

Community Development and Livelihood Security: BRAC's experience in Bangladesh and Afghanistan¹

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1. The non governmental organizations (NGOs) have played an important role in community and socioeconomic development in Bangladesh by mobilizing the poor in organizations, to deliver various kinds of services to the poor and the disadvantaged groups in the society, for which the government has had limited success in reaching them. The Bangladesh Rural Advancement Committee, BRAC is one such organization. BRAC works with people whose lives are dominated by extreme poverty, illiteracy, disease and other handicaps. Its mission is to reduce poverty and empower the disadvantages groups in the society, particularly women. It has started exporting its experience to other developing countries.

2. Established in 1972 to rehabilitate the refugees who returned to Bangladesh after the War of Liberation with Pakistan, BRAC soon shifted its focus to long-term community development. Today BRAC's core program consists of a) an economic development program composed supply of capital and other support services for different types of agricultural enterprises that the poor organize with credit, b) a health program to serve the basic healthcare needs of the poor, c) a non-formal education program to extend the outreach of the primary education to children not reached by the formal schools, and to improve the quality of the primary and secondary education, and d) a social development program by organizing grass root organizations and using innovative participatory approaches to disseminate knowledge and create awareness on many social as wells as personal issues affecting the lives of poor, particularly women.

3. The root cause of perpetuation of poverty and social unrest in Bangladesh, as in elsewhere in the developing world is widespread unemployment of the youth. Bangladesh

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supports a population of 145 million within a land area of 144 thousand square km. It is the most densely settled country in the World with extreme pressure of population on limited natural resources. Although the population growth has declined from 3.0 percent per year at the time of its independence in 1971 to about 1.4 percent currently, the absolute population is still increasing at 2.0 million each year. The labor force of 45 million is currently growing at 3.2 percent per year, much faster than the growth of population, due to a) increased participation of women in the labor force and b) the increase in the proportion of working age population resulting from a rapid decline in fertility over the last two decades.

4. Only a third of the labor force is employed in the formal manufacturing and services sectors. Others are find self-employment around agriculture, transportation and various types of informal services. Although the economic growth has accelerated in recent years to 6.5 percent, even a double digit growth in the formal sectors cannot provide employment to all the new additions in the labor force. The unemployed gets absorbed in family enterprises creating massive under-employment, low productivity and earning, thereby perpetuating poverty, and deterioration in the law and order situation.

5. Following the Grameen Bank model, BRAC launched its Microfinance Program in the 1980s to support creation of self-employment of the poor around various income generation activities. For the delivery of credit BRAC organizes its members in Village Organizations (VOs) of 30-40 women. The program works to provide collateral free loan to poor households in both rural and urban areas, using a credit delivery and repayment model that is simple and efficient, and that suits the economic circumstances of the borrower. Unlike most micro-finance organizations which simply provide credit, BRAC utilizes a credit plus approach where loans are accompanied by various forms of assistance for the borrowers, such as skill training, technical assistance, provision of higher quality inputs and marketing support. The objective is to increase the productivity of loans, and wealth creation for the poor while making the program sustainable with recovery of administrative costs. The program also mobilizes small savings from VO members that they can withdraw to during emergency. The accumulated savings also and ensure security and sustainability when the members leave BRAC. Aside from micro-finance, the VOs offer a gateway for

members to BRAC's other interventions in health, education and social development, to address the non-economic aspects of poverty and access public resources.

5. Today BRAC has extended its outreach to all 64 districts in Bangladesh covering 80 percent of the villages, setting up 190,000 village organizations with membership of 6.81 million households. It has 57,000 core staff, and employs another 54,000 teachers to run the education programs, and 68,000 health volunteers and community health workers to run its health program. In 2007, BRAC disbursed loans amounting to over US\$900 million that helps generate 6.5 million jobs (15% of total employment in Bangladesh) around livestock and poultry farming, small trading, fisheries and horticulture, and rural handicrafts. Employment generation through micro-credit has increased at rapid rate of 10 percent per year over the last six years.

7. Initially BRAC was dependent on receiving grants from international donors for implementing its programs. But gradually it has mobilized funding from formal financial institutions, generated surplus by setting up social enterprises that supports other programs, and collecting an affordable service charge from the program beneficiaries. For example, in 1990 BRAC's annual expenditure was USD 21.25 million, 68 percent of which was received as grants from international donors. In 2007, grants from international donor accounted for only 26 percent of the annual expenditure of USD 440 million.

8. As an organization committed to fighting poverty, BRAC has taken the initiative of bringing the learning it has acquired over the last three decades of work on poverty reduction in Bangladesh to the aid of other countries similarly ravaged by war or natural disasters. In May 2002, BRAC started work in helping to rebuilt war torn Afghanistan, and following the devastating Tsunami of 2005, BRAC went into Sri Lanka with immediate relief and rehabilitation programs. In 2006, BRAC opened its operation in Tanzania, Uganda and Southern Sudan.

9. In Afghanistan BRAC operates its comprehensive package for community development that centers on microfinance. The formal banking sector remains underdeveloped in the

country. It is difficult for the poor to access credit. Making credit facilities available to the poor enables them to become involved in income generating activities, which in turn allow them to have livelihood security. The Community Organization is used as a platform to engage in providing health care, basic education to children left out of primary schools particularly the girls, and support the youth in maintaining literacy and to acquire livelihood skills. The Community-based Health Care projects provide essential health services door-to-door through voluntary health workers selected by the Community. The program trains the Community Health Workers to recognize basic health problems, and to solve them through awareness raising activities for women, and providing basic treatment at the community level.

10. The National Solidarity Program (NSP) has been established by the Afghan Ministry of Rural Rehabilitation and Development (MARD) to develop the ability of Afghan communities to identify, plan, manage and monitor their own reconstruction and development projects. The goal of NSP is to reduce poverty through empowering communities with regard to improved governance and formation of social, human and economic capital. NSP promotes a new development paradigm whereby communities are empowered to make decisions and control resources for their development through community participation.

11. BRAC is working as a facilitating partner of MARD, and implementing the NSP in twenty districts. The program aims to facilitate community development and rural reconstruction through formation of local administrative bodies through election, the Community Development Council (CDC). CDCs identify their own problems and challenges, formulate own strategies and development plans, and then manage, monitor and implement all reconstruction and development projects at the field level. The program has also instituted a direct block grant transfers to support development activities of the CDCs also conducts capacity building activities to enhance the competence of communities for financial management and program implementation.

11. The communities have chosen a variety of projects which include hand pump, reservoir, road, culvert and bridge, pipe water supply, diesel generator for electricity, water intake, and construction of dam and protection wall, micro-hydro power, school, and public bath. A large number of vulnerable women and disable persons have been supported with credit for income generating activities like carpet weaving tailoring, and sheep rearing.

12. Today BRAC is working in 25 out of 34 provinces in Afghanistan reaching 134,000 borrowers with loans of USD 89 million through 210 branches. The education program operates in 13 provinces with 866 community schools, with an enrolment of 27,000 students, 93 percent of them girls. The Health program operates in six provinces with 21 Community Health Centers, 66 Basic health centers, 2000 Health Posts and 500 mobile clinics served by 3500 Community Health Workers. The Annual Expenditure for BRAC's Afghanistan operation reached USD 32 million in 2007, financed from support with a number of aid donors as well as by MISFA that BRAC helped to establish to support microfinance programs.