions with all concerned officials, local committee members, beneficiaries and local representatives about the micro-credit and

savings system and sought their opinion and suggestions. The Committee examined and reviewed all relevant documents including Annual Report, Mid-term Review Report provided by the project and Credit Management Guidelines and Concept Paper of CARITAS. The Committee also collected necessary information and data from the field. The preparation of the report is based on the review of all relevant documents, information/data and discussion with all concerned and experience of the field visits.

#### **4. Background :**

- 4.1 In May, 1988, an agreement was signed between the Governments of Bangladesh and the United States of America to implement MACH Project through USAID in Dhaka. Win rock International, a US based organization in partnership with 3 local NGOs were selected to implement the project. The project started in September, 1998 and following an inception period, field programs were initiated in Hail Haor in Moulavibazar district and the lower Turag – Bongshi River Basin in Kaliakoir Upazila in Gazipur district and part of Tangail district in June, 1999. A third site at the Upper Kongshaw – Malijhee River Basin in Sherpur district was started in July, 2000.
- 4.2 The goal of MACH is the promotion of ecologically sound management of flood plain resources like fisheries and other wetland products for the sustainable supply of food to the poor of Bangladesh.

#### **5. Objective :**

The objectives of MACH are :

- (i) To raise awareness of communities and local government about importance of natural flood plain resources to secure food and income security for the people of Bangladesh.
- (ii) To maintain and recover the selected flood plain ecosystems and associated fisheries.
- (iii) To identify activities to generate alternative income that will result in a reduction of pressure from fishing and agriculture in the flood plain fisheries.

#### **6. Project Activities :**

To achieve the objectives, MACH is implementing a wide range of innovative activities related to wetland resource management, community development and supplemental income generation, monitoring, policy dialogue and project management. Out of these, activities which concern the Committee's TOR are discussed below.

#### **7. Group Formation and Savings :**

- 7.1 NGO CARITAS is responsible for organizing beneficiary groups comprising of fishers and women from poor households utilizing the wetland /flood plain resources.
- 7.2 The selection criteria for group members are that members own less 0.5 acre of cultivable land, are between 18-55 years of age, have an average monthly income of about Tk. 3000 or less and educational qualification upto class X. They cannot be the members of any other NGO.
- 7.3 In the process of group formation, CARITAS organizes a series of para and village meetings to identify beneficiaries by their wealth ranking and other means. In these meetings the objectives of the project are discussed and general awareness regarding conservation of wetland resources is emphasized. Once a group is formed, discussion takes place between group members about group management and importance of weekly meetings and savings. The group formation process takes about three months.
- 7.4 After group formation, the basic training – group management, leadership and accounting training is organized and group members become used to organizing and attending weekly meetings and making weekly savings. Under MACH, there is a target to form 220 beneficiary

groups in three MACH program areas. By August/2002, CARITAS has organized a total of 219 groups of which 148 are fishers groups and 71 are female groups.

- 7.5 In the CARITAS approach, regular weekly meetings and savings, their awareness about natural resources conservation and management and their ability to find out AIGAs through adoption of technology are indicators of group dynamism. MACH activities in Srimongol and Kaliakoor started about the same time while activities in Sherpur started one year later. The savings per member in Kalikoir is Tk. 536.00, in Srimongol Tk. 754.00 and in Sherpur Tk. 434.00. Even with groups formed at the same time, the amount of savings differs from one group to another and even from one member to another within a group. Part of the reasons for differences in the amount of savings from one member to another is that there are two kinds of savings (i) compulsory savings and (ii) optional savings. Groups have generally kept up with compulsory savings while some members have made optional savings when there is a surplus in their household income.
- 7.6 The purpose of forming groups of fishers and women from fisher households using wetlands is to ensure participation of poorer resources users in the community management of flood plain resources, to create a system for providing services such as credit and training to poorer households, to reduce pressure on fishing, to ensure easy access of the users to resources and to make the groups habituated for continuation of different new trades of IGAs through adaptation of new technologies.
- 7.7 MACH group formation activities are based on well – established procedures. Selection criteria and the selection process seem to be sound. The savings system is working well and the additional savings made by the group members indicates cohesiveness and trust within the groups. Access of members to their savings is flexible.

## **8. Income Generating Activities and Skill Training :**

- 8.1 MACH has been implementing alternative income generating activities to help poor wetland users since April, 2000. With help from CARITAS field staff, group members identify suitable income generating activities. So far members have identified income generating activities under two major issues, natural resources and non-natural resources. The groups select some of their members to receive micro-credit from the project to start IGAs. Under the project framework CARITAS provides skill training on cow rearing and fattening, plant nursery, poultry rearing, tailoring, vocational training and some other activities.
- 8.2 NGOs usually provide skill development training and credit prior to taking up specific IGAs by individual group members but based on discussion with groups, some MACH group members received credit and have taken up IGA before receiving the relevant training. The provision of credit before training happened in the initial stage of the project when there was a pressure for credit disbursement from the project and demand from the groups. Skill training is need-based and takes time to formulate. CARITAS also organizes training courses for group members on health, nutrition and sanitation.
- 8.3 The provision of training and skill development is very popular among group members as they appreciate the benefits that the training can bring. After training members are offered to loans. Provision of timely and appropriate training will increase the capacity of group members for implementation of IGA.

## **9. Micro – Credit :**

- 9.1 Provision of micro-credit for the beneficiary group members is an essential part of developing alternative IGAs. MACH provides credit support to the fishers and other wetland users to encourage other means of livelihood in an effort to conserve and sustain aquatic resources and reduce over fishing. Wetland resource users who switch from fishing to other ways of earning

their livelihood receive MACH assistance in securing loans to start alternative IGAs. With supplementary income, the fishers are also able to refrain from fishing in some areas which are temporarily closed off or those that have been turned into permanent fish sanctuaries. To ensure the poor fishers active participation in the resource management process, MACH formed groups called Resources User Group (RUG).

- 9.2 CARITAS received the fund from MACH HQ and send the same to the MACH sites for disbursing the credit to RUG members. For operation of credit there is a specific procedure covered in the credit Management Guideline developed by CARITAS in consultation with MACH partners. This guideline is followed in the field on smooth credit operations. MACH's credit program started in Srimongol in April, 2000, in Kaliakoir in May 2000 and in Sherpur in April, 2001. The principal amount of revolving fund is 100.00 lakh for three sites of MACH project. The site-wise fund allocation is Tk. 38.00 lakh for Sreemongol, Tk. 18.00 lakh for Kaliakoir and Tk. 44.00 lakh for Sherpur site. The fund is increasing near to double at 12% rate of interest. The increase will continue with recycling of the credit fund which will earn interest.
- 9.3 Generally members of a group are eligible to receive credit for IGAs about 5-6 months after formation of the group. During the period before credit is available, group members organize weekly meetings, deposit weekly savings and participate in skill development training for their selected IGAs.
- 9.4 Credit Management Guideline was developed in March 2000 for disbursement and recovery of credit. MACH strictly follows a checklist to select members for credit disbursement and there is a scoring system to identify the eligible group members. Once selected, a member applies for credit using a standard credit application form and credit is sanctioned or refused within 2 to 3 weeks following submission of the application form. Usually there are three tiers of loans. These are as follows :
- (i) First time : Borrower can receive upto Tk. 5000.00 with the group's recommendation.
  - (ii) Second time : Borrower can receive upto Tk. 8000.00 provided the borrower repaid the previous loan in time and group recommends a further loan.
  - (iii) Third time : Borrower can receive upto Tk. 10,000.00 provided borrower repaid the previous loan in time and the group recommends a further loan.

Besides the above loan facilities, if the group members can implement their IGAs successfully, they may avail the facility of bigger amount of special loan upto 30000/- to expand their IGAs as enterprise.

- 9.5 If a member wants to take further loans, the procedure for the third time borrower is adopted. Interest is charged on annual basis and the interest rate is 12%. The loan is paid in 45 instalments and the first instalment is due after 7 days from the date of borrowing.
- 9.6 Different group members handle their income generating activities in different ways. Some users have done better and are earning more money. Some are not as careful resulting in reduced income. Many users engage in income generating activities that are not related to natural resources. Nevertheless some are engaged in cow rearing, duck rearing, poultry, plant nursery, pond fish culture and nursery etc. According to analysis conducted by CARITAS, poultry, duck rearing, cow rearing, puffed rice, small trades are the most profitable and quick return ones.
- 9.7 During the implementation period from March 1999 to August, 2002, a total of Tk. 199.70 lakh was disbursed to 3443 individual users as revolving loan fund for the implementation of alternative income generating activities into 3736 trades by 4215 loans. The loan recovery has been encouraging with repayment of Tk. 132.10 lakh and rate of recovery is 99.87%. The site-wise recovery rate is 100% in Sreemongol, 100% in Sherpur and 99.61% in Kaliakoir site. In the three sites, 1248 users have successfully repaid the first and second ceiling (Tk. 5000/- and Tk. 8000/-) of credit amount during the reporting period. The group members received loan up to third time. The following table shows the site-wise status of credit disbursement and recovery.

frequent follow up and feedback. For this CARTAS has proposed three tier structure consisting of RUG members at different levels and capacities. These are-

- a) Resource User Groups (RUGs) : Village/para based Resource User Groups (RUGs) have been formed among poor wetland users.
- b) Union Council based Resource User Committee (RUC) will be formed consisting of representatives (president and secretary) from each RUG under the same union. A five-member office bearer will be elected among the RUC members. RUCs will manage the fund (savings and credit).
- c) The RUC will keep liaison with Apex on related issue. It may be mentioned that Apex has the existing structure under different projects like IWDP, DEEDS, etc. There will be a constitution to administer different bodies of local institution with defined roles and functions.

## 10.2 Staffing and management :

10.2.1 At present the project paid staff are continuing the activities to form the RUGs and their socio-economic development. After finalization of three-tier structure for ensuring the sustainability, CARTAS may initiate formation of RUCs and office bearers will make liaison with Apex as per their need. The project staff are now managing the activities of MACH project. After phase over of the project, the RUCs with the coordination of Apex will recruit staff to continue the same.

10.2.2 At present each Assistant Field Officer (AFOs) is responsible for 12-15 RUGs. Field Officer is responsible for three-four AFOs (i.e. 36-60 RUGs) and Field coordinator is responsible for the whole upazila/sites.

10.2.3 After phase out of project, MACH-CARITAS staff will be withdrawn from the sites except one AFO per site to keep follow up and maintain liaison with Caritas. Moreover, other staff will be recruited at different level based on different activities. These are-

- a) At RUG level : for every 12-15 RUGs one field worker will be recruited.
- b) At RUC/union council level : for each RUC one Coordinator cum Accountant will be recruited.
- c) At Site/upazila level : for each Apex, the AFO will usually continue up to three years but based on the capacity and skills of RUG & Apex, Caritas may continue more as per the request of Apex.

## 10.3 Fund Management :

The MACH project has already provided an amount of taka 10 million as a community grant through Caritas. MACH-CARITAS staff are now managing the fund. On the other hand, the RUG members have also accumulated savings amounting to Taka 24.47 lakh. The RUC will accumulate the savings and credit amount and keep them into one bank account having record in the separate registers. Finally, the community will use the whole fund (savings and credit) as revolving fund. Three signatories will manage the bank account jointly. The signature of Caritas staff is must for any kind of transaction. However, Caritas will follow the specific strategy regarding savings & revolving fund (RF) described below.

## 10.4 Savings :

Caritas, will hand over the savings either to each apex at RUC level when the apex will ask for and will be capable to manage, or will return to individual group, if such is decided by apex & groups.

## 10.5 Revolving Loan Fund (RLF) :

At present, CARTAS is managing the RLF. In future, when apexes will be capable and wish to take the responsibilities of credit operation, Caritas will give the RLF money to each apex as loan through legal

documents. In addition, Caritas will also continue helping apexes for monitoring, auditing and evaluation of credit operation.

#### 10.6 Fund raising/income :

The whole savings and credit amount will be revolved as loan fund with 12% service charge. The earned service charge is the only income source to bear the expenses. However, the earned amount will be spent in the following way.

#### 10.7 Fund utilization strategy :

The fund will mainly be used as revolving loan fund for the implementation of alternative income generating activities by the RUG members. Therefore, the earned service charge will be utilized by following some specific heads mentioned below in the table.

Item/Head	% to be spent	Remarks
a) Fund raising	50% of earned service charge	
b) Administration cost	40% (more or less) of earned service charge.	Staff, office expense, communication etc.
c) Interest against accumulated savings.	07% of accumulated savings	
d) Educational activities	02% of earned service charge	For poor brilliant students (children of RUG members)
e) Social welfare activities	01% of earned service charge	

#### 10.8 Other linked activities :

- Link with the MACH Local Government Committee (MLGC)- the RUCs will maintain link with MLGC to ensure the government facilities for the RUG members. Therefore, the president & secretary of RUC will attend in the quarterly meeting of MLGC.
- Link with the MACH Resource Management Organizations (RMOs) – the RUCs will maintain link with the RMOs to develop integrated plan and ensure the collaborative efforts towards ensuring sustainable natural resource management.
- Link with other agencies – the RUCs maintain link with other agencies through Apex for the better and successful implementation of all undertaken activities by the RUG members, ensuring their access to the NR and others as required.

#### 11. Mid-term Review on Sustainability :

11.1 Mid-term review on MACH was carried out in December /2001. The Review Mission touched upon the sustainability issue on the use of revolving loan fund and savings money. The Review Mission could not come to a conclusion on how to deal with the operation of credit and saving after completion of the project. The findings and observations of the Review Mission are described below.

11.2 Ensuring the sustainability of the MACH beneficiary groups and their income generating activities is under a great challenge for the program. Neither group members nor program staff are clear about how the group savings, micro-credit and income generating activities will be continued after MACH. So far, program staff has not discussed sustainability issues with group members. Group members are concerned about the ultimate destination of their savings, revolving credit fund and the accumulated interest paid by members.

11.3 Group members are very much in favour of controlling their savings and the revolving fund themselves. The potential involvement of RMOs and LGCs with the savings and credit funds was also discussed with group members. At present, group members are not well represented in RMOs and LGCs; even when the representation is there, their voice is always ignored or

overruled. Groups are suspicious about the intentions of RMOs because, in past months, some RMOs have banned fishing in the beels under their management, thereby depriving group members of catching fish and earning income. Therefore, beneficiary groups tend not to trust RMOs. Group members tend to view LGCs as being no different from RMOs.

- 11.4 The possibility of involving union parishad and upazila parishad in managing the group savings and the revolving fund for IGAs was also discussed with the group members in the three program sites. The response of the group members was much more critical, and everywhere they were opposed.
- 11.5 Another option discussed was for an organization at union level to be formed with representatives only from the primary groups. The financial responsibilities of savings and revolving credit fund, including earned interest would be entrusted to that organization. A higher organization would be formed at upazila level as an apex body with representations from Union level beneficiary organizations, which may also be entrusted with those financial responsibilities. Group members were negative towards this type of apex organization as they wanted to keep control of the funds themselves. Caritas has tried to form apex organizations but without much success.
- 11.6 Members are in favour of organizing union and Upazila level organizations by themselves. The union level organization may help to resolve internal conflicts within and between groups. It may also help for activities to be taken up by more than one group. Another advantage of this union level organization would be that they could select representatives for RMOs. Similarly, the upazila level organization could help at Upazila level and select representatives for LGCs.
- 11.7 Another possibility proposed by MACH staff was to form credit union. A credit union would create the scope for individual members to buy unlimited shares and to deposit unlimited savings. Under this arrangement the group members interest and their fund are secured. It also provides scope for credit following some set rules. For regular re-payers there is a scope for receiving a larger amount of credit up to the amount of his/her shares and savings. For credit greater than his/her total shares and savings, a member can borrow money taking collateral or security from other fellow group members.
- 11.8 The capacity of the groups to take on their own financial responsibilities is limited to a large extent by the low literacy rates and low level of education of group members. On average only 3-4 members know how to read and write the minutes of the meetings. Though Caritas has provided accounting/book keeping training to a limited number of group members, those people are not yet capable to maintain the accounts and book-keeping registers. Even if those people were well-trained, there would still be potential problems as most group members would have to depend on a few unless the level of literacy and numeracy of other members are upgraded. Group members are confident that the 3 year old groups need a further 2-3 years special training on literacy and accounting to make them capable of maintaining the books and registers independently. Group members would strongly like the project to continue for another 5 years, and by this time the existing groups and the groups to be formed in near future will be able to consolidate their experience and develop their operational capabilities. Furthermore, group members were of the view that, to reach a desired level of economic sustainability (food, cloth & shelter with little healthcare and education), would take a total of 7-8 years. If the project continues for another phase they would feel more comfortable, but in case it does not, an arrangement must be made in way that Caritas can continue its support to the groups for another 2-3 years after the closing of the project. During that time Caritas should prepare a plan by which the groups can operate their activities independently, including taking over their financial obligations; and such trial should be continued at least for 2-3 years under the guidance and supervision of Caritas.
- 11.9 Part of the reason for the mistrust between beneficiary groups and RMOs is the lack of understanding of each other. MACH has not insisted on the inclusion of fishers in RMOs to ensure that fisher interests are properly represented. The RMOs need to accept that fishers have certain traditional fishing rights and many fisher households are completely dependent on the

income from fishing. Groups need to understand that RMOs are trying to improve production from the wetland resources.

11.10 Ways to improve the understanding of MACH activities by beneficiary groups would be to increase the intensity of awareness raising activities and to target the awareness messages to the resources used by group members and to increase the awareness of groups through social mobilization.

11.11 **The Mid-term Review recommends that :**

- MACH should support the beneficiary groups for about 5 years to ensure their full development.
- MACH should prepare a plan for the saving and credit activities including an exit strategy showing how program support will be phased out.
- MACH should place more emphasis on social mobilization activities with beneficiary groups so that groups can become more involved in the management of local resources. MACH staff working with groups should have social mobilization skills and program staff should visit other social mobilization programs (such as SAMTA in Pabna).
- MACH should continue to ensure the separation of functions of the savings/credit/training of beneficiary groups and the functions of RMOs as the requirements are very different.

12. **Views of the Committee :**

12.1 The Committee examined and reviewed all relevant documents which include Agreement between GOB and USAID, Sub-Agreement between Winrock International and CARITAS Bangladesh, Credit Management Guideline of the MACH Project prepared by CARITAS, Inception Report of 1999 and the Report on Mid-term Review. Nothing has been mentioned in these documents about the operation and management of revolving credit fund and savings of the beneficiaries after the completion of the project. Only Inception Report of 1999 states that at the end of the program it is expected that following USAID procedures, the entire loan fund would be turned over to the Sangathan to ensure sustainability and continued economic development.

12.2 The committee made field visit to the project sites in Sreemongol and Kaliakoir. During field visit the Committee exchanged views with the MACH beneficiary groups, Local Government Committees and concerned officials about their involvement with the savings and credit fund after the completion of the MACH project. It appears from the discussions and exchange of views with the beneficiary groups that group members are very concerned about the ultimate fate of their savings and credit money. Group members are in favour of keeping control of the funds themselves. It is clear from the Mission report and the fields visit of this committee that the group members cannot have confidence with any other organization other than themselves.

12.3 It may be mentioned here that savings are the accumulated fund of the group members. The discipline of savings and has been identified as a means for maintaining group discipline through which group members can demonstrate their involvement and participation. It represents a process which enables people to have more confidence in themselves. It is a means for capital accumulation. The project beneficiaries have been made aware of the importance of their savings. Savings have been accumulated through weekly deposit by the members of the group. Group members are the real and sole owners of this fund. CARITAS is responsible for collection of weekly savings from the group members. Under MACH, there is a target to form 220 beneficiary groups in three MACH program areas. By August/2002, CARITAS has organized a total of 219 groups with 4493 members. The amount of savings stands at Tk.24.47 lakh. Average saving per member comes to Tk.545/-

12.4 It is clear from discussion with CARITAS that at present savings are kept in the bank in the CARITAS account. Groups are given benefit at the rate of the bank on savings account. It appeared to the committee from field visit that some of the groups are not fully aware of the total amount the group members deposited on weekly basis as savings. In the weekly meetings of the groups CARITAS field worker remains present who should keep the groups informed about the

savings amount with up to date figure deposited with the NGO. After the end of the project supporting the groups, CARITAS involvement to the project should be withdrawn. The deposited saving money should be handed over to the groups who can keep them in the bank by opening joint savings account in the name of the group. The groups will decide about the use of savings money. The Union committee proposed to be formed may advise them on the use of the savings. The savings money may be used as credit by the group in order to enhance the savings.

- 12.5 The project is in fourth year of its implementation. The project may continue for another 4 years i.e. up to June/2006. So in total the life of the project will be 8 years which can be considered enough for supporting the group members. Till to day, almost all groups have been formed out of 220 targeted for the project. So the Committee feels that no new group after June/2003 should be organized in the remaining period of the project. If new groups are formed, there is little chance of these groups to be sustainable. Instead of forming new groups, the existing groups should be vigorously supported with all facilities till completion of the project. After the end of the project, CARITAS activities should be phased out and responsibility for operation of the groups should be left with the groups themselves. Focus should be given on the consolidation and sustainability of the group activities till the end of the MACH project.
- 12.6 At present CARITAS is responsible for operation of the credit fund. It disburses credit to the RUG members and realizes the fund on weekly instalment basis. The amount of money disbursed to a particular member of the group is realized in 45 instalments. Rate of interest is 12% in a year. CARITAS receives credit fund from the MACH HQ.
- 12.7 Generally members of a group are eligible to receive credit for as many times as the members desire. Loan is sanctioned on the basis of the demand of the members. Group decides about the eligibility of members for loan. So far Tk.199.70 lakh has been distributed and rate of recovery is about 99% which is very encouraging. From the field visit the committee has been convinced that members are serious about repayment of the loan money. In the realization process, group responsibility has acted well. CARITAS field worker closely works with the groups and monitors their activities.
- 12.8 The credit fund with interest money now amounts to Tk.199.70 lakh. This fund will continue to increase due to recycling of the credit fund time and again with interest. After the end of the project the credit fund with interest should be transferred to the groups for operation of the fund in future. The capacity of the groups to take the responsibility of credit management may be a bit limited by the low level of education of most of the group members. The committee has observed that in a Committee of more than 15 to 20 members, there are at least 2/3 members who have the capacity of taking responsibility and have some level of education. CARITAS support for loan and savings activities should be withdrawn with the end of the project and the whole process relating to credit and savings and IGA should be left with the groups. The Committee fully agrees with the finding of the Mid-term view that the group are in favour of control of credit and savings funds by themselves. The committee verified this in the field visit and found it to be correct. The groups do not like to handover control of their funds to any organization. In that case a mechanism for maintaining a process of check and balance for the management of group affairs after the withdrawal of CARITAS may need to be evolved
- 12.9 For better management of the credit fund, an organization at Union level may be formed with representatives from the primary groups. From each primary group, two to three representatives may be taken. The responsibility of credit management including interest accrued from loan may be entrusted with that organization. An executive body may be constituted to run the organization. The executive body of 7 to 11 members may be selected from among the members representing the primary groups on consensus basis or through election. The term of the committee will be for two years only.
- 12.10 After phase out of the project, two staff of CARITAS per Upazilla may remain in the field for sometime. Besides that, for each union, one Field Assistant may be recruited by the Union Committee who may be paid by the committee out of income from service charge of loan money transaction. The Field Assistant may assist in maintaining the records and registers of the groups.

The Committee at the Union level will open a bank account with provision of joint signatures for operation of the credit fund. The committee will meet as and when necessary and will be responsible for sanction of credit money on the basis of demand of the primary groups. Realization of credit fund from the members will be the responsibility of the primary groups. After realization, money will be deposited with the Union Committee in their bank account. A credit operational plan highlighting detail procedures for credit operation by the Union Committee may be formulated by CARITAS in consultation with MACH project. The proposed process of loan transfer to the Union Committee may be initiated in the last year of the project period.

- 12.11 Since there may be some problems on the part of the groups to manage their affairs in the initial stage, MACH- CARITAS may continue their follow-up operation for two years after the end of the project in June/2006 just by providing two Field Workers only in each Upazila to facilitate the work of the groups and the Union Committee.

**13. Recommendations :**

**(a) Credit :**

- 13.1 After the completion of the project in June/2006, the whole credit fund with earned interest should be transferred to the Organizations to be formed at the Union level. The Union level Committee will follow set guidelines to deal with credit fund and their management. An Operation Plan for credit management by the Union Committee may be formulated by MACH-CARITAS by the end of 2003.
- 13.2 A Committee at the Union level should be formed. The Committee will consist of two to three representations from each RUG at the primary level. An executive body with 7 to 11 members may be constituted to run the Union Committee. The executive body may be formed by the members on consensus basis or through election. A bank account with provision of joint signatures should be opened by the committee for operation of the credit fund.
- 13.3 There should be a Monitoring Committee at the Upazila level consisting of representatives from Fisheries Department, Livestock Department, Agriculture Extension Department, Social Welfare Department, BRDB and one representative from each of the Union Committee. This Committee will just monitor and oversee activities of the Union Committee. The Committee will be headed by the UNO and UFO will act as Member Secretary. The Committee will meet at least once in a quarter.
- 13.4 Before the end of the project, CARITAS will provide the MACH Authority with uptodate accounts with regard to the total amount of credit fund disbursed and interest earned on loan in order to enable the MACH and CARITAS to allocate credit fund on Union basis.
- 13.5 The Union Committee may take initiative for registration of their organization with the Cooperative Department or the Social Welfare Department, if the Committee so desires.
- 13.6 One Field Assistant for each Union or for 15 to 20 groups, (whichever is suitable) may be recruited by the Union Committee who will be paid out of income from loan transaction.
- 13.7 If the recommendations of the Committee are accepted by the Government and MACH authority, steps with regard to the formation of the Organization at the Union level should be initiated from right now by the MACH / CARITAS.
- 13.8 The recommended process of fund transfer to the Committee and the groups may be started one year before the end of the project.
- 13.9 No new group should be organized after June/2003. Attention should be given on the consolidation and sustainability of the group activities.

- 13.10 In order to facilitate the work of the groups and the Union Committee, MACH – CARITAS may continue their follow-up operation for two years after completion of the project just by providing two Field Workers only in each Upazila.
- 13.11 After two / three years of the completion of the project in June/2006, the whole affairs relating to the new loan management system may be reviewed jointly by both GOB and the USAID and decision may be taken on the basis of the review.
- (b) Savings :
- 13.12 The savings fund of the groups should be handed over to the groups by CARITAS. The groups will open account in the bank in their name with provision of joint signatures for dealing with the account. The groups will decide about the fate and use of their savings. The Union level committee may advise the primary group or the primary group may seek advice from the Union Committee about the use of savings fund. The fund may be used for credit purposes by the groups, if they so desire in order to enhance their benefits.
- 13.13 An Operational Plan for management of the saving fund may be prepared by MACH – CARITAS by June/2003.

**(Md. Habibur Rahman)**  
 Convenor  
 and  
 Joint Chief, MOFL

**(Zafar Ullah)**  
 Member  
 and  
 Director, IMED

**(Mokammel Hossain)**  
 Member  
 and  
 Deputy Director (Fisheries)

**(Shamsur Rahman Khan)**  
 Member  
 and  
 Assistant Chief, MOFL

**(S.N. Chowdhury)**  
 Member  
 and  
 National Coordinator, MACH

**(Anowara Begum Shelly)**  
 Member  
 and  
 Director (Fisheries), CARITAS

**PROPOSED AMENDMENTS / CHANGES IN THE RECOMMENDATIONS OF MICRO-CREDIT COMMITTEE REPORT**

Recommendation of Micro-credit review committee	Proposed changed/ amended form of recommendations
<b>(a) Credit:</b>	
<p>After the completion of the project in June /2006, the whole credit fund with earned interest should be transferred to the Organizations to be formed at the Union level. The Union level Committee will follow set guidelines to deal with credit fund and their management. An Operation Plan for credit management by the Union committee may be formulated by MACH-CARITAS by the end of 2003</p>	<p>Two years before completion of the project in June /2006, (likely in June 2006 as agreed on principle by USAID) the whole credit fund with earned interest should be transferred to the Organizations to be formed at the Union level. The Union level Resource Users Committee (URUC) will follow set guidelines to deal with credit fund and their management. An Operation Plan for credit management by the Union level Resource Users committee (URUC) may be formulated by MACH-CARITAS on or before June 2003 to handover the operation of credit fund by these Union Committees (URUCs) effective from July 2004.</p>
<p>A committee at the Union level should be formed. The committee will consist of three representatives from each RUG at the primary level. An executive body with 7 to 11 members may be constituted to run the Union Committee. The executive body may be formed by the members on consensus basis or through election. A bank account with provision of joint signatures should be opened by the committee for operation of the credit fund.</p>	<p>A committee at the Union level should be formed. The committee will consist of three representatives from each RUG at the primary level. An executive body with 7 to 11 members may be constituted to run the URUC. The executive body may be formed by the members on consensus basis or through election. A bank account with provision of joint signatures should be opened by the committee for operation of the credit fund. Until end of this project such Bank Account should be operable by MACH-Caritas Field coordinator (must) and one from the two remaining signatories from the committee.</p>
<p>There should be a Monitoring Committee at the Upazila level consisting of one representative from Fisheries Department, Livestock Department, Agriculture Extension Department, Social Welfare Department, BRDB and two representatives from each of the Union Committee. The Committee will be headed by the UNO and UFO will act as Member Secretary. The Committee will meet at least once in a quarter.</p>	<p>There should be a Monitoring Committee at the Upazila level consisting of one representative from Fisheries Department, Livestock Department, Agriculture Extension Department, Social Welfare Department and two representatives from each of the URUC. The Committee will be headed by the UNO and UFO will act as Member Secretary. The Committee will meet at least once in a quarter.</p>

<b>Recommendation of Micro-credit review committee</b>	<b>Proposed changed/ amended form of recommendations</b>
Before the end of the project, MACH-CARITAS will provide the MACH Project with update accounts with regard to the total amount of credit fund disbursed and interest earned on loan in order to enable the MACH and CARITAS to allocate credit fund on Union basis.	Before handing over this fund to Union level Resource Users Committee (URUC) at the end of the project, MACH-CARITAS will provide the MACH Project with update accounts with regard to the total amount of credit fund in hand, disbursed and interest earned on loan in order to enable the MACH and CARITAS to allocate credit fund to Union level Resource Users Committee (URUC).
The Union Committee may take initiative for registration of their organization with the Cooperative Department or the Social Welfare Department, if the committee so desires.	MACH-CARITAS will take initiative for registration of URUC with the Cooperative Department or the Social Welfare Department, before handing over the fund.
One Field Assistant for each Union or for 15 to 20 groups , (whichever is suitable) may be recruited by the Union committee who will be paid out of income from loan transaction.	One Field Assistant for each Union or for 15 to 20 groups (RUG), (whichever is suitable) may be recruited by the Union level Resource Users Committee (URUC) who will be paid out of income from loan transaction after the end of the project.
If the recommendations of the Committee are accepted by the Government and MACH project, steps with the regard to the formation of the organization at the Union level should be initiated from right now by the MACH/CARITAS.	If the recommendations of the Committee are accepted by MACH project and the Government, steps with regard to the formation of the organization at the Union level should be initiated from the time of accept by the Secretary, MoFL or Chairperson of the steering committee.
The recommended process of fund transfer to the Committee and the groups may be started one year before the end of the project.	Deleted
No new group should be organized after June/2003. Attention should be given on the consolidation and sustainability of the group activities.	No new group should be organized after June/2003. Attention should be given on the consolidation and sustainability of the existing group activities.
In order to facilitate the works of the groups and the Union Committee, MACH-CARITAS may continue their follow up operation for two years after completion of the project just by providing two Field Workers only in each Upazila.	In order to facilitate the works of the groups and the Union level Resource Users Committee (URUC), MACH may propose a modality to continue follow up operation for two years after completion of the project with the interest accrued by the loan money through June 2004.

<b>Recommendation of Micro-credit review committee</b>	<b>Proposed changed/ amended form of recommendations</b>
After two/three years of the completion of the project in June/2006, the whole affairs relating to the new loan management system may be reviewed jointly by both GOB and the USAID and decision may be taken on the basis of the review.	After two/three years of the completion of the project in June/2006, the whole affairs relating to the this loan management system may be reviewed jointly by both GOB and the USAID and decision may be taken on the basis of the review.
The total credit fund of the Union Committee should be audited periodically.	The total credit fund of the Union level Resource Users Committee (URUC) should be audited periodically as per GOB regulation.
<b>(b)Savings :</b>	
The savings fund of the groups should be handed over to the groups by CARITAS. The groups will open account in the bank in their name with provision of joint signatures for dealing with the account. The groups will decide about the fate and use of their savings. The Union level Committee may advise the primary group or the primary group may seek advice from the Union Committee about the use of savings fund. The fund may be used for credit purposes by the groups, if they so desire in order to enhance their benefits.	The savings fund of the groups should be handed over to the URUCs by CARITAS. The URUC will open a separate Bank Account in the bank in their name with provision of joint signatures for dealing with the account. The URUC and the RUG will decide about the fate and use of their savings. The fund may be used for credit purposes by the URUC, if they so desire in order to enhance their benefits. Individual member may get his saving amount back with interest when he will leave the organization, provided he/ she does not have any dues to the organization. An operational plan for management of the saving fund may be prepared by MACH-CARITAS by June 2003.
An operational Plan for management of the saving fund may be prepared by MACH-CARITAS by June /2003	Added with above Para.

**Table 30a:**  
Average Profit at Hall Haor by Different type of Loan Causes by Ceiling 1, 2 & 3

Loan Cause	Hall Haor-1		Hall Haor-2		Hall Haor-3	
	Nos.	Avg. Income	Nos.	Avg. Income	Nos.	Avg. Income
Small Business	127	1778	70	2144	4	6450
Fish Business	35	2494	40	2379	4	3700
Vegetable Gardening	2	3000	6	1547		
Milky Cow	77	1523	55	1594	3	1067
Cow Rearing	29	849	3	2500	1	4800
Poultry	6	1783	6	2435	1	3000
Fish Culture	10	900	5	1100	3	5200
Sewing Machine	1	300	2	2250		
Cottage	2	850				
Barber Shop						
Rickshaw	10	1903	4	1250	1	3000
Nursery	1	1029	3	3667		
Agri Farming	43	2138	25	1676	2	1800
Rice Business	38	2528	39	2163	4	5100
Other	35	3179	18	1914	2	6900
Entire PoP.	416	1928	276	1996	25	4320

Note : Current or Last Loan

**Table 30b: Average Profit at Konshaw-Malijhee by Different type of Loan Causes by Ceiling 1, 2 and 3**

Loan Cause	Kongshaw-Malijhee-1		Kongshaw-Malijhee-2		Kongshaw-Malijhee-3	
	Nos.	Avg. Income	Nos.	Avg. Income	Nos.	Avg. Income
Small Business	167	2005	10	250		
Fish Business	78	2121	7	1357		
Vegetable Gardening	1	500				
Milky Cow	118	1507	6	250		
Cow Rearing	23	1280	1	600		
Poultry						
Fish Culture	8	1919	2	500		
Sewing Machine	1	0				
Cottage	1	0	1	4000		
Barber Shop	2	2233				
Rickshaw	78	2670	4	2275		
Nursery						
Agri Farming	20	1222	1	0		
Rice Business	43	1822	4	2855		
Other	25	2151	1	14400		
Entire PoP.	565	1934	37	1460		

Note : Current or Last Loan

**Table 30c: Average Profit at Turag-Bongshi by Different type of Loan Causes by Ceiling 1, 2 and 3**

Loan Cause	Turag-Bongshi-1		Turag-Bongshi-2		Turag-Bongshi-3	
	Nos.	Avg. Income	Nos.	Avg. Income	Nos.	Avg. Income
Small Business	43	2677	32	3943	6	9733
Fish Business	25	1590	23	2537		
Vegetable Gardening			1	3500		
Milky Cow	62	1894	32	4260	3	4100
Cow Rearing	4	333	1	600		
Poultry	3	7000	2	0	1	3000
Fish Culture	4	1500				
Sewing Machine	2	500	2	5500		
Cottage						
Barber Shop			1	3600		
Rickshaw			3	5667	1	4000
Nursery	2	1171	2	0		
Agri Farming	8	1550	7	9453	1	0
Rice Business	1	1500	4	625	1	0
Other	17	812	13	1515		
Entire PoP.	171	1939	123	3880	12	6475

Note : Current or Last Loan

**Table 30d: Average Profit In Overall project area by Different type of Loan Causes by Ceiling 1, 2 and 3**

Loan Cause	Overall-1		Overall-2		Overall-3	
	Nos.	Avg. Income	Nos.	Avg. Income	Nos.	Avg. Income
Small Business	337	2005	112	2489	10	8420
Fish Business	138	2120	70	2328	4	3700
Vegetable Gardening	3	2167	7	1826		
Milky Cow	257	1605	93	2424	6	2583
Cow Rearing	56	989	5	1740	1	4800
Poultry	9	3522	8	1826	2	3000
Fish Culture	22	1380	7	929	3	5200
Sewing Machine	4	325	4	3875		
Cottage	3	567	1	4000		
Barber Shop	2	2233	1	3000		
Rickshaw	88	2582	11	2827	2	3500
Nursery	3	1124	5	2200		
Agri Farming	71	1813	33	3275	3	1200
Rice Business	82	2145	47	2091	4	5100
Other	77	2323	32	2142	2	6900
Entire PoP.	1152	1933	436	2482	37	5019

Note : Current or Last Loan