

Rural Development by NGOs in Bangladesh

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Perspective, Performance and Paradoxes

Aka Firowz Ahmad



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Dedicated to my Parents
Mosammat Alatunnessa
and
Late Alhajj Md. Habibullah Sarker

Preface

Non Governmental Organizations (NGOs) through their massive involvement in rural development efforts have added a new dimension to development administration in Bangladesh. The Government has also declared them as its development partners. NGOs have now been able to develop professional skill in managing their affairs and to exhibit better performance compared to government agencies in some fields, specially their unique capability in reaching and mobilizing the poor masses with different programs and establishing functional network throughout the country. The other hand they are alleged to deviate from the basic NGOs spirit and mislay institutional characteristics of NGOs by assuming a political role and involving in business and commercial activities. Some of the leading NGOs, by this time have evolved as most successful profit making business organizations in the country.

In the above circumstances, NGO-Government partnership in the development sector is under question. In fact, besides government's congenial role the efficacy of this partnership primarily depends on the clarity of NGOs' development perspective and level of commitment along with their institutional framework, nature of program, as well as organizational and program management system. From the vast literature on different issues related to NGOs a theoretical configuration of NGOs' characteristics is quite readily available. Likely, theoretical frameworks of development and development administration from public perspective are also available in the development literature. But NGOs' approaches to development in general and rural development in particular are still to emerge, though without suitable approach NGO initiatives can not play an effective role in the field of development. In this book a theoretical framework of NGOs approach to rural development has been developed based on relevant literature on NGOs and Development/Development administration. Two leading NGOs in the country. Rangpur Dinajpur Rural Service (RDRS) and Bangladesh Rural Advancement Committee (BRAC) have been examined following the framework. The quantitative data and information used in the book may appear to be not updated, but in spite of remarkable changes in the figures over the last five years, the picture and trend in NGOs' rural development initiatives exposed in the book still qualitatively remain the same and do not contradict with the basic findings.

NGOs rural development initiatives in this book have been conceptualized as the interplay of different program activities, organizational management and program management of NGOs. For desired changes in the rural society NGOs ensure (i) economic development and capital formation, (ii) reduction of dependency, (iii) participation and institutional ownership, (iv) positive change and sustainable development, (v) organic solidarity in the society. Following the micro credit approach to development intervention based on target group strategy, NGOs have been able to accumulate capital for their own financial sustainability. However they could not bring out the poor from

the poverty chain, rather the latter have been well tagged with another new chain of credit. More over, the target group strategy and over emphasis on women isolate the group members from the total community and threaten the organic solidarity of the society. Coupled with these, other factors such as displacement in NGOs' characteristics, lack of loyalties and comprehensive participation, loan in unproductive sector, credit management inconvenient for production, subtraction of resources from rural economy etc. practically make the role of NGOs' in rural development critical. NGOs have been able to mobilize the target people and organize them into groups, though. These groups still however could not emerge as sustainable organization and are treated mainly as platform for loan disbursement and realization. Despite these limitations, NGOs intervention with credit have ensured some positive changes in the life of rural women .The women group members now possess increased level of awareness, social exposure, voice and participation in the family.

The present work is predominantly the output of the inspiration and intellectual guidance of my teacher and supervisor Professor Lutful Hoq Chudhury, Department of Public Administration, University of Dhaka, Bangladesh. I am highly grateful to him. Professor M. Asaduzzaman always kept me under constant pressure to complete the study. with attention and guidance I am indebted to him for his holistic support and cooperation and I always pray for his departed soul. Thanks are also due to Professor Nazmunnessa Mahtab, Professor Ahmed Anisur Rahman, Professor Shahnaz Khan, Professor Salauddin M. Aminuzzaman, Professor Nizam Ahmed, Professor Mahbubur Rahman, Professor Muslehuddin Ahmed, Dr. Akter Hossain Late Md. Amanullah and Dr. Abu Elias Sarker, who helped me in different stages of the study.

I must thank the functionaries of RDRS and BRAC both at the central and field levels for their cordial cooperation and helping me providing by all sorts of documents and information. I also extend my thanks to S. M. Shafiqul Alam and Alo Zahid Ahmad (my younger brother) who helped me in different stages of my work by collecting data and information. Thanks are also due to Md. Moynul Hoque who directly inserted the manuscripts of the thesis with great patience and sincerity.

Since the beginning of my involvement in this work my wife Hamida Begum sister in law Ms Masuda Kamal Dina, and son and daughters Tahmid, Fattaha, Sintaha and Muntaha constantly provided emotional support to me in completing this work. I also extend gratitude to them.

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Acronyms

ADAB	Association of Development Agencies in Bangladesh
AMWAB	Association of Muslim Welfare Agencies in Bangladesh
APHD	Asia Partnership for Human Development
ARI	Acute Respiratory Tract Infections
ASA	Association for Social Advancement
AVAB	Association of Voluntary Agencies in Bangladesh
BBS	Bangladesh Bureau of Statistics
BD	Basic Democracies
BEOC	Basic Education for Older Children
BHCs	BRAC Health Centres
BIDS	Bangladesh Institute of Development Studies
BIPOOL	Big Partner Organizations Operating in Large Area
BRAC	Bangladesh Rural Advancement Committee
BRDB	Bangladesh Rural Development Board
BWHC	Bangladesh Women Health Coalition
CBRS	Cooch Behar Refugee Service
CDC	Committee Development Committee
CDF	Credit and Development Forum
CDI	Centre for Development Initiative
CDP	Comprehensive Development Project
CDS	Centre for Development Services
CGAP	Consultative Group to Assist the Poorest
CORR	Christian Organization for Relief and Rehabilitation
CP	Comprehensive Program
CRC	Consciousness Raising Centre
E&IG	Employment and Income Generation
EHC	Essential Health Care
ERD	External Resource Department, now Economic Relation Department
FIVDB	Friends in Village Development in Bangladesh
FWP	Except in Food for Works Program
GDP	Gross Domestic Product
H&FPFP	Health and Family Planning Facilitation Program
HADS	Humanitarian Association for Development Services
HPP	Health and Population Program
HRLE	Human Rights and Legal Education
IGVGD	Income Generation for Vulnerable Group Development

IMF	International Money Fund
IRDP	Integrated Rural Development Program
IVS	Institute of Voluntary Services
KSS	Krishak Samabaya Samity
LWF	Lutheran World Federation
MCP	Micro-Credit Program
MDP	Management Development Program
MELA	Micro-Enterprise Leading and Assistance
MFI	Micro-Finance Institutions
MIDAS	Micro Industries Development Assistance and Services
NFP	Nutrition Facilitation Program
NFPE	Non Formal Primary Education
NFPE	Non-formal Primary Education
NGDOs	Non-governmental Development Organizations
NGOs	Non-Governmental Organizations
NIPHP	National Integrated Health and Population Program
NOVIB	A Dutch Funding Agency
OOSA	Organizations Operating in Small areas
ORT	Oral Rehydration Therapy
OTEP	Oral Therapy Extension Program
OXFAM	Oxford University Famine Agency
PACT	A foreign NGO
PEs	Public Enterprises
PKSF	Palli Karma-Shahayak Foundation
PLDP	Participatory Livestock Development Program
POs	Partner Organizations
PROSHIKA	One of the largest NGOs in Bangladesh
PVOs	Private Voluntary Organizations
RCP	Rural Credit Project
RCTP	Rural Credit and Training Program
RD	Rural Development
RDA	Rural Development Administration
RDP	Rural Development
RDRS	Rangpur Dinajpur Rural Services
REP	Rural Enterprise program
RHDC	Reproductive Health and Disease Control
RIC	Resource Integration Centre
RLF	Revolving Loan Fund
RSS	Regional Sector Specialist

SACs	Satellite Ante-Natal Centres
SAP	Structural Adjustment Program
SLC	Social Literacy Course)
SLDP	Small Holder Livestock Development Program
SSs	Shasho Shefikas
TARC	Training and Resource Centre
TB	Tuberculosis
TBA	Traditional Birth Attendant
TCCA	Thana Central Cooperative Association
TIP	Thana Irrigation Program
TTDC	Thana Training and Development Centre
V-AID	Village Agricultural and Industrial Development
VDOs	Voluntary Development Organizations
VERC	Village Education Resource Centre
VHSS	Voluntary Health Services Society
VolAg	Voluntary Agencies
VOs	Village Organizations
VROs	Voluntary Resource Organizations
VROs	Voluntary Resource Organizations
WCARRD	World Conference on Agrarian Reform and Rural Development
WFP	World Food Program
WHDP	Women Health and Development Program

Chapter – 1

Introduction

Background

Over the last few decades along with government efforts, Non-governmental efforts for rural development have gradually emerged in an institutionalized form in Bangladesh. There are of course several reasons behind the emergence of these initiatives. In the post colonial period concentration of the vast majority of the population in the rural areas and the significant contribution of the rural sectors to the economy on the one hand and the unexpected dynamics of rural underdevelopment on the other, in effect have created an objective situation for the government to undertake different rural development programs. The devastating disequilibrium now existing in the rural social system accompanied with massive poverty, hunger, diseases, illiteracy, landlessness, unemployment, uneven benefit distribution, poor-rich gaps and rural-urban migration is the reflection of rural underdevelopment. This underdevelopment has its roots in (i) the *history and colonial exploitation* of the country (ii) the problems concerned with *productivity and employment*, (iii) excessive dependence on *land and agriculture* and *limited access to inputs of production* and (iv) the *anti-poor politics and disabling social structure*¹. It does not only compel the government to engage in rural development efforts with different approaches and institutional arrangements but also create an avenue for the Non Governmental Organizations (NGOs) involvement as government's development partners thus adding a new dimension to the rural development efforts in Bangladesh.

Availability of rich alluvial soil and climatic condition favorable for multi-cropping historically linked the people of Bangladesh with agriculture providing strong ground for self reliant village based civilization and placed land at the center of all socio-economic activities. But the colonial interventions in general and the Permanent Settlement Act of 1793 in particular destroyed the rural economy which adversely affected all the sectors of rural life including agriculture, industry, education etc. and eventually ruined the self-sufficient village system. The decline of agricultural productivity and rapid increase in population caused severe,

¹ B.B Misra. District Administration and Rural Development in India: Policy Objectives and Administrative Change in Historical Perspective, Delhi:Oxford University Press, 1983, p-9.

absolute and disguised unemployment. These appeared as significant causes of underdevelopment in the rural society.

Though most of the rural people in Bangladesh depend on agriculture for subsistence but majority of them do not have cultivable land. 30% of the total population are considered as hardcore poor. Development policies and practices do not reflect the interest of the rural poor of the country due to the concentration of political power in the hands of the urban centered economically powerful section². The poor are now tied up within the vicious cycle of poverty having little access to productive inputs, resources, technology, authority and education in the existing rural social system. They suffer from malnutrition, illiteracy, high mortality rate and other curses of life where women and children are in a vulnerable position and seriously deprived of their rights³.

Predominance of the aforementioned realities reversed the role of Government in postcolonial period and thus Government assumed all the responsibilities to ensure fundamental rights of the citizen as determined in the constitution. Without confining in the traditional form of administration involved maintenance of law and order, revenue collection and the running judicial activities, it evolved development administration. During Pakistan regime government also established a tri-dimensional institutional arrangement at the rural level consisting of public bureaucracy, public enterprises and local government bodies and started some specific programs like Village Agricultural and Industrial Development (V-AID) program for rural development. Rural Development Academy was also established to render training and research supports to the program activities. Over the years changes have also been made in local level bureaucracy, delivery of public enterprise services and in local government. High ranking civil servants and specialists are appointed in the different nation building agencies at the upazila level. By reorganizing local bodies attempts were also made, to ensure and develop more popular participation and people's leadership in local level development planning and plan implementation. The former VAID program has been developed into Integrated Rural Development Program and Bangladesh government has created the Rural Development Board to implement this program.

NGO Intervention in Rural Development Sector

All the rural development efforts of government being based on particular development approach and molded by the political and legal obligations of the government through well organized development institutions tried to

² Ibid

³ World Bank. World Development Report 1992, Oxford: Oxford University Press, 1992.

address the underdevelopment situation in the rural areas. But still it could not achieve the goal of rural development. The social realities and government's limitations to attain the goal of rural development as well as the policy shift of the government from nationalization to privatization in compliance with the global economic trend paved the way for NGOs' involvement in rural development activities in Bangladesh. Blessed with the special interest of donors and continuous flow of fund it has added a new dimension to the development efforts in the country. Unlike traditional charitable organizations historically existing in this country, NGOs have embraced professionalism instead of ideal voluntarism and development orientation instead of charity approach in their activities.

NGOs started functioning immediately after the liberation war in 1971 as relief and rehabilitation agencies, but now they have emerged as strong and influential institutions in the development sector in Bangladesh. They are implementing a number of activities in almost all the Upazillas (the lower level administrative unit) in a very organized way, (often in partnership with the government), with remarkable devotion, expertise and fund for the betterment of the rural poor. Regardless of the diversity of activities, through the micro-credit program NGOs have been able to get institutionalized form capable of running the allied program activities and proved to be very efficient in running credit activities and achieved extraordinary success in reaching the poor including the landless poor farmers and destitute women, organizing them and realizing the loan disbursed to the poor. Some of them have country-wide network to run their program activities. The Government has also provided full supports to their rural development efforts as an inseparable part of development administration and announced NGOs as development partners.

Requirements for Effective NGO Intervention

Efficacy of the NGO government partnership to a great extent lies on the system of NGOs rural development efforts as well as the conceptual premises of the system. Particularly in respects of institutional obligation and spirit there are some basic differences between the involvement of government and NGOs in the field of rural development efforts. Government undertakes development activities not only as the part of its constitutional and political obligation, moreover its political credibility and support base also depend on its success in implementing these activities for the benefit of the citizen but NGOs' initiatives are conceptually founded on non-political, voluntary and non-profit making spirit. NGOs efforts are supposed to functionally supplement the government efforts for rural development. In fact, the ability of NGOs in playing this developmental role upholding their basic spirit and

characteristics essentially depends on their development approach and the corresponding system of implementing their rural development initiatives. It is undoubtedly a very difficult task on the part of the NGOs which are verily endowed with philanthropic spirit and dependent on donors' fund and guidance for most of their activities.

Following a philanthropic perspective, Non-governmental organizations in Bangladesh started relief and rehabilitation works with the assistance of international donor agencies during liberation war and post liberation period on adhoc basis. Later on, to address the prevailing social realities they changed their functional scope and engaged in rural development activities. There are some fundamental differences between philanthropic and development efforts. It was difficult for NGOs to evolve as development organizations as they were primarily established for adhoc relief and rehabilitation works mainly following philanthropic approach and donors' intentions. NGOs can overcome these limitations by evolving proper system of development management founded on proper development approach. In their path of rapid evolution NGOs undertook different development programs and established organizational network all over the country but could hardly contain, develop or follow any development approach in consistence with their institutional spirit and characteristics. Much has been written on the various aspects of NGOs, but any attempt is scarcely found to focus NGOs' rural development initiatives within a broad conceptual framework or development approach. Due to the increasing role and influence of NGOs in the different sectors and for the government's strategy of sharing development responsibilities with NGOs, an NGO approach to rural development need to be evolved for steering the development efforts in Bangladesh from a holistic perspective.

A Look into Literature

Compared to the increasing growth of NGOs and their diverse involvement in the development sectors, studies on NGOs in general and the role of NGOs from development management perspective in specific with reference to Bangladesh perspective are still notably insignificant. Most of the works on NGOs are evaluative in nature, guided and sponsored by mainly NGOs themselves or donor agencies. Dasgupta identifies NGOs as the early catalysts for new thrust in rural transformation and their role is that of a pioneer, innovator and scientist⁴. Reddy finds that with the increase in implementation of various poverty alleviation programs in rural areas, the involvement of voluntary agencies is also on the increase. He holds, "Since rendering service to poor is the main objective of voluntary agencies, they are

⁴ S. Dasgupta. *Voluntary Organizations in Rural Development* in Voluntary Action Vol. 14 No. 1., 1972, pp.- 6-14.

eminently suitable to undertake rural development works.... They have inherent capacity to organize rural poor and weaker sections for defending their rights. They are in a better position to organize rural masses for availing the collective benefits."⁵ He also emphasizes that the natural capabilities of NGOs like fund raising, nearness to common people, ability to experiment, flexibility, better understanding of problems and need of the people, etc. put them in a convenient position to undertake rural development activities. Shift of NGOs' sphere of activities from charity to developmental activities is very much linked with the increased involvement of NGOs in rural affairs. Esman finds NGOs greatly facilitate social change compared to government.⁶

Many authors find some qualities in the management of NGOs development efforts. Bhattacharya finds three advantages in NGOs involvement in the implementation of development programs, such as: "(1) a sense of solidarity, (2) opportunity to interact with agencies of development and (3) participation in decision-making".⁷

Rajkrishan views NGOs to be potentially superior to government agencies in three respects in working in the rural areas: (i) NGO workers can be more sincerely devoted than the government staff to the well-being of the poor, (ii) they can have better rapport with the poor rural masses; and (iii) since their organizations and NGO-men can operate with greater flexibility, they can easily readjust their activities and thereby continuously learn from experience.⁸ Prasad adds two more points in favour of NGOs involvement in the rural development: "(i) Voluntary agencies efforts are more economical than the government departments and (ii) they can motivate more public participation in development efforts than government departments".⁹

Goetz and Gupta¹⁰ describe that most often women's continued high demand for loan and their manifestly high propensity to repay is taken as a proxy indicator for control and empowerment. They challenge this assumption by exploring variations in the degree to which women borrowers control their loans directly and identify that a significant amount of loan

⁵ U.B. Reddy. *Role of voluntary Agencies in Rural Development* in Indian Journal of Public Administration Vol. XXXIII No. 3, 1987, p-549.

⁶ Milton Esman and Norman Uphoff. *Local Organizations : Intermediaries in Rural Development*, Ithaca : Cornell University Press, 1984, pp-110-111.

⁷ M. Bhattacharya. *Voluntary Association Development and the state* in Indian Journal of Public Administration ,Vol. XXXIII, No. 3, 1987, p-384.

⁸ R. Krishna. *It would be Just a Futile Exercise* in Yojana, Vol. 28, nos. 20 & 21, 1984, p-7.

⁹ L. M. Prasad. *Voluntary Agencies and Development of Scheduled Castes and Scheduled Tribes : Their Role and Function* in Indian Journal of Public Administration, Vol. xxxiii., 1987, p-590.

¹⁰ Anne M. Goetz and Rina Sen Gupta. *Who Takes the Credit? Gender, Power and Control over loan use in Rural Credit Programs in Bangladesh* in World Development, Vol. 24, No. 1, 1996, pp- 45-63.

taken by women is controlled by male relatives. They also find that a preoccupation with "credit performance" measured primarily in terms of high repayment rates affects the incentives of field workers disposing and recovering credit, in way, which may outweigh concern to ensure that women develop meaningful control over their investment activities.

Holloway¹¹ opines that NGO today have come to play a major role in different developmental activities. He without going to management and technical aspects concentrates on controversial issues related to some questions such as, why is it that Bangladeshi NGOs are praised throughout the development world, yet attacked in their own country? Why is it that NGOs which take foreign donations are treated and considered differently from the Government which takes foreign grants and loans, the organizations of the Islamic religion which take foreign grants, or the business sector which takes foreign investment? etc.

Focusing on the grassroots level mobilization of the beneficiary groups in the selected rural areas of Bangladesh Amin¹² presents the impact of the NGO-promoted alternative approach to development and explores the various aspects of selected NGO-based grassroots level credit programs and their socio-demographic impact. However does not explain the approach from the perspective of any development approach.

To reduce poverty, it is crucial to develop rural areas where most of the poor people live. This study identifies ways of accelerating growth in rural areas. Poverty in Bangladesh must be reduced by helping agriculture and rural non farm sector grow faster and by strengthening rural institutions that empower rural people to improve their income and welfare. The study explains the critical constraints that prevent Bangladesh from realizing its strong potential to increase agricultural and rural non-farm growth. It also draws lessons from different programs to develop rural institutions and reduce poverty in order to design the future strategy. The proposed rural development strategy addresses critical constraint to rural growth and to the building of rural institutions within a medium-term time frame. The key propositions of the strategy are to: i) improve short-term food assistance and reform food policy; ii) reform policy environment and public sector programs for farm and non-farm growth, iii) invest in improved infrastructure, iv) improve the efficiency of the rural financial system, and v) build a strong local government system.

¹¹ Richard Holloway. Supporting Citizens Initiatives - Bangladesh's NGOs and Society, Economics & Development Studies, Dhaka: UPL, 1998.

¹² Ruhul Amin, Development Strategies and Socio-Demographic Impact of Non-Governmental Organizations: Evidence from Rural Bangladesh, Dhaka: UPL, 1997.

Blair¹³ emphasizes on rural local resource mobilization (LRM) in Bangladesh, as well as suggests possible policy initiatives in enhancing the raising of local resources. Gélinas¹⁴ also follows the same line and deals with two issues: the emancipation of the Third World from the debt system and the re-appropriation of development by civil society through financial self-reliance.

Asian Development Bank¹⁵ after thorough evaluation of the NGO-government relationship identifies that there are some significant and positive collaborative experience between government agencies and NGOs particularly in the health, education and agricultural sectors. But the collaborative projects designed to increase the access of the poor to resources such as land, water, credit, forest etc. have generally encountered difficulties. It further notices regional experience in GO/NGO collaboration. Moreover, despite the progress in the collaborative relationship between government and NGOs it remains strained with minimum government resources.

Korten¹⁶ identifies the genesis of NGOs and presents NGOs growth in three generations like relief and welfare, small-scale self-reliant local development and sustainable system development. Huda¹⁷ identifies briefly the reasons behind the growth of NGOs and categorizes NGOs into different groups. Khan and Zafrullah¹⁸ concentrate on the definitional issues of NGOs. Amin¹⁹ following both qualitative and quantitative methods concentrates on the impact of NGO intervention through credit program. Blair²⁰ in his edited works puts emphasis on possible alternative policy initiatives in enhancing the mobilization of local resource. Asian NGO Coalition for Agrarian Reform and Rural Development (ANGOC) attempts to provide a framework for increased NGO involvement in rural poverty alleviation pointing to the

¹³ Harry W Blair (Ed). *Can Rural Development be Financed from Below? Local Resource Mobilization in Bangladesh*, Dhaka: UPL, 1989.

¹⁴ Jacques B Gélinas. *Freedom From Debt - The Re-appropriation of Development through Financial Self-reliance*, Dhaka: UPL, 1998.

¹⁵ Asian Development Bank. *An Assessment of the Role and Impact of NGOs in Bangladesh Final Report* December, 1992, Melbourne: International Support Service Pvt. Ltd. 1992.

¹⁶ David C. Korten. *Third Generation NGO Strategies. A Key to People-Centered Development in World Development*, Vol. 15 supplement, pp- 147-148.

¹⁷ K.S. Huda and Azfar Hussain. *Genesis and growth of NGOs in Bangladesh* in ADAB News, Special Issue-2, 1990.

¹⁸ M. M Khan and Habib Mohammad Zafarullah. *Non-governmental Organizations in Bangladesh, A Perspective* in Indian Journal of Public Administration, Vol. XXXIII No. 3. July-September, 1987.

¹⁹ Ruhul Amin. *Development Strategies and Socio-demographic Impact of Non-governmental Organizations: Evidence from Rural Bangladesh*, Dhaka: UPL, 1997.

²⁰ Harry W. Blair. *An Rural Development be financed from Below? Local Resource Mobilization in Bangladesh*, Dhaka:UPL, 1989.

disparities in rural-urban resource distribution. In its study²¹ focusing on the philosophy of NGOs it holds that NGOs have an effective role to play in providing leadership in national and international development. Kabeer²² from gender perspective emphasizes that woman specific projects will do little to challenge women within development as long as the norms, practices and procedures guiding the overall development efforts remain fundamentally unchanged. Brooke²³ compared the empowerment goals of three Bangladeshi NGOs- BRAC, Grameen Bank and Save the Children Fund. She holds that credit in itself is not empowering but should be a means to empowerment. Ebdon²⁴ following an anthropological study in Bangladesh (1992-1993) raises questions whether these organizations are able to retain their philosophies of participatory empowerment when subject to target driven pressures for expansion and preoccupation.

Siddiqui²⁵ analyzing the experiences of two decades between 1977 and 1997 holds that development of the physical infrastructure by the government, the provision of micro-credit by NGOs and the supply and dissemination of modern agricultural inputs by the private sector are, by themselves quite inadequate to address the problems of rural poverty in Bangladesh. There is a strong need to reform the anti-poor economic processes relating to production and exchange, and at the same time, the poor and the women must occupy their rightful place in all organizations and institutions relevant to them.

Sobhan²⁶ addresses the issue of how effectively governments of developing countries around the world have directed the policy and allocated interventions towards the agricultural sector and the rural poor.

Wood²⁷ examines micro-credit provision in Bangladesh and criticizes the emergence of a panacea formula for credit provision to the poor through the Grameen Bank model, which offer a 'cheaper' attractive option for poverty alleviation avoiding the 'overhead' costs.

²¹ ANGOC. Rural Poverty Alleviation: Issues and Strategies from an Asian NGO Perspective, Manila: ANGOC, 1987.

²² Naila Kabeer. *Targeting Women or Transforming Institutions? Development in Practice* in IUK .Vol, 5, No. L, 1995, p-108-116.

²³ A. AcKerly. *Testing Tools of Development: Credit Programs, Loan Involvement and Women's Empowerment* in IDS Bulletin, Vol. 26, No. 3, 1995, p-57-68.

²⁴ Rosamund Ebdon. *NGO Expansion and the fight to reach the Poor: Gender Implication of NGO scaling up in Bangladesh* in IDS Bulletin, Vol. 26 No. 3, 1995, pp- 49-55.

²⁵ Kamal Siddiqui. *Jagatpur 1977-97, Poverty and Social Change in Rural Bangladesh*, Dhaka: UPL, 2000.

²⁶ Rehman Sobhan. *Public Allocative Strategies, Rural Development and Poverty Alleviation: A Global Perspective*, Dhaka : UPL, 1991.

²⁷ Geoffrey D Wood (Ed). *Who Needs Credit? - Poverty and Finance in Bangladesh*, Dhaka: UPL, 1997.

Sharmin²⁸ positively describe the different activities of RDRS from the perspective of women development, which includes literacy and awareness education, legal education, primary health care and nutrition program, IGP, network building among women's group, social justice and various injustices. Cruze²⁹ from an environmental perspective makes a brief review of RDRS development management issue. He finds that through its integrated rural development program, RDRS is trying to tackle three P's (population, pollution and poverty), while Rahman³⁰ explains the success of RDRS in tree plantation along road- side and establishment of nurseries.

Ahmed made a thorough study on BRAC in 1983-84 but he concentrated on the program activities of BRAC following a descriptive approach.³¹ Drawing on the experiences of BRAC in Bangladesh and Self Employed Women's Association (SEWA) in India Chen³² prescribes for a participatory incremental sub-sector approach to promoting the enterprises of low income women. He also outlines the conceptual frameworks and guidelines for understanding and applying the approach. Focusing on the NGO government relationship after critical review Ahmad³³ suggests increasing NGOs' efficiency by improving the present legal framework and functionally holding NGOs accountable. Hashemi³⁴ highlights the limitations of making NGOs accountable in Bangladesh.

The non-governmental efforts for rural development following poverty alleviation approach through micro-credit program come under question when a controversy exists regarding poverty trend and parameter for poverty measurement³⁵. Different studies definitely do not also speak of the success of micro credit program. Asaduzzaman³⁶ explains different positive aspects of micro-credit in poverty alleviation. After analyzing the real situation he

²⁸ Arifa Harun, Sharmin. *Women in Development* in ADAB News, May - June 1990, pp. 19-24.

²⁹ Anthony D' Cruze. *RDRS Projects Environment* in Grassroots, Vol. 3, Issue 9, October 1993, pp-5-6.

³⁰ Sanzidur Rahman. *Agro-forestry in Bangladesh: Need for a Collaborative Effort* in Grassroots, vol. 3, issue- xi, March 1994, pp-5-16.

³¹ Salahuddin Ahmed. *A Strategy of Development for BRAC-Bangladesh Rural Advancement Committee*, Manila: Asian Institute of Management (AIM), 84.

³² M. Chen, *A Quiet Revolution: Women in Transition in rural Bangladesh*. Dhaka : BRAC, 1986.

³³ Mokbul Morshed Ahmad. *The State Laws and Non-governmental Organizations (NGOs) in Bangladesh* in International Journal of Not-for-profit Law, Vol. 3, Issue 3, 2001.

³⁴ S. M. Hashemi. *NGO accountability in Bangladeshi Beneficiaries, Donors and State* in Edwards M and Huline (eds) *Non-governmental Organizations: Performance and Accountability Beyond the Magic Buffet* London: Earthscan Publications, 1995.

³⁵ Rushidan Islam Rahman (ed). *Poverty and Development Bangladesh Perspective (Bangla)*. Dhaka: BIDS, 1997.

³⁶ Mohammad Asaduzzaman. *Role of Micro-credit in Poverty Alleviation in Bangladesh: Comparison Between NGO and Government Initiatives* in Rushidan Islam Rahman (ed), *ibid*, Dhaka: BIDS, 1997, PP. 198-214.

concludes that present micro-credit program can not play as effective role in the life of the people living at extreme poverty level. Islam³⁷ opines that there are controversies regarding the success of credit program in increasing income of the poor people. He also questions the success of micro-credit without macro-economic approach. Mentioning a direct correlation between poverty and landlessness in Bangladesh Muyeri points out that the number of landless farmers is increasing in Bangladesh at the rate of 3.1% per year that refers to increase in poverty.

Choudhury³⁸ also indicates controversy as to the trend of poverty since late eighties in Bangladesh. He holds that it can not be strictly said that poverty has increased. This is indeed a negative approach about poverty level because it could not be evident from the survey and researches that poverty level has decreased over the decades in Bangladesh.

Islam³⁹ describes that the scope of NGO activities is very meager and able to provide credit to hardly more than one-third of the people living under the poverty line. He further narrates that all programs could not succeed equally in providing benefit to its target people. The effectiveness of the program as to increasing the income of its beneficiaries has been widely debated. It is believed however that the objective of poverty alleviation can be achieved through increasing income and purchasing capacity of the group members. High effective rate of interest of micro-credit of the NGOs is also one of the reasons behind the failure of the micro-credit program in playing an effective role towards poverty alleviation. Montgomery calculates that the average interest rate of BRAC is 52%.⁴⁰ In his opinion, there is perhaps no change in the poverty situation due to the credit program of BRAC.

From the survey of literature it is quite evident that different authors and researchers focus on a number of issues related to NGOs and their involvement in the development activities at the grassroots level for the betterment of the people living in a disadvantageous situation. But the issue of development management for rural development from NGO perspective could not get proper emphasis though it is urgently needed for proper matching of NGO efforts with those of government as development partners.

³⁷ Rezoanul Islam. *Asian Experiences in Poverty Alleviation: Story of Success and Failure*, Ibid, pp- 176-97.

³⁸ Omar Hyder Choudhury. *Nutrition Physical Growth and Poverty*. Ibid, p- 98-113.

³⁹ Rezowanul Islam. Opcit.

⁴⁰ R. D. Montgomery and others. *Credit for the Poor in Bangladesh: The BRAC Rural Development Program and the Government Thana Resource Development and Environment Programme* in Hulme. D. and Paul Mosley (ed). *Finance Against Poverty*, No. 2. London and New York: Rontledge, 1996.

Objective and Methodology

This book concentrates on the analysis of NGOs' rural development efforts including their organization and management system following a conceptual framework of development from the NGO perspective. Multiple methodologies such as content analysis, case studies, survey interview, observation, focused group discussion etc. have been used for collecting relevant data and information. A theoretical analysis of the NGO approach to rural development efforts has been made based mostly on content analysis.

Considering the dimensions of involvement in rural development in terms of time, nature of expertise, coverage, size, exposure, linkage etc. two NGOs, the Rangpur Dinajpur Rural Services (RDRS) and Bangladesh Rural Advancement Committee (BRAC), have been selected for case study. RDRS has been founded and mainly supported by the Geneva based Lutheran World Federation (LWF) and is working in the north-western region of Bangladesh with devotion and expertise for the betterment of the rural people in its program area. A good number of foreign experts, including the chief executive work in this organization over a period of time for attaining RDRS objective. Besides RDRS there is no other organization in Bangladesh, which has been able to employ so many foreign expatriates in rural development efforts. After attaining a level of maturity RDRS has been changed into a national organization with a Bangladeshi Chief Executive and Governing Board in the form of a trust.

On the other hand BRAC is one of the largest national NGOs in the world and the largest and leading NGO in Bangladesh. It has specific rural development program and it is now crossing its third phase. A donor's consortium outside the country provides all necessary supports to the BRAC program activities. Since in terms of concentration and time span of involvement in the field of rural development RDRS and BRAC are in leading position, it can rationally be considered that they have been able to evolve more developed systems of rural development efforts compared to other NGOs in the country. Based on this rationale these two organizations have been selected for in-depth study.

The Lalmonirhat Branch Office of RDRS and Gazaria area office of BRAC have been selected for their longer period of operation and good performance in this sector to collect field level information. Group members views have been used to verify some of the elements pertinent to NGOs' approach.

Since most of the group members are female and the rural women are the worst victims of underdevelopment 100 female group members of the two NGOs selected for the study have been interviewed. The interviews included 50 from five groups of each NGO in the respective program area. The groups

were selected on the basis of better performance level and the group members were of age group 20 – 45 years having at least five years involvement with the NGOs concerned.

NGOs conduct a number of activities in the rural areas, but most of the activities are discreet in nature .Except micro-credit program they have hardly any direct relationship with development change process. Micro credit program does not only have direct linkage with the rural poor, it is the most distinguished NGO approach to rural development in Bangladesh and that is why the study concentrates mainly on this program with a view to analyzing NGOs' rural development efforts in Bangladesh.

The study is not directed towards the assessment of the impact of NGOs micro-credit program in the field of rural development, because it is difficult to assess the sustainability and the impact of the program. Development has long-term objective and a sustainable system of development efforts is needed to achieve this objective. With this consideration the present study following a theoretical analysis examines rural development efforts of the NGOs understudy with reference to their micro-credit program. This has been done to have a concrete idea about the status of NGOs development management system on the one hand and on the other, about its capability and potentiality for sustain ably upholding a development process.

Outline of the Book

The book has been divided into nine interrelated chapters. Chapter–1 covers the introductory issues including the requirements for NGOs' rural development efforts, literature survey, objective and methodology. Chapter-2 makes an attempt to conceptualize NGOs from an institutional perspective. As the institutions of running non-governmental efforts NGOs are defined in this chapter on the basis of available literature. Though there are wide variations in naming this institution but the contents of all definitions are almost the same. Regarding the growth of NGOs different interpretations are found which is basically due to the different conceptual standpoints as well as situational contexts of the authors. David Korten phases out the growth of NGOs in any part of the world into three generations from "Relief and Welfare" (Generation-I) phase to 'Sustainable System Development' (Generation- III) phase through the intermediate phase of 'Small Scale self-reliant and Local Development' (Generation-II). Along with various typologies of NGOs this chapter also provides the role and functions of NGOs as well as upholds the reason behind NGOs' involvement in rural development sector with a new approach. This chapter also exclusively involves in the development of a theoretical framework of NGOs system for development management and deals with the issues relating to the system of Rural Development Management (RDM), which materializes rural development objectives by formulating proper plans and executing the same.

It presents a theoretical framework of RDM, taking inputs from the literature of development administration, which has been used to study the efforts of sample NGOs in the subsequent chapters.

Chapter - 3, outlines NGOs efforts in Bangladesh as a whole. NGOs have long historical roots in Bangladesh. In the post-liberation period for some objective reasons there was massive growth of NGOs in the country. Various types of NGOs- originating from both home and abroad are now working here with their own objectives. They have already established a compact functional network throughout the whole country. The primary objective of this chapter is to have a general picture of NGOs in Bangladesh and the nature and dimension of their programs for rural development efforts.

Chapter- 4 highlights the functional coverage of NGOs that includes almost all the sectors very much pertinent to human life. It analyses the different issues of Micro-Credit Program (MCP) of NGOs for *poverty alleviation*, the significance of NGOs approach to rural development in Bangladesh. It highlights the extensiveness of MCP of NGOs for poverty alleviation, factors responsible for the expansion of this program including the role of funding agency and government and finally presents a system of NGOs' setup for micro-credit program in the country along with the position of micro-credit phenomenon in the relationship.

Chapter- 5 focuses on the growth and evolution, program contents, development approach of RDRS and BRAC; and based on their functional coverage presents a general framework and analysis of NGOs rural development efforts where MCP occupies the central position.

Issues related to organization and management of RDRS and BRAC such as their organization structure, personnel and financial system have been discussed in chapter – 6. These have been analyzed using the indicators developed in the theoretical framework.

Chapter- 7 concentrates on the program management system of NGOs with specific reference to the management of NGOs micro-credit program, which has become an identical development management system of NGOs in Bangladesh. This program management system has also been analyzed using the theoretical tools developed in chapter- 2. All the issues related to MCP as presented here have been discussed on the basis of empirical findings.

Chapter – 8 critically looks at the NGOs efforts and their major constraints for rural development in Bangladesh from a holistic standpoint. Chapter-9 draws a logical end by recommending an alternative strategy based on the findings of the study.

Chapter – 2

NGO Approach to Rural Development: A Theoretical Analysis

Governmental approaches to rural development based on different models/strategies are available in the literature of development administration while non-governmental organizations (NGOs) approach to development in general and rural development in particular is hardly found. This is mainly because: firstly, NGOs' involvement in development efforts is of recent origin and without a theoretical foundation, secondly, because of their general preference to '*learning from experience*' in shaping and reshaping their role and activities most of the NGOs in developing countries do not feel the necessity of any theoretical framework for their efforts and thirdly, the preferences of the funding agencies impede the development of such approach suitable in the social realities of the economically backward country. However, a clear conceptual framework or approach is required to describe and analyze the role of NGOs in rural development.

Two interrelated and interdependent dimensions, conceptual and functional, constitute NGO approach to rural development efforts. The distinctive characteristics of NGOs and rural development together comprise the conceptual dimension while the functional dimension includes the processes related to the implementation of the rural development efforts. Both these two can exist only within an institutional arrangement of NGO capable of handling development dynamics directed towards the desired goal. In this chapter, an NGO approach to rural development has been developed for analyzing different aspects of NGOs, rural development efforts.

Conceptual Framework of Rural Development

Rural development as a specific form of development refers to the development of rural people and rural areas where misfortune dominates the life of majority people. There is, in essence, little difference between development and rural development, the former has broader scope covering the whole nation and the other is specific to rural area within the framework of national development. Development is an inconclusive term¹ and in absence of any universal definition it has become a rubber concept being used by every body for the purposes at hand². The Weberian concept of development is different from the Marxist one. Likely the neo-Marxist views

¹ Willy Brunt. North South. London: Pen Books, 1979 : p- 48.

² L.H. Choudhury. Development Administration in South and South East Asia, Dhaka: National Institute of Public Administration, 1979, p- 67.

of development do not coincide with the classical Marxist interpretations. Again the neo-classical economists differ from the classical economists in conceptualizing the term³.

Despite all other differences most of these theorists view development from uni-dimensional and quantitative perspective focusing mainly on capital formation or industrialization⁴. Opposed to the linear and *econo* centered view, a multidimensional and 'humano' centered view has been developed, which tends to deal with the questions of social and economic problems as well as institutional and political leadership⁵. It emphasizes that development has to be woven around people not people around development. It has to be development *of* the people *by* the people and *for* the people⁶.

Development as a multidimensional phenomenon encompasses all the dimensions of man including his values, culture, historical and social realities⁷ and "underlines the creation of values, socio-economic systems, institutions and incentive which will provide people greater meaning and purpose to life and will assure reasonable satisfaction of basic physiological, psychological and authentic needs to all members of society irrespective of race, colour, and religion as well as enable them to solve problems and sustain change while having increased control over environment, over themselves and over their own political destiny"⁸. Development is no more only an economic or technological phenomenon. "More importantly it is a matter concerning the transformation on man and his environment in the direction of a better future"⁹.

Montgomery identifies development as desirable change, which according to Stone is the dynamic change of a society from one state of being to another¹⁰. Montgomery specifically holds that "development is usually

³ Magnus Blomstrom and Bjorn Hettne. *Development Theory in transition: The Dependency Debate & Beyond: Third World Responses*, 1984, pp. 8-26.

⁴ Milton J. Esman. *The Politics of Development Administration* in Montgomery and Siffin (ed) *Approaches to Development : Politics, Administration and Change*, New York: McGraw Hill Book Co, 1966: p-59.

⁵ J. Gray. *The Two Roads : Alternative Strategies of Social Authority, Participation and Cultural Change in China*, Cambridge: Cambridge University Press, pp-110-130.

⁶ UNDP. *UNDP Report 1991*, p-13.

⁷ D. Sinha and Henry S.R. Kao. "Instruction: Value, Development Congruence" in *Durganand*: 1988, p- 26.

⁸ L.H. Choudhury. *Development Administration in South and South East Asia*, Dhaka: National Institute of Public Administration 1979, p- 70.

⁹ R.P, Misra. *Rural Development Capitalist and Socialist Paths*, New Delhi: Concept Publication, 1985, p- 24.

¹⁰ D.D. Stone. *Task, Precedents and Approaches to Education for Development Administration* in Donal D. Stone (ed) *Education for Development Administration* , Baussels : International Institute of Administrative Sciences: 1966, p-41.

conceived as an aspect of change that is desirable, broadly predicted or planned or administered or at least influenced by governmental action"¹¹. Katz more clearly specifies development as a major social change from one state of national being to another more valued state. "It involves complex of mutually related economic, social and political changes. Economic changes sometimes seem more evident and generally lead themselves more readily to quantification, but they are only one aspect of the total process"¹².

However, amidst of all sorts of controversies, some common issues are found in the aforementioned conceptions of development. Development strives towards a *goal*, a terminal condition through a *process of planned change*. Differences are only found in the interpretations of goal and in the nature and ways of *planned change process*. Due to omni-presence of contradictions in the society development is obviously to be a continuous and never ending process and proceeds forward through continuous interactions with the existing social contradictions.

Like the concept of development, 'rural development' was also initially conceptualized in uni-dimensional ways equating it with agricultural, industrial or economic development. Growth centered development activities within the framework of the 'Trickle down' theory were primarily advocated for rural development. But this 'Conventional approach' to economic development was soon rejected for its failure to benefit the poor. The multiplicity of rural problems comprising widespread disease, poor health services, low agricultural output, weak infrastructure, exploitation of merchants and money lenders on farmers, skewed land ownership, colonial style of administration necessitated a comprehensive and integrated approach to rural development both at conceptual and implementation levels. Todaro, following this approach identifies three aspects in rural development. He holds, "Rural Development, while dependent primarily on small farmers' agricultural progress implies much more. It encompasses (i) improvements in levels of living, including employment, education, health and nutrition, housing and variety of social services, (ii) decreasing inequality in the distribution of rural incomes and economic opportunities, (iii) the capacity of rural sector to sustain and accelerate the pace of these improvements"¹³. Timm most aptly defines integrated rural development as the "harmonious interplay of the social,

¹¹ J. D. Montgomery. *A Royal Institution: Variation on Three Classic Themes* in John D. Montgomery and William J. Siffin (eds) *Approach to Development : Politics Administration and Change*. New York: McGraw-Hill, 1966, p- 259.

¹² S.M. Katz. *Exploring Systems Approach to Development Administration* in F.W. Riggs (ed) *Frontiers of Development Administration*, North Carolina : Duke University Press: 1970, p- 110.

¹³ Michael P. Todaro. *Economics for a Developing Country, An Introduction to Principles, Problems, and Policies for Development*, London : Longman Publishing, 1992, p- 275.

economic and cultural forces for building up societies".¹⁴ It refers to the transformation of rural life as a whole without dwelling in only one segment of it. Likely, attention also has to be paid to the quality of life in sequel not just to quantitative results.

Fatel¹⁵ elaborates rural development as integrated development of the area and the people through optimum development and utilization of local resource... physical, biological and human... and by bringing about necessary institutional, structural and attitudinal changes by delivering a package of services to encompass not only the economic fields i.e. agriculture allied activities, rural industries but also establishment of required social infrastructure and services in the areas of health and nutrition, sanitation, housing, drinking water of improving quality of life of 'rural poor' and 'rural weak'. Since growth and poverty are not negatively correlated, the equity issue occupies a crucial position in rural development efforts. From the experiences of developing countries it is quite clear that even as growth proceeded, the poor and destitute not only increased in number absolutely, but also relatively.

Subramanyam emphasizes on the application of science and technology for the use of natural resources, employment of the people and fulfillment of their basic needs. He views rural development as a systematic scientific and integrated use of all '...natural resources and as part of this process enabling every person to engage himself in a productive and socially useful occupation and earn an income that would meet at least the basic needs'¹⁶.

Misra and others reject the dichotomies such as rural versus urban, agriculture versus industry, small versus big; 'bottom-up' versus 'top-down' etc. and propose that rural development should: (a) weaken dichotomous development, (b) be addressed to the problems of the poor, (c) promote economic growth, (d) be initiated and managed by the people i.e. it should be indigenous in content. They further advocate for economic growth following the conventional approach to economic development, "anything that further widens gap between rich and poor (no matter how are defined them) is not a right course of action. It does not mean that growth oriented policies should not be pursued. They should be pursued rather more vigorously than in the past for the obvious reasons that in a zero growth economy, distributive justice would amount to even distribution of poverty. In order that the levels of the living of the people improve through time, growth is essential. What is important in this respect is to know the source of growth and its recipients,

¹⁴ R.W. Timm. *Constraints of Development in Bangladesh* in ADAB News Vol. 2, 1990.

¹⁵ A. R. Fatel. *RD : A Challenging Task for Voluntary Agencies*, Karuskhetra, Vol. 34 No.1. 1985.

¹⁶ V. Subramaniam. *Transplanted Indo-British Administration*, New Delhi: Ashish Publication, 1977.

where it comes from and who benefits from it. If it benefits only a few it must be backed by such other projects which benefits the rest"¹⁷.

Taken into consideration all the issues it can safely be said that the imbalance system-state causing sufferings of the rural masses as well as threatening the equilibrium in whole national state system necessitates for rural development in the village based countries like Bangladesh. Rural development refers to a system of development comprising a set of interrelated and interdependent issues of multidimensional nature within the environmental supra- system which aims at bringing developmental change in the life of rural people in general and the disadvantaged section in particular with emphasis on growth and distributive justice.

Development Management System

Institutions with development management system is required for ensuring the goal oriented development change process. Fainsod taking governmental development efforts in perspective holds that this system "ordinarily involves the establishment of machinery for planning economic growth and mobilizing and allocating resources to expand national income"¹⁸. According to Quah it is the management of development programs designed to promote nation-building and socio-economic development and the concomitant development of management practices and institutions necessary for the implementation of such programs¹⁹. He approves the multiplicity of the development objective and highlights two constituting elements of development management: one is 'management of development programs' and the other 'development of management practices and institutions' i.e. development of management. In the system of development efforts these two are inseparably related and its effectiveness lies on its capacity to establish proper coordination for achieving development.

According to Riggs, development management, refers not only to government efforts to carry out programs designed to reshape its physical human and cultural environment but also to struggle to enlarge a government's capacity to engage in such programs²⁰. He attaches much importance to qualitative improvement of administrative systems to withstand

¹⁷ R. P. Misra. *Opcit* . p-25.

¹⁸ M. Fainsod. *The Structure of Development Administration* in Irving Swerdlow (ed) *Frontiers of Development Administration, Concepts and Problems*, Syracuse: Syracuse University Press, 1965, p-2.

¹⁹ John S.T. Quah. *Comparative Public Administration: What and why?* in Romesh K. Arora (ed.) *Perspective in Administrative Theory*, New Delhi: Associated Publishing House 1979, p-18.

²⁰ F.W. Riggs. *The Context of Development Administration* in Fred W. Riggs (ed) *Frontiers of Administration*, Durham: Duke University Press, 1970, p 95.

change coming from the environment and to direct or manipulate the change towards the desired end.

Rural development efforts essentially encompass a system of development management responsible for planning and implementation of different activities to achieve development objectives. It requires establishment of machinery for planning, economic growth and mobilizing and allocating resources for the management of development programs designed to promote socio-economic development as well as the concomitant development of management practices and institutions necessary for the implementation of such programs²¹. This system is responsible for formulation of plans, policies, programs and projects (the four Ps) which need corresponding development of management practices. Following Riggs it can be said that rural development refers not only to the efforts to carry out programs designed to reshape its physical human and cultural environment but also to struggle to enlarge a organizational capacity to engage in such programs²². Therefore, rural development efforts essentially include (i) management of rural development programs and (ii) development of management i.e. strengthening of managerial capabilities. It demands a pattern of increasing effectiveness in the utilization of available means to achieve prescribed goal through the qualitative improvement of management system which is necessary to withstand change coming from the environment and to direct or manipulate the change towards desired end. According to Binder it is an "increase in the size in specialization and division of tasks and in the professionalization of its personnel"²³.

There are three characteristic features of this management according to Gant such as its *purposes*, its *loyalties* and its *attitudes*.²⁴ The purposes are to stimulate and facilitate defined programs of social and economic progress. These are purposes of change and innovation and movement as contrasted with purposes of maintaining the status quo. Purposes make change attractive and possible, and shape policy formulation and program implementation accordingly. *Loyalty* must thus be to people and not to its own vested institutional interests nor to a non-public sovereign such as a king or empire. The *attitude* should be positive rather than negative, persuasive rather than restrictive.²⁵ Management endowed with these qualities encourages

²¹ John S.T. Quah. Opcit.

²² F.W. Riggs. opcit, 1970, p-75.

²³ Iran Leonard Binder. Political Development in a Changing Society, Berkeley: University of California Press, 1962, p-57.

²⁴ F. George Gant. Development Administration: Concept, Goals Methods, London: The University of Wisconsin Press, 1979, pp-20-21.

²⁵ Ibid.

innovation and change, which are desirable and necessary to accomplish development purpose. The *attitude* of development management is outward reaching and not inward looking.²⁶ In terms of behavioral parameter it is characterized²⁷ by: (i) change orientation, (ii) result orientation, (iii) participation, (iv) commitment and (v) institutionalization.

Rural development management strives for change, change in the system state. The change concerned with rural development is planned, *innovative*, *creative* and *pioneering* directed to achieving the desired end. Rural development management like development administration always undertakes *result oriented* pioneering efforts and initiates innovative values. Its result orientation involves a process of feedback mechanism or total task-assessment process, which makes it aware of the result or achievement of its endeavor. For the successful accomplishment of its goal *participation* of incumbents in designing and implementing its programs is always needed. If it fails to provide scope of participation for beneficiaries and functionaries, development efforts are hampered. As it initiates change state, it has to work with challenges, problems and constraints. Without strong *commitment* the system of rural development efforts can not face the problematic situation and translate development policies into fruitful practices. *Commitment* may be considered as basic to developmental change process. Motivation based on exact analysis of development scenario along with proper training and spontaneous participation very often increases development commitment of the concerned.

Continuity of the never ending development process largely depends on the sustainable system of development efforts. Through the process of institutionalization development efforts move toward sustainability. Institutionalization to Gant "is the process by which the system of action acquires *capability and competence, public acceptance, operating resources* and the *stability of a standard way of doing things*".²⁸ Institutions, he also adds, as a system of action possesses certain indispensable qualities such as (i) capability to perform the functions for which it has been created and effective in serving its purpose, (ii) acceptance of the society and environment of its location and operation and (iii) ability to survive. This ability depends mainly on its financial, personnel and technological strength to overcome the constraints coming from changing environment. The capability of

²⁶ Ibid.

²⁷ V. A. Panandiker and S. S. Kshirsagar. *Bureaucratic Adaptation to Development Administration* in Sudesh Kumar Sharma (ed) *Dynamics of Development: An International Perspective*, Vol-1, Delhi: Concept Publishing Company, 1977, pp-309-39.

²⁸ F. George Gant. *Opcit.*

development management comprises many things such as, organizational competence to run the development programs, access to resources, effective information flow and harmony with the changing environment. It must have the ability to identify and analyze the problems and develop measures to solve the problems. Organization and management capability includes organizational and management issues like organization's structural arrangement, process manifested with the structure, organizational technologies, goal setting etc. Organizational soundness is the foremost prerequisite for designing and implementing development programs successfully.

The issue of acceptability of development efforts functionally depends on the demands for the efforts, institutional capability to effectively implement the efforts, participation of the beneficiaries of development in program development and program implementation and congruence of efforts and the institution as a whole with society. Development institution can uphold these two fundamental traits only when the central authority makes decentralization of sufficient authority. Decentralization, as opposed to top down approach to development, functions as a way to improve planning and implementation of development on the one hand and on other to facilitate effective popular participation in the process of development.

Survival capacity or sustainability of developmental process depends primarily upon the self-supporting capabilities to alleviate the odds of underdevelopment. The prerequisites for holding these abilities firstly include elimination of the *dependence on external finance or reducing it* so that it does not create obstacle to the rational and independent functioning of the institution and secondly, *management capability* of the system to sustain in the changed situation with the ability of *mobilizing internal resources* and utilizing them properly.

Rural development efforts get momentum through different program activities, which are in reality, the products of their *organization and management systems* within the environmental supra system. The organization and management systems include a number of issues such as organization structure, personnel, finance and processes related to planning and implementation, monitoring and evaluation of the program activities.

Organization Structure represents the relationship among the various functions or the activities in the organization for the efficient achievement of its goal. It provides the basic framework around which the various parts or units are related and function²⁹. Simon holds that "the organization structure

²⁹ Richard A. Johnson, Fremont E. Kast, and Jame E. Resengwing. *The Theory and Management of Systems*, London: McGraw Hill, 1973, p-32.

establishes a common set of presuppositions and expectations as to which members of the organization are responsible for which classes of decisions; it establishes a structure of sub-goal to serve as criteria of choice in various parts of the organization; and it establishes intelligence responsibilities in particular organization units for securing specific parts of the organization's environment and for communicating events requiring attention to appropriate decision points"³⁰. In short, structure highlights who is where, why and how in the organization. It makes clear distribution of responsibilities and authority in the organization through horizontal and vertical division for having the total work done. *Hierarchy* refers to the vertical division of authority and responsibility in the organization structure while *departmentalization* refers to horizontal functional division. *Span of control* is one of the basic criteria in setting hierarchy and establishing various departments. There are *line* and *staff* units in the structure... one directly related to the goal accomplishment activities and the other assists the former by providing technical and other supports, committees meant for special purpose also constitute an important part of modern development organization.

Development process always requires an efficient personnel system. Personnel make the structure operative in the system. They are recruited in the organization on the basis of a service and salary structure. System of recruitment and nature of appointment... permanent and temporary, salary and incentive structure, motivation and manpower development process within the organization determines the quality of personnel in the system.

A set of processes consisting of some procedures and methods establish linkage between structure and personnel and make the organization operative. These can be understood under two broad heads such as *planning* process and *implementation* process. Plan is a specific documented intention consisting of an objective and an action statement represents the means to that end.³¹ Plan explains *what, when* and *how* something is to be done in the system. Planning is the process by which the system adapts its resources to the changing environmental and internal forces.³² Planning is an integrative activity and is not an end in itself... "its purpose is to provide the guidelines necessary for the vital decision making processes throughout the organization".³³ It decides in advance what is to be done and how is to be done. *Futurity action* and personal or organizational causation are important elements in any plan.

³⁰ Herbert A. Simon. *The New Science of Management Decision*, New York: Harper and Row, Inc. 1960, p-10.

³¹ Richard A. Johnson, Fremont E. Kast, and Jame E. Resengwing. *The Theory and Management of Systems*, London: McGraw Hill, 1973.

³² *Ibid*, p-49.

³³ *bid*, p-54.

Information is the basic input in any planning process. The development organization for initiating planning process needs sufficient and accurate information regarding demand, support, opposition and the availability of resources needed for development action. Plans for repetitive and non-repetitive problems are different on the basis of time dimension. Plans may be *strategic*, *middle range* and *short-term* in nature. Development efforts require various types of plans to face the contingent forces.

Plan is materialized through a complicated process of implementation. The necessary aspects of implementation process are communication, delegation coordination/integration, supervision, control, monitoring and evaluation. The field level staff and structure of development organization shoulder the ultimate responsibility of implementing development plans, programs and project. Message regarding development actions as visualized in the planning/program documents needed to be communicated at the operational level. Delegation of adequate authority and supply of necessary inputs are two prerequisites for their action. Various units at the implementation level, following the principle of differentiation and specialization, work separately to achieve the segment of planned object. Only through integration and coordination of these outputs the organization can effectively achieve the desired goal of development. Through division of work there always develop some forces of disintegration in the system. Coordination upholds the forces of integration to achieve the integrative goal of development. The development process takes place in a dynamic environment, which may deviate, from the desired one at the time of action. Control function "provides adjustments in conformance to the plan; the maintenance of variations from system objectives within allowable limits".³⁴ Mockler comprehensively defines control as the systematic effort to compare performance to predetermined standards, plans or objectives in order to determine whether performance is in line with these standards and to also to take remedial action.³⁵ In the process of development program implementation control mechanism occupies the most vital position. The development process is not supported by the persons who do not prefer any change and like to maintain status-quo. They often oppose the whole process. At the face of this opposition development process may deviate from its proper direction. Control mechanism constantly tries to protect this deviation. *Monitoring and evaluation* of the performance of the implementing actors are two other activities in the system of conversion process. These two are also used as instruments of control mechanisms.

³⁴ Ibid.

³⁵ Robert J. Mockler. Readings in Management Control, New York: Appleton-Century-Crafts, 1970, p-14.

Participation of actors and beneficiaries in the process of development both at planning and implementation stages has been a widely accepted phenomenon, which is necessary to formulate realistic plan and effective plan implementation. Effectiveness of developmental organization is largely affected by its capability to ensure participation.

The Phenomena of Non-Governmental Organizations (NGOs)

Non-governmental organizations are a universal phenomena, though they are differently named in different countries. For their "philosophical range" running from charity in noble and/or religious sense of the term to political associations and including all sorts of local and development activities, it is very much difficult to define NGOs³⁶. The definition of NGO is fraught with a series of difficulties. Firstly, government has also started functioning in areas that were first the domains of social NGOs. Secondly, government has also conceived a role of partnership with the NGOs insofar as they promote social action for development. Thirdly, there is usually a strong government support in NGO programs. Fourthly, there are many government sponsored NGOs. Fifthly, the government may ban NGOs if found not conducive to its stated goals. Sixthly, NGOs might have political motivation under social goals, and therefore, may not be given a legal status by the government. However, different scholars define it from different angles, but they all consider NGOs as formal organizations established with the explicit objective of achieving certain ends. They are those organizations, Pardon identifies, which are not parts of the government and which have not been established as a result of an agreement between governments³⁷.

The most common definitions of NGOs are negative in nature. These organizations are not parts of the government and do not exist to make profit. Business exists to make profit and government exists to provide an essential structure of law and order and promote general welfare but NGOs typically exist to provide some services or advance some causes in the different sectors of life. NGOs are private organizations serving a public purpose".³⁸

Asian NGO coalition for Agrarian Reform and the National NGO council of Sri Lanka chalk out the following criteria of NGOs:

- i. *Non-governmental* in the sense that it was not set up or has not been controlled by the government, and is not a part or an appendage of state apparatus.

³⁶ T. N. Kane. *Grassroots Development: What Role for Voluntary Organizations*, Voices Form Africa, Issue No. 2, Geneva, NGLS, 1990, p-14.

³⁷ Mario Padron. *Non-governmental Development Organizations: From Development Aid to Development Co-operation*, World Development, Vol. 5, 1987, p-70.

³⁸ Micel, O'Neil. *The Third America : The Emergence of the Nonprofit Sector in the United States*, San Francisco: Jossey-Bass Publishers, 1989, p-2.

- ii. *Non-profit* in the sense that its activities are not governed by profit considerations ("capitalistic motives"). Excess funds are not distributed among the members or used for private purposes. Whatever income gained is used to further the objectives of the organization concerned.
- iii. *Non political* in the sense that it is non affiliated to a political party. In other-words, it is a non-party social or political formation.
- iv. *Secondary* organizations, rather than a primary group or a single community organization.
- v. *Developmental* which refers to non-governmental development organizations- (NGOs) engaged in economic, social or cultural activities which contribute to enhance the quality of life... such activities may be on economic development (agricultural, industrial, or infrastructure), social development (education, health and sanitation, nutrition and housing) cultural and environmental or some combination of such activities.³⁹

Some authors identify the characteristic features of NGOs. Kane identifies the following criteria necessary to qualify the term NGO:

- It should be privately set up and structured and sufficiently autonomous in its activity and financing. This above all, is what ensures its *non-governmental* character.
- It should be non-profit making this is what ensures its "*Voluntary*" or "*benevolent*" character.
- It should support development. This is what ensures its "*public interest*" character even if certain countries have introduced legislation to limit the areas in which this "*public interest*" can be exercised"⁴⁰.

Norman holds that the definitions of NGOs evolved on four factors:⁴¹

1. *method of formation*, which is voluntary on the part of a group of people,
2. *method of governing*, with self governing organization to decide on its construction, its servicing, its policy and its clients,
3. *method of financing*, with at least some of its revenues drawn from voluntary sources, and
4. motives with the pursuit of profit excluded.⁴²

³⁹ Asia NGOs Coalition for Agrarian Reforms and Rural Development (ANCARRI) the National NGO council of Srilanka (NNCS). A Perspective on the State of NGOs in Rural Development, Colombo: ANCRD & NNCS, 1989, p- 7.

⁴⁰ T. N. Kane. *Op cit*, p-14-15.

⁴¹ W. Beveridge. *Voluntary Action in a Changing World*, London: Bedford Square Press, 1979, p-1-5.

⁴² N. Johnson. *Voluntary Social Services*, Oxford: Basil Blackwell and Martin Robertson, 1981, p-14.

Padron identifies some basic characteristics of NGOs such as: "they are formed by individuals, who receive payment for their duties and they are private, non for-profit and operate within a *legal framework*. They work through development projects (or programs) to benefit people other than their own members and their financing comes from sources outside.....".⁴³

Mia and Khan define NGOs as "organized entities setup by a group or sections of the people on their own initiative or partly by external impulses, to satisfy their socio-economic problems by methods and techniques of voluntary action".⁴⁴ Khan and Zafarullah define NGO as "a formal, non profit, non partisan private body which comes into being as a result of personal initiative of an individual or a group of individuals to voluntarily undertake development works at the grassroots".⁴⁵ By the term non partisan they mention the non political characteristics of NGOs. Huda adds a legal dimension while he defines NGO as, "an association of persons formed voluntarily through personal initiatives of a few committed persons dedicated to the design, study and implementation of development projects at the grassroots level. They work outside government structure but work within the legal framework of the country."⁴⁶ It is clear from these two definitions that the locus of NGO activities is the grassroots level area. NGOs are the voluntary grouping of people, whether physical or moral, constituted with the unique aim or promoting development by, with, and for a target population so that the later master its living conditions on the economic and socio-cultural levels.

Frantz holds that NGOs are formal organizations, and as such, they emerge when a group of people organize themselves into a social unit with the objective of achieving certain goals and formulating rules to govern the relations among the members of the organization and the duties of each member. He also specifies that "the goals of NGOs, as opposed to those of other organizations are almost always related to the problems of development that is to problems surrounding the economic, social, and cultural order of a country or region".⁴⁷

⁴³ Mario Padron. Opcit, 1987, p-71.

⁴⁴ A. Mia and Rob Khan. *Study of Participation's of NGOs in Rural Development in Bangladesh*, Dhaka Institute of Social Welfare and Research, D.K. (memo). 1987 p-3.

⁴⁵ M. M Khan and Mohammad Habib Zafarullah. *Non-governmental Organizations in Bangladesh A Perspective*, Indian Journal of Public Administration, Vol. XXXIII No. 3, July-September 1987, p-19.

⁴⁶ K. S. Huda. *Role of NGOs in Development in Bangladesh*, Bangladesh Development Dialogue, No. 2, 1984.

⁴⁷ T. R., Frantz. *The Role of NGOs in the strengthening of civil society*, World Development, Vol. 15 supplement, 1987, p- 122.

Factors Responsible for the Growth of NGOs

Different factors are responsible for the growth and development of NGOs. Intrinsically the inherent human tendency endowed with voluntary 'will' or ideological commitment towards philanthropic activities and extrinsically some environmental factors together provide basis for NGOs efforts, though the role of these factors in causing NGOs emergence and shaping the nature of their efforts varies from situation to situation and country to country. Functionally human will is central to all voluntary actions and it "assumes various forms of impulses, passion, appetites or desire. It is prior to or superior to the intellect or reason".⁴⁸ The will originates from inherent instinct of human being to respond to the problems of other fellow beings, but religion first provides the theoretical foundation in favour of these activities by manifesting a high degree of virtue in serving the distressed. Charity works occupy significant position in all the religious belief systems. O'Neil designates religion as the "Godmother" of NGOs in American context. Fox similarly opines that most of the NGOs established before World War II were rooted in Christian tradition and structure and were largely an outgrowth of missionary activities⁴⁹ Canadian⁵⁰ and Latin American NGOs also experience same religious tradition. Landim in context of Latin American NGOs explains that the NGOs developed in close relation with religious circle, especially the Catholic Church.⁵¹ African⁵² and European⁵³ NGO spirits are also rooted in religion. Asian ones are not also an exception.⁵⁴ Intra and inter religion conflicts and exclusion of religion from state function also push the different religious sects to involve in philanthropic works for increasing the spheres of their influences among people of different regions in the world. However, despite the vital role of religion, the growth of modern NGOs cannot be analyzed only from the perspective of religion and religious spirit.

Social dis-equilibrium in the forms of inequality (material, moral and intellectual) injustice and exploitation, from value free standpoint is identified, as "a perennial source of motivation for voluntary action in any

⁴⁸ M. A. Muttalib. *Voluntarism and Development – Theoretical Perspective*, Indian Journal of Public Administration, Vol. XXVIII, No. 3. 1987, p-399

⁴⁹ T.H. Fox. *NGOs from the United States*, World Development. Vol. 15, Supplement, 1987, p-11.

⁵⁰ Brent H. Copley. *Canadian NGOs Past Trend, Future Challenges*, World Development, Vol. 15, 1987, p-21-28.

⁵¹ L. Landim. *Non-governmental Organization in Latin America*, World Development, ibid, p-32, 389.

⁵² Josphat Mulyungi. *On the Role of African NGOs*, Voices Form Africa, Issue No. 2, NGLS (Geneva), 1990, p-45.

⁵³ N. Twose. *European NGOs : Growth or Partnership*, World Development, opcit, p- 7-10.

⁵⁴ K.S. Huda and Azfar Hussain. *Genesis and growth of NGOs in Bangladesh*, ADAB News. Special Issue-2, 1990, p-1.

society whatever is the stage of its development".⁵⁵ Inequality produces objective forces to arouse and direct human will for social services. In this regard it can be said that as long as there are rich and poor, a social service will necessarily continue in some degree and reflect inequalities of class and income.

Growing unrest, social tension, emergency situation, etc. also act as casual factors behind the emergence of NGOs like OXFAM, BRAC in the different parts of the world. Moreover, NGOs' effectiveness in dealing with emergency and relief situation and donor governments ideological preference for 'private sector' development and for the encouragement of pluralistic political system etc. are responsible for the emergence of NGOs in increasing number.⁵⁶

In almost all the countries tax exemption policy of government donating to the welfare activities also facilitate NGOs involvement in such public functions. In respect of employment NGOs carry a heavy burden of the government. In USA the NGOs employ more civilians than the federal government and the state governments combined.

NGO in modern times has its origin in the industrially and economically developed countries, which later on spread to the other parts of the world.⁵⁷ In case of the United States, American foreign policy has two distinct, conceptually interdependent but potentially conflicting set of goals in the Third World. First, there are diplomatic goals, which tend to advance Americans short-term political and long-term strategic interests. Second, there are humanitarian and developmental goals directed at the short-term alleviation of suffering and promotion of economic growth.⁵⁸ In fact western funding agencies, northern governments and official aid agencies are mainly responsible for the upsurge of modern NGOs in different countries. NGOs in the South have their roots in the NGOs phenomena of the north and have developed according to western orientation.⁵⁹ O'Neill has highlighted another explanation regarding the growth of some NGOs within the framework of "*Patron Control*". According to him certain groups adopt the non profit form to achieve more control over the clientele and activities of group than would be possible under *for profit* or government sponsorship".⁶⁰

⁵⁵ M. A. Muttalib. Opcit, p-400.

⁵⁶ A. Gordon Drabek. *Editor's preface*, World Development, Vol. 5, 1987, p.7-8.

⁵⁷ Peter J. Steinberger. *Political Participation and Community: A Cultural/Interpersonal Approach*, Rural Sociology, Vol. 46, No. 1, 1987.

⁵⁸ C. Rossiter. *The Bureaucratic Struggle for Control of USAid: Diplomacy vs. Development in Southern Africa*, Boulder: Western Press, 1985, p-5.

⁵⁹ Josphat Mulyungi. Opcit.

⁶⁰ M. O.Neil. Opcit, p-16.

There are specific reasons for the increasing number of NGOs operating in the Third World. Garilao precisely points out that "this new type of organization, motivated by a service objective and largely voluntary in nature arose in many cases out of (a) social conflict and tension, (b) the need to respond more effectively to crisis situation in the face of the breakdown of traditional structures, (c) ideological and value differences with the powers - that be in the planning and implementations of development work, or (d) realization that neither government nor the private sector had the will or capacity to deal with immediate and lingering social problems".⁶¹

NGOs are also viewed negatively by some corners in the developing countries and are considered often as imperialistic instruments since these are "regular recipients of funds from different agencies in the western 'imperialist' countries."⁶² Karat in context of Indian society opines, "there is a sophisticated and comprehensive strategy worked out in imperialist quarters to harness the forces of voluntary agencies/action groups to their strategic design to penetrate the Indian society and influence its course of development.

The inherent weakness of the bureaucracy manifested as preference to maintaining status quo and upholding colonial legacy as well as failure of different administrative reforms to change its character created an objective situation for the emergence of NGOs. Donor governments and multinational agencies find NGOs as more efficient conduits for development input than official agencies and prefer NGOs to provide their support to the poor of the developing countries. Brodhead points out that NGOs' "*human fare*", public support, ability to include the poorest into their programs and relatively low cost management style make them attractive alternative for development intervention.⁶³ All these ensure more funding for NGOs and allowed many NGOs to expand their activities on the one hand and on the other promote emergence of more new NGOs in the developing countries.

Stages of Growth of Non-Governmental Organizations

NGOs have followed a path of gradual development and now are effective as developmental institutions. By going through a gradual process of evolution NGOs adopted development approach instead of welfare orientation.⁶⁴ Garilao identifies three stages of growth: *formation and development stage*,

⁶¹ E.D. Garilao. *Indigenous NGOs as Strategic Institutions. Managing the Relationship with Government and Resource Agencies*, World Development, Vol. 15, Supplement, 1987, p-114.

⁶² Muhit Bhattacharya. *Voluntary Association Development and the state*, The Indian Journal of Public Administration. Vol. XXXIII, No. 3, 1987, p-390.

⁶³ T. Brodhead. *NGOs : In One Year out the other?*, World Development, Vol. 15, 1987, p-1.

⁶⁴ *Ibid*, p. 3.

*consolidation stage and institutionalization stage.*⁶⁵ Initially with a limited scope of operation group of individuals with very simple expectations organize themselves. Leaders are elected but there may not be well-defined rules for running the organization. At the second stage NGOs consolidate their gains. Leaders emerge forming a core whose decisions and positions are respected by the fellow members. At this stage NGOs develop expertise and ability to serve the interest of the beneficiaries effectively and efficiently. These capacities of NGOs give them a distinctive competitive edge in carrying out these programs with other groups. "Many NGOs remain at this stage, and if they eventually become inactive, it is due to leadership's inability to maintain membership interest in pursuing the organizations objectives or the inability to meet the changes in the environment in which they work".⁶⁶ All the NGOs can not attain third stage of development. Only the NGOs having all prerequisites including resource base (internal and external) for their long-term survival can attain the institutionalization stage. They do not only carry out their program efficiently but also produce certain strategic impacts in there geographic locality. Eventually other NGOs and even government follows their mode of operation in implementing similar program activities. At the institutionalized stage NGOs seriously involve in networking and alliance building activities.

Korten explains the growth of NGOs by his famous scheme of three generations. Three distinctive orientations in program strategies are found in the three generations.

a. Generation I : Relief and Welfare

In the first generation NGOs are charitable, welfare and relief organizations and their efforts are geared towards instantaneous delivery of goods and services to the poor and unfortunate people in response to the emergency situation that demand immediate and effective humanitarian action.⁶⁷

b. Generation II : Small-scale Self-reliant Local Development

Due to the limitations of the welfare and relief approach NGOs make "a transition from relief and welfare oriented activities to developing self-reliant organizations of the poor, increasing their capacity to meet their own needs with the resources they control and undertaking various multi-sectoral activities to promote their self-reliance. It is here where one notices a clear transition of NGOs from a mere operational role they have hitherto played to a more effective catalytic role in development".⁶⁸ At this stage NGOs engage

⁶⁵ E. D. Garilao. Opcit.

⁶⁶ Ibid, p-115.

⁶⁷ David C. Korten. *Third Generation NGO Strategies. A Key to People-Centered Development*, World Development, Vol. 15 supplement, 1980, p-147-148.

⁶⁸ Ibid, p-148.

in building intent that the benefit would be sustained beyond the period of NGOs help. But their activities are confined to a limited area and to specific local groups that the NGOs are assisting.⁶⁹

c. Generation III : Sustainable Systems Development

The third generation of NGOs stems from the re-examination of basic strategic issues relating to sustainability, import and recurrent cost recovery .It realizes that NGOs need to extend greater leadership in addressing dysfunctional aspects of the policy and institutional settings of the village and sectors within which they work. NGOs of this generation expand their program impacts ensuring sustainability through undertaking large-scale program system and involving various public and private organizations. The NGOs discharge "catalytic, foundation like role rather than an operational service delivery role - directing its attention to facilitating development by other organization, both public and private, of capacities, linkages and commitments required to address designated needs on a sustained basis".⁷⁰

These three generations identified by Korten do not represent precisely defined categories. These are more appropriately applied to individual programs than to whole organizations. Korten holds. "A given NGO may find that one of its programs is characterized by a third generation orientation-whereas other may be dominantly first or second generation-each responding to different needs".⁷¹ He summarizes the basic issues of the three generations in the following table.

Table-1 Three Generations of NGO Development Program Strategies

	Generation		
	First	Second	Third
Defining features	Relief and Welfare	Small-scale self reliant local development	Sustainable systems development
Problem defining	Shortage of goods and services	Local incentive	Institutional and policy constraints
Time frame	Immediate	Project life	Indefinite long-term
Spatial scope	Individual or family	Neighborhood or village	Region or nation
Chief actors	NGO	NGO + beneficiary organizations	All public and private institutions that define the relevant system
Development Education	Starving children	Community self-help initiatives	Failure in interdependent systems
Management orientations	Logistics management	Project management	Strategic management

⁶⁹ Khawja Shamsul Huda. *The Development of NGOs in Bangladesh*, Opcit, p-2.

⁷⁰ David C. Korten. p-149

⁷¹ Ibid.

There are close similarities between the *three stages of growth of NGOs* mentioned by Garilao and *the three generations* of Korten. The characteristic features of the NGOs in the Formative and Development Stage described by Garilao are similar to those of Korten's First Generation of NGOs. On the other hand NGOs in the *Consolidation* and the *Institutionalization* Stages are comparable with those of the *Second* and the *Third generations* respectively. But the scheme of Korten regarding the evolution and growth of NGOs is more comprehensive in nature than that of Garilao.

Practically it is difficult in the developing countries, to think that all NGOs are completely non-political as some of them are now playing the role of pressure group with regard to certain political issues. In their third generation as mentioned by Korten, NGOs assume some distinct role of *advocacy* and *politicking* that have direct relationship with *politics* and *political* institutions. From functional standpoint, NGOs role for empowering the poor is often politically motivated.

Besides Korten's three generations of growth of NGOs, some developing countries experience another two generations in terms of their role and functions. These may be called *political* and *financial* generations. In the political generation NGOs are found to play more or less direct political role in favor of and against the government and some NGOs act as platforms for supporting special group of political activists. Some NGO leaders directly support conventional party politics and even contest in the national elections in the countries where democracy does not have institutional footing and where the countries are economically backward and dependent on external assistance. On the other hand, the financial generation may be marked by the massive involvement of NGOs in financial and income-generating activities with the objective of getting self-sustained sound financial strength. In this generation along with micro-credit program NGOs establish diverse industrial and commercial enterprises directly or by creating new organs with enough legal strength required for working safely. Insecurity of donor's fund and profit motive of NGO, create an objective situation for the emergence of the financial generation. There is no sequential relationship between these two generations, one may overlap the other.

Categories of Non-Governmental Organizations

Categorization of NGOs is difficult because there is no single basis of categorizing the NGOs working in multifarious fields. It can be made on a variety of bases such as: (i) sizes, (ii) internal political structure, (iii) independence or dependence on outside control, (iv) societal functions, (v) source of their support, (vi) location, (vii) the class and characteristics of

members, (viii) intimacy of contact among members, (ix) the incentives - material, solidarity or purposive and (x) beneficiary of the NGOs activities.⁷²

The US National Centre for Charitable Statistics proposes twenty four categories of NGO, summarized in nine major groups: (1) arts, culture and humanities, (2) education, (3) environment and animals, (4) health, (5) human services, (6) international programs, (7) public/society benefit program, (8) religion and (9) other including mutual membership, organizations.⁷³ Neil makes the following categories of NGOs by principal activity.⁷⁴ (i) Religion, (ii) Education and Research, (iii) Healthcare, (iv) Arts and culture, (v) Social services, (vi) Advocacy and legal services, (vii) International Assistance, (viii) Grant making, (ix) Mutual benefit.

Shah and Chatwuredi classify the NGOs, working in rural development sectors into three categories: (1) The Techno-managerial voluntary agencies which work on the premise that the process of rural development can be accelerated through modern management techniques and technology, (2) Reformist voluntary agencies which try to bring about changes in the social and economic relationship with existing political framework. They usually carry out more than one program linked to overall rural socio-economic development and (3) The Radical voluntary agencies which seek to challenge the existing production relations.⁷⁵ Their attempt is to organize the exploited against the exploiters. They undertake some economic, health and educational program as an 'entry point' to mobilize masses for political action".⁷⁶ On the basis of the functions performed by NGOs, Huda presents a tentative typology of NGOs represented as follows: (a) Relief and Welfare NGOs, (b) Service NGOs, (c) Training and Technical support NGOs, (c) Networking NGOs and (f) Development NGOs.⁷⁷

Role and Functions of Non-Governmental Organizations

NGOs now play multifarious role for the development of the oppressed people. Mulyangi points out two broad role of NGOs: (i) supplementing or complementing government program which today are often hampered by lack of resources; (ii) opening up new possibilities for reaching and mobilizing the

⁷² C. Smith and Ann Freeman. *Voluntary Association: Perspective on the Literature* Cambridge: Harvard University Press, 1972, p-1.

⁷³ R. D. Sumaniwala. *A Taxonomy of Tax-Exempt*, Foundation News, 1987, pp-66-67.

⁷⁴ Micel O'Neil. opcit, 1989, p-4.

⁷⁵ Ghanshyam Sha and H.R Chatwuredi. *Gandhian Approach to Rural Development*, New Delhi : Ajanta Publications, 1983, p-7-8.

⁷⁶ U.B. Reddy. *Role of Voluntary Agencies in Rural Development*, Indian Journal of Public Administration, Vol. XXXIII No. 3, 1987, p-548-49.

⁷⁷ K.S. Huda and Azfar Hussain. "Genesis and growth of NGOs in Bangladesh ADAB. News. Special Issue-2, 1990.

poor, something which governments may be opposed to especially when the programs go as far as altering the poor to structural industries, thereby calling into question the legitimacy for certain government policies and action".⁷⁸ Roy describes ten roles of NGOs under following heads.⁷⁹

- i. To supplement government efforts and not to compete
- ii. To be the eyes and ears of the people at the village level
- iii. To set examples
- iv. To activate the system and make it responds
- v. To disseminate information
- vi. To illustrate how, local, villages and indigenous resources would be used for their own development
- vii. To make communities as self-reliant as possible
- viii. To train a cadre of grass-root workers who believe in professionalizing voluntarism
- ix. To mobilize financial resource from within the country; and
- x. To mobilize and organize the poor to demand quality service and impose community system of accountability on the performance of grassroots government functionaries.

Though the first generation NGOs confined themselves to limited number of activities but the NGOs of other generations involve in a variety of multidimensional functions ranging from relief rehabilitation, infrastructure building, to environmental and strategic functions influencing the total system. O'Neil⁸⁰ summarizes eleven types of functions/roles, which NGOs may generally perform:

1. Provide society with a wide a variety of partially tested social innovations from which business, government and other institutions can select and institutionalize those innovations which seem most promising.
2. Provide a forum for countervailing definitions of reality and morality - ideologies, perspectives and worldviews - that frequently challenge the prevailing assumptions about what exists and what is good and what should be done in society.
3. Provide for recreational or play, element of society.
4. Facilitate integration in society

⁷⁸ J. Mulyangi. *On the Role of American NGOs*, Voices from Africa. Issue No. 2 : Geneva NGLS, 1990, p- 46.

⁷⁹ Sanjit Roy Bunker. *Voluntary Agencies in Development-their Role, Policy and Programs*, The Indian Journal of Public Administration Vol. XXXIII, No. 3, 1987, p- 458-60.

⁸⁰ Micel O'Neil. *Opcit*, pp. 14-15.

5. Provides active help in preserving numerous old ideas.
6. Characterize embodiment and representation in society of the sense of mystery, wonder, and the sacred.
7. Provide encouragement and assistance to liberate the individual and permit the fullest possible measure of expression of personal capacities and potentialities within an otherwise constraining social environment.
8. Act as a source of "negative feedback" for the society as a whole.
9. Provide specifically to the economic system of a society, especially in a modern industrial society.
10. Play a major role in providing for the general welfare of society through all manner of social services .
11. Constitute an important resource for all kinds of goal attainment for the interest of the society.

Asian NGO Coalition for Agrarian Reform and Rural Development presents the following role of NGOs.⁸¹

1. Role in the community

as an educational institution in the community which motivates and stimulates innovative approaches to all aspects of community life.

as a communicator and catalyst who can help people articulate their aspirations and translate development ideas into language that the community can readily understand and identify with.

as a facilitator and catalyst of suggestions and ideas about community development, responsive to community problems and needs.

as a change agent able to motivate people into action for change, by and for the community itself, and through internal change and external influence and as a direct service provider and trainer.

2. Role in Assisting Target groups in Relation to society

as small group builders and as self motivators;

as educators and trainers of community groups in capital,

as advocates and formulators of the values of self reliance and social responsibility.

3. Role in civil society and Relationship with government

as a channel and mechanism for generating people's feed-backs, criticisms and suggestions to help government in determining government policies.

as a direct partner of government in development process; and

⁸¹ Asian NGO Coalition. A Perspective on the State on NGOs in Rural Development, Indonesia. Manila: ANGOC, 1987, p.13.

as an advocate of development alternatives from the perspective of people themselves.

Singh is more specific in categorizing the activities of NGOs. He divides them into seven broad categories.⁸² Reddy summarizes the activities under each of the seven categories in the following way:

1. *Charity* : Giving food, clothing, medicine, land, building, etc. as alms in cash and kind.
2. *Welfare* : Providing facilities for education, health, drinking water, roads, communications etc.
3. *Relief* : Responding to all of duties during national calamities, like floods, drought, earthquakes, etc. and man made calamities like refugee influx, ravages of war, etc.
4. *Rehabilitation* : Continuing and follow-up of the work in areas struck by calamities that are durable in nature.
5. *Services* : Building up infrastructure in depressed backward areas, such as tractor hiring services, providing or facilitating credit supply of seeds, fertilizers, technical know how etc.
6. *Development of Socio-economic Environment Around Human Beings* : Socio-economic transformation on the area basis, covering all the people in a given area or concentrating only on a particular group of neglected people in need of help.
7. *Development of Human Beings*: Consciousness raising, awakening, conscientizing, organizing, recording of priorities to suit social justice redeeming the past and opening doors of opportunities to the oppressed and exploited".⁸³

From the above discussion it is clear that NGOs role and functions are not confined to a limited sphere. Their role is very wide and they cover almost all the important avenues of human life.

However, the activities of NGOs can also be summed up in the following ways:

- a. *Empowerment* : The most popular empowerment of the powerless - the neglected and poorer sections of the community by undertaking different types of methodologies for empowering through conscientization and target group approach.

⁸² Tarlok Singh. *Some New Challenges in Planning and Economic Management* in Suderh Kumar Sharma(ed) *Dynamics of Development: An International Perspective*, Vol. 1, Delhi: Concept Publishing Company, 1983, p- 45-47.

⁸³ U.B. Reddy. *Role of Voluntary Agencies in Rural Development*, *The Indian Journal of Public Administration* Vol. XXXIII No. 3, 1987, pp.-548-9.

- b. *Poverty alleviation* : NGOs try to alleviate the poverty situation in their own country. It is considered as one of the basic means to empowering the poor.
- c. *Human resource development*: NGOs develop human resources through education program.
- d. *Service provision*: NGOs are involved in providing services to the community which mostly include health, sanitation, family planning legal aid, environmental services.
- e. *Assistance to national governments*: NGOs assist national government in carrying out certain activities related to health agriculture etc.

The forces activating in the growth and generations of NGOs practically mould the definition, nature, role and functions of NGOs in all the countries. All these aspects of NGOs have enormous influence on their efforts. If NGOs and their activities are donor driven and dependent on donors fund their efforts in the field of rural development will be quite different from the NGOs working with the help of government or own funds. Primarily the 'will' of the founders of NGOs and their linkage with donor or government shapes the NGOs approach to rural development. Thus the NGOs belonging to a particular generation practically shape their efforts for rural development.

The analysis of the opinion and observations of different authors presented in the forgoing sections reveals two distinct sets of characteristic features of NGOs; one set highlights the normative dimension and the other the functional dimension of NGOs and their efforts. The normative characteristics primarily indicate (1) subordination to government with legitimate identity under the existing legal framework (2) voluntary commitment and humanitarian spirit, and (3) non-political and non-profit making stance for serving public purpose. In turn, the functional traits of NGOs adhere to (1) professionalism in institutionalized manner, (2) catalytic/facilitating, innovative and collaborative role, (3) involvement in multidimensional activities, (4) emphasis on the disadvantage section of people, (5) generation of latest and modern management techniques, (6) community involvement and community system of accountability, (7) sustainability and so on. Necessarily in the rural development efforts of NGOs both these two sets of characteristic features need to be reflected and exercised properly.

Non-Governmental Organizations in Rural Development

Rural development activities are not characteristically quite outside the purview of NGOs activities. Rather NGOs are found to be involved in different developmental and philanthropic works, though without following any theoretical framework and often in a scattered manner in rural areas long

before governmental intervention. Dasgupta identifies NGOs as the early catalysts for new thrust in rural transformation and their role was that of pioneer, innovator and scientist.⁸⁴ Reedy most aptly holds "with the increase in implementation of various poverty alleviation programs in rural areas, the involvement of voluntary agencies is also on the increase".⁸⁵ Shift of NGOs' sphere of activities from charity to developmental activities is very much lined with the increased involvement of NGOs in rural affairs. Esman and Uphoff find NGOs greatly facilitate social change compared to government.⁸⁶

Non-governmental efforts for rural development due to its non-governmental and voluntary character do not shoulder the responsibility of total rural development, but supplement government efforts in developing countries. The analysis of the role and functions of NGOs show that the main focus NGOs is the disadvantaged section of people suffering from poverty and other evils of personal and social life. Most of the activities within the purview of rural development efforts of government do not remain outside the functional jurisdiction of NGOs. Providing basic facilities including income and employment generation, education, health and housing, utilization of natural resources, empowerment of people, building of people's institution etc. also constitute the main activities of NGOs. The role and functions of NGOs discussed in the foregoing section all contribute to the development of the rural poor. But the basic difference of NGOs intervention in rural development field lies on its concentration and emphasis on the disadvantaged section of the community, while government efforts address the total population keeping poverty as the central focus of intervention.

Recently some scholars in NGO line are making analysis of the limitations of the existing government approach to rural development. They find the development efforts based on modernization approach, the capitalistic way of development, practically can not ensure trickle down of the benefits of development to the poor. Moreover, perhaps most of the development programs implemented by the government have damaged the position of the poor people and made them even poorer and powerless in relation to the rest of the society.⁸⁷ This paradigm of development is based on some faulty assumptions and practices leading to fore-mentioned consequences. These according to Holloway, are as follows:

⁸⁴ S. Dasgupta. *Voluntary Organizations in Rural Development*, Voluntary Action, Vol. 14 No. 1., 1972, p- 6-14.

⁸⁵ U.B. Reddy. *Opcit*, 1987, p-549.

⁸⁶ Milton Esman and Norman Uphoff. *Local Organizations: Intermediaries in Rural Development*, Ithaca : Cornell University Press, 1984, p-110-111.

⁸⁷ R. Holloway. *New Roles and Challenges for Asian NGOs* in Edgardo T. Vanezuela (ed) *NGO Strategic Management in Asia*, Manila: Asian NGO Coalition for Agrarian Reform and Rural Development, 1989, p-1.

- "i. The rural poor are a homogenous group, all the members of which can respond equally well to the opportunities offered by development programs, and all of whom have the same economic and social constraints,
- ii. Planning for rural development programs is best done by urban based experts, usually male,
- iii. The most suitable development programs are those which will involve agro-business (and cash crops for exports) and will include the introduction of technologies, ideas and structure from more developed countries,
- iv. The participation of rural poor in the development plan is necessary but is to be limited to their collaboration in the plans produced by outside experts,
- v. The governments (and their advisors) know best about development programs and the rural poor will be best advised to participate in the plans their government makes for them".⁸⁸

In this regard David Korten observes that this developmental approach has resulted in:

- i. a concentration of socio-economic and political powers in the hands of the favoured few;
- ii. the creation of dependence on external financing and the discriminate mining of non renewable resources to finance large development projects and the expansion of consumption beyond the national productive capacity;
- iii. stifling of local initiative and
- iv. an erosion of the accountability of economic and political institution to the people they are supposed to serve.

He also opines that there are current reasons to believe that application of the conventional development model has reached its limits in these countries".⁸⁹

The dependency theorists, following the line of Marxist analysis, concentrate mainly on the international structural dimension of capitalism and identified that the conventional capitalist approach fails to recognize the fundamental centre-periphery problems and the damaging position of the poor. But both the paradigms of modernization and dependence theorists strikingly hold similar views regarding the content of development. Both the groups exhibit

⁸⁸ Richard Holloway. *Ibid*, 1989, pp-3-4.

⁸⁹ David C. Korten. *Community Organization and Rural Development: A Learning Process Approach*, Public Administration Review, Vol. 40, No. 5, 1980, p-9.

the same tendency to assume that the realities of life will be resolved by a combination of market forces and advanced technology. Both the approaches are committed to production centered economic growth through industrialization and advanced technology and they accept no limit to the system. Both the schools accept that the final objective of development is achieving mass consumption societies. Both these two are the ideologies of the ruling class although representing competing elements.

The governmental machineries responsible for implementing development programs could not effectively implement the 'trickle down' theory of development benefiting the deserving people. Most of the developing countries are generally ruled autocratically by the elite who control the social and economic world of the poor. They have close connections with the government officials serving their interests. Government programs as implemented by officials employed in a centralized and hierarchical bureaucratic structure. Holloway identifies the elite and the bureaucrats as both disdainful of the knowledge and capabilities of the poor.⁹⁰ Korten categorically points out that failure of the modernization approach rests basically on the undemocratic and centralized governmental system. To him democratization is something more than the electoral process and it presupposes "the development of pluralistic, people accountable institutions that accommodate to the diversity of human societies and insure that leaders remain accountable to the governed".⁹¹

NGOs, after the relief rehabilitation stage, involved in community development activities by undertaking different sectoral programs in a segregated manner. Later on NGOs in the third generation developed concrete target group approach to rural development rationalized by the weakness and limitation of growth and dependency models as well as due to the government's failure to serve the poor. NGOs under the target group approach to rural development aim at benefiting the poor section of the rural community and accordingly design their program activities. Since, poor people constitute the major portion of the rural population rural development functionally means development of the rural poor. NGOs' efforts for rural development aim at the betterment of the poor section by ensuring their access to basic facilities required for their subsistence. Some basic activities like poverty alleviation, literacy, health care etc. are undertaken by NGOs for achieving this end. The Poverty alleviation program directed towards employment and income generation is central to all these activities where micro-credit program has been considered as the effective instrument.

⁹⁰ Richard Holloway. *Opcit*, p-4.

⁹¹ David C. Korten, *Opcit*, 1980, p-12.

Unlike other rural development approaches the target group based NGOs micro-credit approach to rural development aims at bringing direct change in the life of the rural poor who do not have their own cultivable land or productive assets. NGOs provide capital to them for productive employment so that they can alleviate their poverty and earn the ability to purchase basic facilities of life as well as integrate them with the development process breaking down the vicious cycle of poverty. Some of the NGOs, working for rural development along with credit, conduct some other program activities like nonformal education, health and family planning etc., which have also direct bearing on the credit program and subordinate to it also.

In a poverty driven country rural development can be analyzed by two mutually inclusive phases of developmental change. Since without bringing people outside the poverty trap they can not be integrated with development move, poverty alleviation can be termed as the hygiene factors of development or the foundation phase of development efforts. If this phase of development intervention is successfully accomplished, people earn development motion and can initiate and carry on the process of multidimensional advancement for holistic development.

It is really difficult to say that NGOs have floated altogether new approach to rural development and have been able to address development from multidimensional perspective. In Bangladesh it emphasizes on a linear path of economic development for fulfilling the basic needs of the people as envisaged in the growth model. But while growth model aims at benefiting the poor through trickle down of resources from the production system owning people to the poor people by providing wage employment; the micro-credit model directly helps the poor to ensure self employment and thereby income generation. Here macro level economic growth or GDP increase is not the main concern.

On the other hand the dependency theories of development ultimately aim at liberating the rural poor from their dependency on the rich as well as that of poor nation on the rich ones existing in the form of centre periphery relationship. NGOs micro-credit approach also focuses on the economic solvency of the poor so that they no longer depend on the rural elite for employment and income generation and for subsistence earning. Though in NGO approach, empowerment of the poor appears to be instrumental to break their dependency on rich, but it does not bring into consideration the dominant inter country dependency relationship i.e. centre periphery relationship. Not only that how far the dynamics of the existing class society are favourable for empowering the poor and eliminating their dependency on the rich has not also been taken into consideration in this approach. But it

upholds a pseudo micro-perspective of dependency model in their rural development efforts.

However, NGO approach to rural development includes some of the important features of both growth and dependency model of development. One thing need to be clarified here that unidimensional view of development and unidimensional intervention strategy are not the same things and do not carry the same notion of development efforts. With the objective of attaining multidimensional development, unidimensional program intervention strategy can also be followed. According to the dynamics of open system, no part of a system can be affected without affecting the others. So intervention in one sector can bring about changes in other sectors in individual life and social system. But it depends on the intervention mechanism and on the pattern of control mechanism operating in the system which regulates the cycle of events and dynamic equilibrium in the system-state. These two, of course, are interrelated and interdependent. The first one is dependent on the second to a great extent and is materialized through a system of development management. Outputs of rural development efforts are thus determined by the nature of development management.

Basic Features of NGOs' Approach to Rural Development

The basic features of NGOs approach to rural development need to encompass the distinctive institutional characteristics of NGOs in conjunction with the different dimensions of rural development highlighted in the foregoing sections. It can be safely said that NGOs' rural development efforts must be in line with the goal, processes and other inevitable features of rural development efforts and uphold the institutional characteristics of NGOs. They should be *non-political, non-profit making and voluntary spirit*. The program content/activities, organizational management and program management all pertinent to NGOs rural efforts must uphold the different characteristic features of rural development as well as NGOs simultaneously in an integrated manner. It thus refers to a system of efforts operating in the rural areas for the betterment of rural poor and people living in disadvantageous position in *institutionalized* manner endowed with *positive and persuasive attitude, commitment and loyalty* to people.

It is difficult to differentiate the goal of NGOs' rural development efforts from that of the government though there is variation in the nature and scope of their program intervention. The broader objective is to ensure positive change in the rural society by maintaining organic solidarity primarily by increasing productivity and economic growth as well as ensuring distributive justice. Unlike government NGOs which have little scope to address the entire citizen living in the rural areas; they mainly concentrate on the disadvantage section of the community. But their efforts must help

productivity, economic growth and positive change. NGOs should not involve in such activities that adversely affect positive change in the society and threaten its organic solidarity.

NGOs' efforts for rural development should also follow a change process originated from voluntary spirit which holds a positive, persuasive and outreaching attitude having commitment for developmental change and professional skill. These should supplement governmental efforts for rural development as the development partners of the latter. NGOs' efforts for rural development must ensure loyalties to people in general and government in specific where government has a distinct role to direct NGO efforts toward the desired ends. This is primarily exposed through the relationship pattern between NGOs and government and NGOs and their target population along with members of the society.

The program intervention of NGOs for rural development broadly includes designing and implementing program activities for goal attainment within particular institutional framework. NGOs to direct the change process towards goal attainment must design and implement innovative programs by breaking the status quo. *Participation following decentralization in all the stages of program designing, implementing, monitoring, evaluation and benefit sharing; and result orientation* through continuous feedback and performance assessment are the important characteristic features of NGOs' program management process. Furthermore, the organizational management system of NGOs needs to be institutionalized as indicated by Panandiker and Kshirsagar through the process of *institutionalization* acquiring *capability and competence, public acceptance, operating resources, ability to sustain* with standard way of doing things.

NGOs *organizational management systems* need to be based on *organizational change and Development (OD)*, complying with the demand of changing environment. The personnel or manpower responsible for making the organization operative for goal attainment must have sufficient professional skill, capability and competence as well as commitment to bring about innovative change. Moreover, the NGOs need to reduce dependency for operating resources to run their rural development efforts and emphasize on mobilizing internal resources for earning self-reliance for the same purpose.

The basic features of non-governmental efforts for rural development can be conceptualized under three broad heads as follows:

I. Goal of NGOs' Rural Development Efforts

The goal of rural development efforts is multidimensional in nature which concentrate on:

1. Increasing productivity and growth
2. Ensuring distributive justice
3. Facilitating positive change in the rural system-state
4. Maintaining organic solidarity in the social system

II. Normative Characteristics of Rural Development Efforts of NGOs

The most important normative characteristics related to the attitude, loyalties and nature of involvement of NGOs engaged in rural development efforts include:

1. Positive, persuasive and outreaching attitude
2. Loyalties to people/government
3. Commitment for change
4. Professional skill
5. Voluntary spirit
6. Supplementing governmental efforts

III. Procedural and institutional Aspects of Rural Development

The procedural and institutional characteristics of NGOs' rural development efforts comprises the following issues:

1. Undertaking different development program activities
2. Participation of the incumbents in designing and implementing program activities followed by decentralization
3. Result oriented efforts, feedback and task assessment
4. Institutionalization for sustainability through-
 - a. organization design and development
 - b. standardized ways of doing things
 - c. procuring people's acceptance
 - d. reducing dependency for operating resources
 - e. developing capability to sustain in the changed situation

NGOs rural development efforts are the complex mix of program activities, organizational management and program management system. The content and coverage of program activities as well as program approach should be capable of addressing the need of the people. The program activities of NGOs for rural development should be capable of bringing about innovative change harmonious with the need of the people. In a poverty stricken society like Bangladesh the activities should be non-political and non profit making and indigenous in content with voluntary and professional spirit and expertise capable of contributing to income generation ensuring growth and productive

employment by utilizing rural resources and maintaining organic solidarity. Since effective and efficient design and implementation of the development program fully depend on the organizational management and program management systems of NGOs, the Organization Management (OM) and Program Management (PM) need to assume all the characteristic features of development management. Organizational Management system of NGOs can assume development characteristics when it has necessary organization development over the time, departmentalization, personnel strength, effective provision for human resource development, incentive and motivation and thereby earns the capability of designing and implementing the development programs as well as ability to harmonize with changing environment. For sustainable development, the organization and management of NGOs need to have control on necessary inputs including finance, and acquiring strength to earn self-reliance and ability to ensure congruence with the social culture by using potential social values and institutions for the purpose of development. All these have direct relationship with effective development organization based on development commitment and institutionalization.

Program Management system of NGOs includes all the activities related to designing and implementing program activities for the fulfillment of the need of target population. In this respect, program activities should be based on proper need assessment for innovative change. The nature of the process of mobilizing people for development, their involvement in decision making and benefit sharing and belongingness with the organization have direct connection with the status of *attitude*, *loyalties*, *participation* and *acceptance* in the development efforts of NGOs. The overall procedures and methods involved in program management under monitoring, evaluation and reporting mechanism have large influences ensuring capability and competence as well as result orientation in the development intervention.

Chapter- 3

Dimensions of Non-Governmental Organizations in Bangladesh

Non-governmental efforts in traditional voluntary forms existed in the country even in the remote past, but the emergence of modern NGOs involving professionalism, technical skill and donors' support with the objective of development is a new phenomenon and an outcome of several internal and external forces. Bangladesh experienced growth of enormous NGOs in post liberation period. There is now a compact network of NGOs of different sizes, nature and normative and functional orientation. The main general causes responsible for NGOs growth focused in the previous chapter are also responsible the modern NGOs' emergence in Bangladesh. The present chapter highlights various issues relating to the background and growth, coverage and functional involvement of NGOs in the different generations of Bangladesh with special emphasis on their involvement in rural development activities.

Pre-colonial State of Non-Governmental Initiatives

Bangladesh has a long tradition of non-governmental voluntary efforts to address the requirements of collective life. The self-reliant village system in the country was founded on the efforts privately initiated, managed and institutionalized by the community members without any governmental support.¹ The community efforts covered economic, agricultural, industrial, educational, judicial, and other sectors of life to ensure the continuity of a self-sustaining social system. People of the community not only developed irrigation in agricultural system and various types of cottage industries including handloom and weaving, pottery, carpentry, smith works etc, but also created internal and overseas marketing network of the produces. They had their own educational institutes needed for knowledge based society and *Panchayat* or judiciary for social conflict resolutions .In fact they conducted all other works required to meet their needs in the pre-colonial period. All these initiatives were institutionally very much capable of satisfying social needs and were well managed by the rural masses. Except for tax paying community members had no other significant interactive relationship with the government which was headed by a king.

¹ Hassan Uzzaman.Artha Samajic Viksha, British Shasanadhin Bharatbarsh-Bangladesh Ebong Tatkalin Britainer Madyaker Samparka, Dhaka : Knowledge View, 1982, p-42.

Growth of the non-governmental efforts in the country also was primarily founded on the necessity of collective life, religious needs and natural fellow feelings. In absence of welfare government people had to fulfill their collective needs and consequently they conducted different activities complying with the needs normally under the leadership of social elites.

No doubt the needs of the collective life in general and that of the dominant sections of the society in special created objective situation for non-governmental efforts but religious spirit and cultural needs always played a vital and subjective role behind the growth of institutionalized philanthropic works in Bangladesh society. "Charity to the poor and support to the needy have been a predominant appeal of all religions practiced in this part of the world".² Buddhism, the dominating social ideology during 7th to 12th century helped establish quite a large number of *samghas/temples* in the rural societies. They were the centers of social administration, education and religion based solely on voluntary initiatives. Buddhist concepts of *Nirvana*, the four novel truths (*arjaysatma*) and eight fold paths (*Austamargha*), all produced a sacrifice-oriented worldview inspiring people to engage in philanthropic activities.³ The long sustaining Buddhist rule in Bangladesh helped this worldview to be deeply rooted in the social culture of Bangladesh.⁴ In course of time Buddhism as a religion became uprooted and most of the institutions lost existence but the legacy of Buddhist values of equality, humanism and charity continued to exist shaping mass culture in the rural societies.⁵ Vedic religion followed by the *Palakings*, after Buddhist rule added a new social division of work on religious foundation and created a different religious need for charitable works. Due to the presence of caste system, benefits of these works were not evenly distributed among the members of the society. Islam and Muslim rule, later on produced a comprehensive religious framework for community and charity works in an institutionalized manner in Bangladesh. Settlement of Muslims saints in the society added much momentum to these charitable works.⁶ Mass acceptance of Islam helped build many *mosques, maktabs* and undertake other welfare initiatives all over the country for addressing religious and social needs of the community and thereby rebuild the Buddhist spirit of community works in a new form.

² Khaza Shamsul Huda and Azfar Hussain. *Genesis and Growth of NGOs in Bangladesh*, ADAB News, 1990, Special Issue-2, p-1.

³ Bukkyo Dendo Kyokai. *The Teaching of Buddha*, Tokyo: Bukkyo Dendo Kyokai (Buddhist Promoting Foundation), 1992.

⁴ Mohammad Abul Qasem. *Bangladesh : Jati O Sangskriti (Bangla)* Dhaka: Bangla Academy. 1984, p-15-16.

⁵ Aka Firowz Ahmad. *Shrijnan Atish Depankar. Ideological and Social Contexts*, LOK, Vol. III, No. 4, 1988, pp- 49-62.

⁶ Muhammad Mohar Ali. *History of the Muslims of Bengal*, Vol. IA, Reyadh: Imam Muhammad Ibn Saud Islamic University, 1985, p-41.

Since, religious values dominate social norms, non-governmental efforts got an institutionalized shape at that time through the establishment of religious institutions like *samgha/vihara*, *mondir /temple*, *mashjid/mosque* etc. All of the three major religions laid special emphasis on education that motivated and encouraged the community people to establish many educational institutes without any government assistance. Economic strength of the society was also congenial for undertaking these costly non-governmental ventures. The tradition of establishing school, college etc. by private initiative is still prevalent in society.

Some successful non-governmental development efforts also developed in the field of cultivation, irrigation and transportation at that time. Privately owned ancient cottage industries were not only capable of meeting the community needs but were also successful in producing on increased volume of quality production. This led the community establish an international market beyond territorial boundary⁷. The history of Bangladesh society reveals the fact that complying with religious spirit, social needs and nature of production system non-government efforts for community well being flourished covering almost all sectors of life with the help of the social authority system.

However, all nongovernmental efforts in the initial period were distinctively humanistic in nature and directed towards the sustenance of dynamic balance in the system. Spirit of voluntarism behind the efforts originated from within the society out of social necessity, human inherent instinct and religious needs and the activities were fully run with the resources available in society. This self-financing system was the most important characteristics of voluntary activities at that time. The initiatives were natural and spontaneous complying with the organic solidarity of the society and did not encounter any government control and interference.

NGO Efforts during British Colonial Regime

The aforementioned system of non-governmental efforts continued in an almost undisturbed way in the country till the British invasion in India. The colonial rule brought about substantive changes in the social system by breaking down its long existing dynamic equilibrium. The Permanent Settlement Act of 1793, deprived peasants in Bangladesh from their right on land, handed over the ownership of land to the *Zamindars* and consequently destroyed the rural economy as well as social stability.⁸ The traditional

⁷ Hassan Uzzaman. Opcit.

⁸ Government of Bangladesh. Land Reforms. Dhaka : Ministry of Land 1989, p- 10-11.

authority structure became handicapped, the self-reliant village system lost their continuity and became dependent on urban administrative centers created by the colonial government.

The educational institutes formerly established and run by the community came under threat for financial crisis. Moreover, the hostile role of the colonial government and the subsequent establishment of English as the state language replacing Persian language annihilated a large number of such community education institutes.⁹ Local cloth industries were destroyed for the sake of British cloth market¹⁰ and local state government replaced by traditional Panchayat, the non-governmental system of village judiciary and administration. All these changes resulted in food deficiency and famine in the country, causing the death of thousands and initiating an accelerated process of rural-urban migration. Huge number of landless and jobless people migrated to the towns and cities, the administrative centers, in quest of food and jobs. These realities produced a new objective condition for new types of charity works and welfare organizations.

So far the voluntary activities are concerned the colonial period was marked by the presence of a number of Christian Missionary organizations that opened some new avenues of welfare activities along with the preaching of Christianity.¹¹ It is to be noted here that Christian missionaries arrived in Bangladesh long before the British rule, but after the seizure of state power by the British they assumed more responsibilities with added momentum under government patronage. On the other hand Government wanted to create a class of persons Indian in blood and color but English in taste, in opinions, in morals and in intellect- which led it to introduce a different type of education system for achieving this objective. The missionaries fulfilled this need by establishing primary schools in different regions of the country. The Christian missionaries first learnt Bangla to teach the native English language. As for example William Carey sent by the Baptist mission arrived in Bangladesh in 1793 and within a year he established a school.

Later on native people appeared in the realm of voluntary activities during colonial regime with alternative approach motivated by religious and other causes. Conversion of native people into Christianity inspired the local

⁹ Sekandar Ali Ibrahim. Report on Islamic Education and Madrasha Education in Bengal Vol-3, Dhaka: Islamic Foundation Bangladesh, 1985, pp-39-49.

¹⁰ Hassan Uzzaman. Opcit.

¹¹ Mahtab Uddin Ahmad. *Missionary Organizations in Community Development: The Case of Bangladesh*. LOK. Vol.- III, No. 4.

religious authorities take initiatives like missionary organizations. Since the colonial rule provided hardly any scope for the conscious people of the country to involve in politics, they also searched for alternative platform to organize themselves and mobilize mass opinion. The non-political welfare organizations provided a safe platform for an them, but the Act of 1860 enacted by the colonial government followed by the first independence war of India ultimately delimited the jurisdiction of the activities of these organizations.

NGOs in Pakistan Regime

With the withdrawal of British rule from the subcontinent in 1947, India and Pakistan emerged as independent nation states, when Bangladesh was a province of Pakistan named as East Pakistan. During Pakistan regime government took initiatives in different sectors of life from the development perspective. But the continued military administration and absence of political authority made bureaucracy the most dominating institution and impeded political development including the development of local government bodies representing the will of people at the grassroots level administration. Basic Democracy Systems, a four-tier local government body in Pakistan introduced by General Ayub Khan mainly to serve the political purpose of the military government was under the tutelage of bureaucracy and worked as its extension to implement some of the development activities in East Pakistan. During more than two decades of Pakistan period only a few international NGOs were working at the national level. But these were not developmental in nature "CARE and CRB were two big organizations which conducted relief program at that time. The Society of Friends (Quaker) had been working for many years in Dhaka but mostly in the socio-cultural sphere and in peace promotion"¹ Local social welfare agencies and missionary organizations working here were also not endowed with developmental and promotional attributes.

There were only few NGOs in the Pakistan period, but the seeds of massive NGOs intervention in the subsequent decades in independent Bangladesh were sown at that time. The urban biased planning and urban-based development institutions established during military rule and bureaucracy were not in favor of the growth of local level institutions in Pakistan, This created an institutional vacuum at the rural area. Subsequently during Bangladesh period this void helped NGOs grow rapidly.

¹ Khawja Shamsul Huda. Opcit, p-2

NGOs in Bangladesh Regime

Through a nine month long liberation war from March 26 to December 16 Bangladesh got her independence in 1971. But like Pakistani regime local government institutions could not also develop in Bangladesh. Furthermore the gap between rural people and the public bureaucracy increased. The bureaucracy institutionally became quite unable to address the dynamics of underdevelopment and fulfilling people's development needs. But unlike the situation of Pakistan regime in post liberation period of Bangladesh, multifarious reasons acted behind the rapid growth and development of a huge number of NGOs. Some mutually inclusive factors such as the continuous presence of socio-political and natural disasters, flow of donors support, government's favorable role, severe poverty situation, changed nature of global economy, policy of international financing agencies, absence of local level institution etc. are functionally responsible for the rapid and extensive growth of NGOs in the country.

The devastating cyclone of 1970 in the coastal districts of Bangladesh caused the death of one million people and demolished huge property. Primarily it opened a wide avenue for NGOs' functioning among the people and the liberation war of 1971 ensured the continuity of this involvement with new spirit, dimension and acceleration. The liberation war along with heavy loss of life damaged physical infrastructure and economic base of the country. Millions of people became homeless at the end of the war and were thrown into endless hunger, diseases and sufferings. Since government had neither sufficient resources nor administrative strength it was quite unable to face the devastating situation alone. "The NGOs at this very critical moment came forward to help the war ravaged people of the country with the task of relief and rehabilitation".¹³ In the post liberation period Bangladesh encountered many other socio-political and natural disasters such as the famine of 1974, Burmese refugee issue of 1978 and 1991, floods of '87 and '88, tornado of 1991, flood of 1998 and number of cyclones and draughts. These events inevitably expanded NGOs' role to recover the damages with the support of donors and government. Besides these, the continuous prevalence of silent socio-economic disaster causing remarkable increase in poverty, landlessness, unemployment, disparity between rich and poor as well as rural and urban areas, social oppression, rural-urban migration etc. also accentuated the extensive growth and extended role of NGOs in Bangladesh.

Government has established its system of development administration throughout the whole country consisting of well-manned development bureaucracies with different functions and responsibilities at the upazilla and district levels for national development. Local government bodies and other

¹³ Ibid.

committees have also been annexed with this system for ensuring people's participation. Like Pakistan period the failure of this system to develop strong and representative local government bodies functionally integrating common people and address their needs as well as to face unintended socio-economic and natural disasters provides constant scope for non-governmental intervention in the country.

Moreover political instability characterized by the unexpected fall of government, emergence of military regime and existence of economic crisis also necessitated and accelerated NGOs' diversified involvement all over the country. NGOs now share some of the government responsibilities and eventually the government has also recognized NGOs as its development partners. Political ideology of empowering the poor and changing the existing socio-economic system in some cases also gave rise to some NGOs in Bangladesh.

Above all donor's interest and availability of fund act as the most vital cause behind the emergence of new NGOs and shifting of functions of a number of former welfare organizations/clubs from amateurish charitable works to NGO activities. It is worth mentioning here that in post liberation period, the direct involvement of many foreign agencies in relief/rehabilitation activities provided opportunity to the most of the NGO leaders to work with them and establish close contact with donors. This opportunity helped them develop their own NGOs after the withdrawal of the activities of those foreign agencies in Bangladesh like BRAC, RDRS, PROSHIKA, GUP, HADS, CARITAS etc.

Missionary spirit still plays a significant role in the growth of local NGOs in Bangladesh. There are some international funding agencies backed by the churches providing fund to local NGOs with the recommendations of their representative organizations in Bangladesh. Asia Partnership for Human Development (APHD), as for example, based in Bangkok a solely church financed funding agency, provides fund for Bangladeshi NGOs following the recommendation of Caritas Bangladesh.

Expansion of NGOs activities in Bangladesh goes hand in hand with that of the other parts of the world. Expanded role of first world NGOs influenced the rapid growth of NGOs in this country. A good number of NGOs in developed countries are often found to be interested to extend services and/or support services in the developing countries for getting more funds from their own governments. This also helped development of NGOs and NGO activities in these countries.

The group with revolutionary thinking often interprets NGOs as having their roots in the capitalist world and/or supported by the latter. This group

also interprets NGOs as the carrier of neo-colonialism in Bangladesh who actively works for keeping the socio-economic condition of the country subservient to the interest of global capitalism.¹⁴ A different interpretation can also be made regarding the involvement of such NGO leaders with strong and active commitment for empowering the poor with the help of their organizations. Due to the changed situation in global politics after the fall of Soviet Union as socialist state and advent of free market economy NGOs helped to satisfy the political motive of left oriented leaders which led to the creation of new NGOs.¹⁵

Micro-credit phenomenon linked up with international financing organizations gives new dimension to the emergence of new NGOs in Bangladesh. Almost all development NGOs are running credit programs, which is also profit generating for the NGOs and conducive to their self reliance. Some service NGOs working in some specific fields are also undertaking credit program for their beneficiaries. In this program the poor, landless people are the borrowers and their credit behavior is very satisfactory in terms of repayment of loan. Therefore, International financing institutions and other donor agencies became interested in funding micro-credit program. For the expansion of micro-credit program through NGOs, government created a new organization (which may be called government NGO) named Palli Karma-Shahayak Foundation (PKSF), which has produced new objective situation behind the growth of new NGOs in Bangladesh with a special objective of running micro credit program.

Number of NGOs in Bangladesh

Over the last few decades Bangladesh has experienced a mushroom growth of NGOs. It is difficult to know the actual number of NGOs working in country. Variations are found in the statistics given by different authorities. NGOs, for their operation, must have registration from any of the government authorities including Directorate of Social Services, Directorate of Joint Stock Companies and NGO Affairs Bureau (NAB). Directorate of Social Services gives registration to NGOs through its respective district or local offices as well as from its central office. To have the exact number of NGOs all these offices should be consulted. There is another problem with the organizations registered with the Directorate, for it provides registration to all sorts of voluntary organizations ranging from sports club to orphanage. So all the agencies registered with the Directorate can not be considered as NGOs in the

¹⁴ Badruddin Omar. *Introduction*, in Lenin Azad's Biprobn Bangladesh : *Rastra, Samaj O Unnayoner NGO Model*. Dhaka: Prachya Vidya Prokashani, 1997, p-9-24.

¹⁵ Tanvir Mokammel. *NGO : Samrajyabader Panchem Bahini (NGO : Fifth Column of Imperialism)* Dhaka: Palton Press, 1987, pp- 46-47.

modern sense. Some of the voluntary agencies have being registered with the Directorate of Joint Stock Companies under the Ministry of Commerce. Though non-profit agencies may be registered with this directorate but it is mainly concerned with the profit earning business enterprises. All the Joint Stock Companies in the country get legal status only when they have registration from the directorate. Besides these, a number of non-government organizations, popularly known as welfare trust and Wakfah-state are registered by the government magistrates. NGO Affairs Bureau provides registration only to the NGOs receiving foreign fund. From the perspective of financial and management strength NGOs registered with NGO Affairs Bureau are more institutionalized and are also regularly monitored or supervised by the donor agencies and Bureau as well. Practically these organizations can safely be termed as NGOs in the modern sense having close relationship with the government.

There are some frontier organizations of NGOs in Bangladesh such as ADAB, VHSS, CDF etc. Members of these frontier organizations are supposed to be active NGOs in the countries. At present most of the active development NGOs including BRAC, PROSHIKA, ASA, RDRS, the largest NGOs in the country are the partners of Palli Karmaya-Shahayak Foundation (PKSF) of government. But PKSF partners constitute a very minor section of NGOs. However, the following table depicts a picture of the number of NGOs affiliated with different registration authorities and forum.

Table-2 Number of NGOs Registered/Affiliated with Different Authorities

Sl. No.	Name of the registering Authorities	Number of NGOs
1	NGO Affairs Bureau	1,752
2.	ADAB	771
3.	CDF	1,241
4.	PKSF	205
5.		

Source: Information received from the different documents of the NGO Affairs Bureau, ADAB, CDF and PKSF.

The social welfare organizations registered with the Directorate of Social Services, Government of Bangladesh include all sorts of club and charitable bodies. Number of these organizations has not been shown in the table .Before 1992 all NGOs had to be registered with the directorate but now this registration has been exempted in the case of NGOs having foreign fund and are registered with the NGO Affairs Bureau (NAB). ADAB is the nationally recognized apex organizations of NGOs, working in the field of development. It is mainly a coordinating body and also provides support services to member organizations. Membership to ADAB is of two types: Central and

chapter. In 1991 there were 180 NGOs having central membership and 457 chapter membership. NGOs registered with NGO Affairs Bureau may be identified as the most active and dynamic NGOs in the country having international linkages. There are 1752 NGOs have been registered with NAB till December 1998. The following table exhibits the distribution of NGOs on the basis of their year of getting NAB registration.

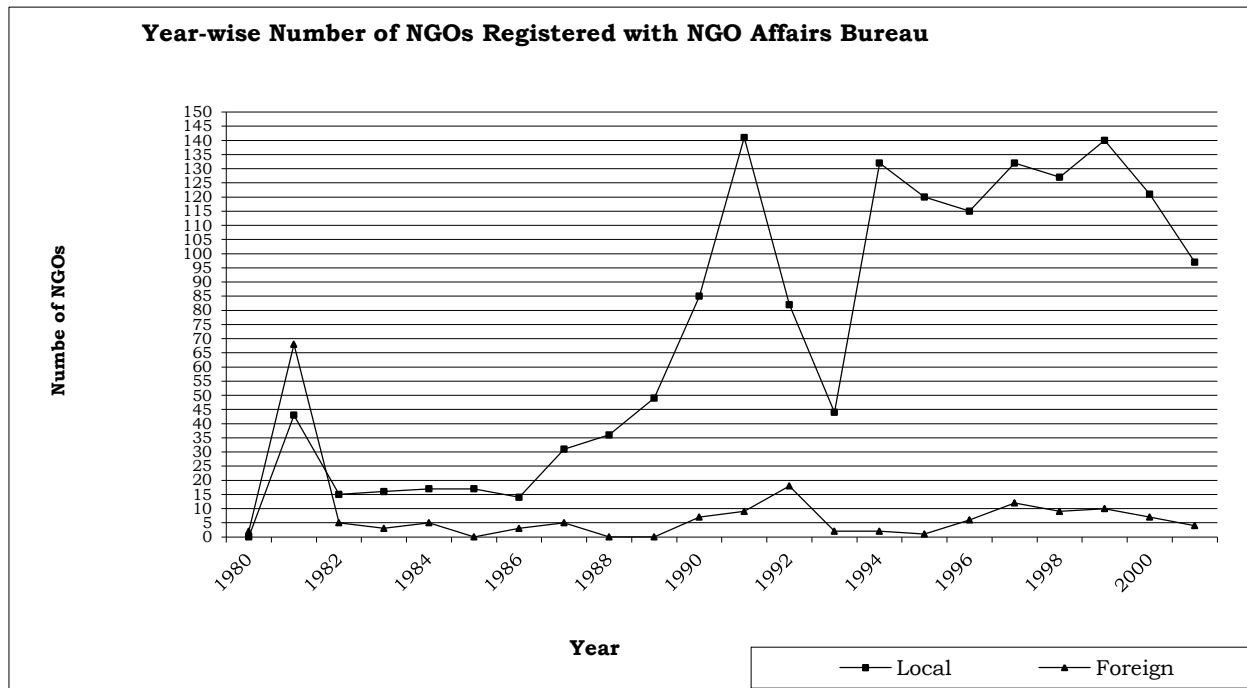
Table- 3 Year-wise Number of NGOs Registered with NGO Affairs Bureau

Year	Number of Local NGOs	Number of Foreign NGOs	Total
1980	0	2	2
1981	43	68	111
1982	15	5	20
1983	16	3	19
1984	17	5	22
1985	17	0	17
1986	14	3	17
1987	31	5	36
1988	36	0	36
1989	49	0	49
1990	85	7	92
1991	141	9	150
1992	82	18	100
1993	44	2	46
1994	132	2	134
1995	120	1	121
1996	115	6	121
1997	132	12	144
1998	127	9	136
1999	140	10	150
2000	121	7	128
2001	97	4	101
Total	1574	178	1752

Source: Compiled from the statistics obtained from the NGO Affairs Bureau at the end of 2001.

From 1980 to 2001 total 1752 NGOs have been registered with NAB. Among them 1574 are Bangladeshi NGOs and the rest are of foreign origin. During the last two years of Zia regime i.e. in the years 1980 and 1981, 113 NGOs got NAB registration. Among them 70 were foreign NGOs. During General Ershad's regime starting from 1982 to 1990, 308 NGOs have been registered including 28 new foreign NGOs and during the first regime of Begum Khaleda Zia (1991 to July 1996) 672 NGOs received NAB registration of

whom 634 were local and 38 foreign NGOs. In the next regime of Sheikh Hasina (1997-2001) NGO affairs bureau provided registration to 659 where 617 were local NGOs and only 42 foreign NGOs. The trend of NAB registration is shown in the following graph.



Graph – 1 These 178 foreign NGOs are from 25 countries of the world. In respect of number American, British and Canadian NGOs occupy first, second and third position respectively. There are 38 NGOs from USA, 16 from U.K., 14 from Canada, 9 from Australia, 10 from Sweden, 7 from Denmark, 7 from France, 11 from Holland, 12 from Japan and 5 NGOs from Norway working in Bangladesh. The rest are from the different countries mainly from Europe and North America. There are also some NGOs from Muslim world including Pakistan. Saudi Arabia has 4 NGOs while Malaysia, Sudden, UAE and Kuwait each has 1 NGO in Bangladesh. Two Indian NGOs are also functioning here with other foreign NGOs.

In fact it is impossible to trace the actual number of NGOs working in Bangladesh, because there are some NGOs, which have no membership of any apex organization. Some NGOs may also be found to receive foreign fund without the registration of NGO Affairs Bureau. But undoubtedly it can be said that a huge number of NGOs are working in the small territory of Bangladesh making a very compact network.

Categories of NGOs Working in Bangladesh

Complying with the need of the situation and with the intention of the donor agencies, differentiation has taken place in the NGO realm in Bangladesh. Various types of NGOs mono-functional or/and poli-functional are now working both in rural and urban areas for discharging multifarious services. Based on the country of origin NGOs may be divided as foreign NGOs and

indigenous NGOs. Both types of NGOs are working in Bangladesh. Most of the local indigenous NGOs are mainly rural based. The big NGOs like BRAC, RDRS, ASA, PROSHIKA and other international NGOs though are mainly based in the cities but render their services in the rural areas due to the backward position of the rural people. There are some NGOs in Bangladesh like Nijera Kori, Women for Women, Trangamara Mohila SamajKallayan Samitte, Narigrantha Probartana, Bangladesh Women's Health Coalition etc. run by the women for the cause of women's emancipation. According to the jurisdiction of their operational areas NGOs in Bangladesh may be also categorized as local, regional and national NGOs. HADS, RIC, etc. are local NGOs. RDRS, BDS, Comilla Proshika, are regional NGOs. BRAC, Proshika, ASA etc. are national level NGOs having their functional network throughout the whole country. In this way NGOs in Bangladesh may be categorized into different categories.

On the basis of origin, some are Bangladeshi NGOs and some are of foreign or international NGOs. Some of the international NGOs are directly implementing different projects in Bangladesh through their own offices. There are also some international NGOs that do not directly implement any project in Bangladesh but provide fund to the Bangladeshi NGOs to implement particular projects. These International funding NGOs may have their field office in Bangladesh or may perform this function from their own countries. On the other hand the indigenous NGOs may be classified into two broad categories -- local or national.¹⁶ For examples, BRAC, PROSHIKA, ASA, etc. are indigenous national NGOs whereas Uttaran, CRC etc. are indigenous local organizations funded and run by the local people within the limited jurisdiction of the locality. Caritas, Save the Children Fund, CARE, RDRS (Organization of World Lutheran Services) are international NGOs based in Bangladesh while some NGOs like APHD, NOVIB are international donor organization, and provide fund for local/National NGOs but are not based in Bangladesh.

According to the nature of involvement in development activities NGOs may be of two categories, *Implementing* and *Supportive* NGOs. Implementing NGOs directly implement the program and supportive organizations provide supports to the implementing NGOs. Most of the Bangladeshi NGOs fall within the first category. These two categories of NGOs are in no way mutually exclusive. Often predominantly implementing NGOs also undertake support service program and, similarly, support organization can also implement some programs. Both these two categories can again be sub-

¹⁶ Khushi Kabir. *Classifications of NGOs Working in Bangladesh*, ADAB News, 1987, p-39.

categorized as indigenous and international implementing/supportive organizations. RDRS, CDS, BWHC BRAC, PROSHIKA etc. are implementing agencies. Besides RDRS all of these NGOs are indigenous implementing NGOs. VERC is a supportive NGO but it is Bangladeshi by origin while OXFAM, SAP, PACT etc. are foreign supportive NGOs working in Bangladesh.

Sultana and Abdullah classify NGOs in Bangladesh into five categories. *Firstly* there are donor agencies, which provide funds to both national and international NGOs for development activities. Among these agencies OXFAM, NOVIB and IVS may be mentioned. *Secondly*, are international actions NGOs, which directly participate in development activities in Bangladesh such as CARE, RDRS, SCF, HEED and MCC. *Thirdly*, there are national actions NGOs, which organize rural development activities in different parts of Bangladesh. BRAC, GK, Nijeria Kori, Caritas etc. belong to this category. *Fourthly*, there are a large number of local actions NGOs, which operate in small areas. *Finally*, there are some Voluntary Resource Organizations (VROs), which provide various technical and support service to other NGOs. ADAB, VHSS, MIDAS, VERC, TARD, CDS, are in this category. BRAC, GK, Proshika, etc. also provide training support services to other NGOs and as such they can also be classified into three types of VROs: membership organization (ADAB, VHSS, etc.), service agencies (MIDAS, NGO Forum, CDI) and VROs in between these two types (FIVDB, VERC, CDS). VROs from the perspective of their origin may be national and international types. VROs are basically support organizations.

From the perspective of religious affiliation NGOs may be categorized into religion centered NGOs and secular NGOs. The NGOs, which have sprung from any religious spirit, may be termed as religion centered NGOs. Religion centered NGOs may again be categorized on the basis of particular religion such as Christian NGO, Islamic NGO etc. Christian missionaries are perhaps the forerunner of the religion centered NGOs in the country. They began working here primarily to preach Christianity. With the emergence of secular NGOs some of them changed their work strategies and got involved in development activities. Some of them even changed their names, such as CORR became Caritas and World Lutheran Services was renamed as RDRS. Christian NGOs with both Catholic and Protestant ethics are found in Bangladesh. Besides the Christian missionary organizations, there are also some Muslim NGOs like Rabitat Al-Alam Al-Islami, Islamic Relief Organization, Muslim Aid working in the country. But none of them is VRO in nature and provide any technical and other support services to other NGOs

in Bangladesh. The Association of Muslim Welfare Agencies in Bangladesh (AMWAB) is a forum of some Muslim NGOs. But it is not a very active organization like other apex organizations in Bangladesh.

There are some special types of NGO in Bangladesh like Organization for Social Development and Research (OSDER), Bangladesh Unnayan Gobeshana Parishad, Centre for Policy Dialogue, etc who have research orientation and aim at evolving new development approaches and strategies by doing various research activities including action research. Among these type of NGOs OSDER has its own laboratory area comprising one of the districts of Bangladesh. A completely different type of NGO has been established by the government named as Palli Karma-Shahayak Foundation (PKSF) to provide credit support to the NGOs for running micro-credit program for poverty alleviation at the grass roots level. It may also be called government NGO.

With the increased growth of NGOs in the country, need for NGO forum to facilitate exchange of views and experiences and to avoid duplication of activities through proper co-ordination was felt. This felt need led to the establishment of some frontiers/umbrella or networking NGOs in Bangladesh¹⁷. For fulfilling the need for combined unity and imparting necessary training in program planning, management and technical skills to their personnel and group members NGOs wanted to take shelter under one umbrella. Consequently the apex organizations like ADAB, VHSS etc. were established. These organizations facilitate exchange of new ideas, experiences and information among NGOs and promote better understanding.

ADAB (Association of Development Agencies in Bangladesh) the foremost umbrella organization in Bangladesh came into being as a formal frontiers of NGOs in January, 1974 with nine foreign funded voluntary agencies working in the field of relief and rehabilitation as members under the chairmanship of R.W. Tim. Then it was named as "Association of Voluntary Agencies in Bangladesh (AVAB)". With the increased emphasis by the government on development activities through agriculture and food production, AVAB concentrated its activities more on the field of agricultural development, and in 1976 changed its name as "Agricultural Development Agencies in Bangladesh (ADAB)". In 1983 ADAB was again renamed as Association of Development Agencies in Bangladesh, which is now the association of all types of NGOs working in various fields of development and acts as the spokesman for NGOs before the government as well as

¹⁷ Khawja Shamsul Huda. Opcit, p-6.

national and international bodies. The general objectives of ADAB as mentioned in the Memorandum of Association are

- to stimulate and promote development in Bangladesh
- to promote friendly relationship and unit of purpose among NGOs
- to take steps of promoting and supporting actions affecting the development programs of the NGOs and
- to develop small and nascent local NGO.

There are some service specific NGOs in Bangladesh giving specific single or multiple services. Their functional jurisdiction includes different specialized fields such as health, environment, disaster management disability, legal aid, water and sanitation drug abuse and so on. There are also some umbrella organizations these NGOs such as VHSS (Voluntary Health Services Society), Bangladesh coalition for environment, NGO Forum (for water & sanitation), NFOWD, Disability and Development Coalition, Bangladesh Anti Drug Federation of NGOs etc. Some of these Umbrella organizations have membership of some international forum.

Generation of NGOs in Bangladesh: Rural Development Perspective

NGOs in Bangladesh have not only increased in number during the last two decades, they also become diversified in their activities as well as in their mode of operation. Many specialized foreign and national NGOs also engage in various sectors over the last few decades. This becomes clear from the analysis of the generations of NGOs in Bangladesh.

First Generation NGOs in Bangladesh as per Korten's Construction are exclusively engaged in relief and welfare activities for satisfying the immediate needs of the victims of unfortunate situation on humanitarian ground. Both in post cyclone period of 1970 and post liberation period, NGOs in Bangladesh were mostly involved in the distribution of food, medicines, blankets, cloth etc. among the affected people. Later on they involved themselves in construction of houses for the homeless; in mobilization and reconstruction of transport facilities, in development of physical infrastructures and in distribution of productive assets¹⁸. NGOs assumed the role of providing goods and services to the disaster victims at individual and family level and were also involved in logistic management. The management was encountered by the shortage of inputs to face people's need for goods and services. The first generation did not have developmental notion and the objective situation was not also in favour of undertaking any rural development approach for planned development effort. The first

¹⁸ Khawja Shamsul Huda. Opcit, p-2.

generation of NGOs in Bangladesh continued with their specific charity works till the end of 1972.

Realizing relief works as only temporary solution to the sufferings of the people, that only increases dependency without yielding any sustainable improvements in the incumbents' life, NGOs shifted their actions from temporary relief orientation to permanent development orientation initiating the Second Generation of NGOs in Bangladesh. Huda argues "During the period between 1973 and 1975, NGOs focused their attention on developing integrated community development programs with various sectoral activities such as agriculture, fisheries, livestock, co-operatives, health and family planning adult education, vocational training etc. Emphasis was placed on increasing food production. Technical assistance and inputs were accordingly provided to farmers. In fact this was a period of crucial learning for NGOs. They soon realized that their development efforts failed to achieve desired success owing to structural constraints imposed by the existing socio-politic economic systems".¹⁹

Huda explains the situation from a holistic perspective. But there were still few NGOs to conduct community development efforts including all the major sectoral programs pertinent to the development of the rural community in their intervention area. Backed by donor's support, some NGOs conducted one or other sectoral programs only. RDRS and BRAC, though could have been able to involve in multi sectoral activities but there was always lack and absence of inter and intra sectoral coordination. So the community development activities practically could not constitute any effective approach to rural development. Korten describes that during the time of implementing sectoral activities a system of project management was developed as well as the beneficiaries became more concerned about community but the self-help initiative could not develop. This generation of NGOs in Bangladesh carried the legacy of the previous one. While at the national level government was approaching towards socialism and following nationalization policy then it was not also a favorable environment for the NGOs to undertake community development efforts in line with the principles of growth model.

The result of the community development approach brought remarkable change in NGOs work approach. They adopted target group approach to address the problems and sufferings of the poor people - both male and female and made efforts to remove the structural barriers through initiating institutional changes and building the organization of the poor²⁰. This shift in work approach not only enabled the NGOs to organize target population and run several program benefiting them but also convinced and motivated them

¹⁹ Ibid, p- 3.

²⁰ Ibid.

to expand their activities throughout the whole country so that the poor of all geographical area can get the positive outputs of NGO efforts. NGOs now, started undertaking national program focusing on evolving sustainable systems to extend benefits to the rural poor in collaboration with government and other relevant agencies²¹. This extended role of NGOs in terms of coverage, impact and sustainability complementing the developmental efforts of the government and other institutions installed in the third generation of NGOs in Bangladesh since 1975.

In the third generation NGOs experienced a sharp change in the political ideology when government started moving towards privatization and democratic polity passing through military regime. NGOs and their donors became able to work in the country with strategic planning and management but instead of total system perspective they adopted target group approach to address specific problems of specific group. Government also extended all out co-operation and legal protection for NGOs involvement. Contrary to the growth model and trickle down theory this target group approach may seem to be very effective in a society like Bangladesh where class and regional disparity directly affects the distribution of developmental outputs. But the efficacy of this approach to development mainly depends on who are the target people, who are the actors of development what is the source of inputs and what is the mode of functioning within the broader social system. For the sustainability of the efforts these issues need to be analyzed.

It is very much difficult to explain the role of the NGOs in Bangladesh within the framework of third generations. Some new dimensions have appeared in the realm of NGOs that are absent in Korten's generations. One is the involvement of NGOs in profit making business whatever may be the objective. Another is, NGOs increasing involvement in political affairs. These do not fall within the jurisdiction of NGO activities and at least definitions of NGOs do not also include these two issues. It is argued that through business NGOs are making them self-reliant and also benefiting their beneficiaries. Critiques hardly find any remarkable benefit for the beneficiaries in NGOs business activities. There is another dimension of criticism leveled against NGOs' business move in the form that it is negatively affecting the normal business sectors who runs business enterprise with the risk of their own capital and pay taxes which NGOs do not.

Assumption of political role by the NGOs in Bangladesh is gradually becoming evident. Claim has already been made that "non-government organizations and political parties should work under an umbrella arrangement. Non-political coverage of NGOs will thus be eliminated and

²¹ Ibid, p- 4.

they would be able to work within the political process and take stand for democracy and social justice"²². This is very much in line with the resolutions of Earth Summit in 1992.²³ However, it is better to add a new generation to the three generations of NGOs analyzed by Korten. It may be called the forth generation which is characterized by NGOs involvement in business and politics.

Micro-credit approach to rural development by NGOs has not been incorporated in the third generation of NGOs. In fact, the micro-credit program supported by government, World Bank and other funding agencies has obviously initiated altogether a new generation of NGOs in Bangladesh. NGOs are now involved in micro-credit program in a massive manner and eventually micro-credit and NGOs have become synonymous with each other.

²² Adilur Rahman Khan. *Democracy and Development*, Dhaka Courier, 24 July 1992, pp-36-37.

²³ Ibid

Chapter – 4

NGOs Micro-credit Approach to Rural Development

NGOs' involvement in rural development efforts is one of the distinct features of the David Korten's Third Generation. This chapter highlights the functional coverage of NGOs in Bangladesh, identifies their focal point of concentration and makes an analysis of the reasons behind NGOs' overwhelming concentration in micro-credit program. The micro-credit program initiated by Professor Mohammad Yunus of Grameen Bank has appeared as the popular NGOs approach to rural development in Bangladesh. Quite a large number of NGOs are now running this program and the number is multiplying day by day. Government has also taken this program as a rural development strategy and has been providing institutional support to this program by establishing Palli Karma-Shahayak Foundation (PKSF); special type of support organization. Bangladesh Rural Development Board (BRDB), the government's specialized institution for rural development has also taken this strategy of micro-credit program. That is why, it is to mention here, for understanding NGOs' efforts for rural development the development management system of this core program has been chosen as an identical one for the purpose of the study. Besides the factors responsible for the emergence of this program, the extensiveness of this program in the country and the general system of credit program including its general features have been discussed in this chapter.

Functional Coverage of NGOs in Bangladesh

NGOs in Bangladesh have already built a compact network all over the country from the capital city to coastal and hilly areas. They have expanded their role in the different spheres of individual and social life. Perhaps there is no avenue of social life where one or other NGOs do not work. ADAB has categorized the activities of its member NGOs under some broader heads. Different activities undertaken by the member NGOs of ADAB, as revealed in the Directory of PVDOS/NGOs in Bangladesh are shown in the following table:

Table – 4 : Different Activities Run by ADAB Members

No.	Name of the Activities	No. of NGOs working in		
		Rural area	Urban area	Both areas
1	Institution Building	188	17	78
2	Child Education	164	27	65
3	Functional Education	118	10	31
4	Adult Education	190	22	48
5	NFPE	155	20	44
6	MCH & FP	132	16	51
7	Child Survival	73	16	41
8	Health & Nutrition	172	23	67
9	Prevent of Drug Add.	33	5	26
10	AIDS prevention	44	16	50
11	Women's Development	198	29	84
12	Gender & Development	99	10	72
13	Prog. for Disabled	33	9	23
14	ADOL. Youth & Children	41	15	25
15	Coord. & Networking	27	14	71
16	ATDT	36	5	23
17	ESF	220	14	46
18	Water & Sanitation	227	14	52
19	Agriculture	159	9	32
20	Disas. pre. & Management	87	4	28
21	Infrastructure Development	30	1	9
22	Livestock	205	8	15
23	Poultry	252	11	43
24	Fisheries	170	9	29
25	Training	178	19	73
26	Dev. Com. & Publication	42	7	42
27	Credit	207	11	74
28	Social Mobilization	119	11	64
29	Apiculture	33	4	15
30	Adarsha Gram Development	60	3	11
31	Rural Enterprise Development	62	7	15
32	Research	42	10	39
33	Scholarship Program	32	6	21
34	Library	52	13	21
35	Sectoral Forum	19	11	11
36	Human Rights	75	9	67
37	Legal AIDS	71	14	64
38	Advocacy & Lobbying	30	5	36
39	Media Linkage	17	17	24
40	Land Reform & Development	42	2	12
41	Micro-enterprise Development	28	5	14
42	Housing	38	5	8
43	Food Processing	18	7	10
44	VVP	68	7	14
45	Others	43	4	25

Source: Compiled from the Statistics of ADAB member organizations.

The table shows that NGOs are doing a wide variety of functions very much related to the well being of the rural people and most of the NGOs are working in the rural areas too. The functional coverage of these NGOs includes major sectors of development such as child and adult education, health and sanitation, gender development, disability issue, agriculture and agriculture related activities including poultry, fisheries livestock, apiculture etc. and micro-credit and micro-enterprise development.

From the list it is clear that the target populations of the NGO activities are mainly children, women, illiterate people, unemployed and drug abused youth, disaster victims, and poor and landless people. Institution building mainly refers to strengthening the institutional capacity of NGOs as well as target population within their group structure. In fact the different program activities of NGOs are meant for the same target population mainly comprising the rural poor; both male and female. NGOs run all these activities with distinct functional objective of empowerment of the disadvantaged people.

The target group approach and activities run for target population could not get developmental dimension until these were blended with the micro-credit program for poverty alleviation through income and employment generation. Quite different from that of government, NGOs in Bangladesh by evolving micro-credit program have developed a distinct approach to rural development. The credit program also cut across other program activities such as agricultural activities, rural enterprise, micro-enterprise etc. In fact without credit support NGOs group members can not run most of these activities. RDRS, the Rangpur, Dinajpur Rural Services after the relief and reconstruction phase started different sectoral programs and later on under the Comprehensive Program (CP) intervention started rural development efforts following target group approach. Primarily the comprehensive program of RDRS did not have strong micro-credit program, but since 1991 it undertook micro-credit program for mainstreaming its target population with the basic developmental change and making its efforts sustainable. BRAC started its Rural Development Program from 1987 where micro credit constitutes the core of this program. It is to be mentioned here that BRAC, RDP branch turn into RCP (Rural Credit) branch when it becomes self reliant with the earnings of micro-credit program. In this way micro-credit program for the rural poor has emerged as NGO approach to rural development in this country.

Factors Responsible for the Emergence of Micro-credit Program as NGO's Approach to Rural Development

The foregoing section highlights the importance of credit in running different program activities of NGOs. Besides this, there are several other mutually

inclusive national and international factors such as, poverty situation and need for capital, involvement of international funding agencies including world Bank, supportive role of the government, interest of the NGOs in running micro-credit program etc. are responsible for the endemic and rapid growth of micro-credit program as well as its emergence as a distinct NGO approach to rural development in Bangladesh.

Poverty and Need for Capital

There are controversies regarding poverty trends in the country, but the widespread existence of poverty is quite evident in Bangladesh.² The Bangladesh Bureau of Statistics (BBS) is accepted as the most authentic government source of information and is more frequently referred by the scholars. A study of BBS shows that the number of poor people is increasing each year.³ The rural people who constitute 85% of the total population of the country are directly or indirectly linked up with agriculture and are also heavily under the incidence of poverty. More than 64% of the farming people are landless who live in extreme poverty and in the most vulnerable situation. They do not have any access to capital and can not translate their time, intellect and energy into productive output for their subsistence earning. Both the traditional and institutional sources of capital remain outside their reach. The traditional moneylenders who lend money with interest rate of about 120% do not lend them money for their inability to refund or for they do not have any assets to sell out to refund loan in case of failure. On the other hand, they do not have access to institutionalized capital because they can not afford co-lateral required for having loan from the conventional banks. Moreover, due to the very complicated loan disbursement process coupled with bureaucratic corruption it is difficult for the poor people in general to receive bank loan. These realities created a wide scope for NGOs' micro-credit program.

Policy Shift of International Financing Agencies

Along with the aforementioned objective situation in favour of NGOs micro-credit program, the policy shift of the international financing agencies ensures the availability of fund for the NGOs to run micro-credit program. It is the most important factor behind the rapid expansion of this program during the last two decades throughout the whole country. Grameen Bank the pioneering NGO founded by Prof. Yunns, started this program with the fund of World

² Mustafa Kamal Mujeri. *Methods of Measuring Poverty and Poverty Trend in Bangladesh* in Rushidan Islam Rahman (ed.) Poverty and Development, Bangladesh Perspective, Dhaka: BIDS, (Bangla), 1997, p-671.

³ Bangladesh Bureau of Statistics (BBS). Report of Poverty Monitoring Survey, Dhaka: BBS, 1995.

Bank on experimental basis at the eve of a policy shift of global capitalism. It is to mention here that there are sharp changes in the economic policy in the capitalist world during last eight decades starting from the economic depression of 1930s in USA. After the World War II with the emergence of new independent nation states, Public Enterprises (PEs) were identified as main sectors of investment under state patronage.⁴ But afterwards, during 70s while state enterprises turned into losing concern and governments of developing countries failed to refund the debt of World Bank and IMF, the introduced Structural Adjustment Program (SAP) encouraging private sector investment⁴. Private entrepreneurs comprising the economic elites of the society, were the main beneficiaries of this economic policy. They were provided with fund for developing economic enterprises. But the objective of SAP has not been achieved in Bangladesh. The private entrepreneurs who took loan from government bank, in course of time, they appeared unsuccessful in their ventures and consequently became loan defaulters. So the investment of fund of international financial institutions in the private sectors through the governments of developing countries like Bangladesh proved to be insecure and uncertain. When these realities were prevailing at the macro-level, the micro-credit program of NGOs got momentum in Bangladesh. In this program the poor landless people are borrowers but compared to the economic elites they exhibit a most satisfactory credit behavior in terms of loan repayment which makes different international financing institutions and donor agencies interested in funding micro-credit program.

The World Bank and the World Bank Group have been playing a pioneering role in supplying fund for micro-credit program throughout the world including Bangladesh. The Consultative Group to Assist the Poorest (CGAP) consisting of 26 participating donor agencies launched on June 27, 1995, a multi-donor initiative to further development of sound Micro-Finance Institutions (MFIs) that extends continuous financial supports to the poor customers. CGAP completed its first three years phase of operation in June 1998.⁵ This group helps the NGO sectors in the developing countries with huge amount of fund to run micro-credit program mostly through government channel. But for utilizing the fund, NGOs have been selected to conduct credit program among their poor target population. The CGAP Member Donors, as stand in July 1998 is presented in the following table.

⁴ Muslehuddin Ahmed Tarek. *Development Administration, Concepts and Issues*, Dhaka: ORDER, 1988, pp. 80-101.

⁴ John A. Holsen. *An Overview of Structural Adjustment* in Rehman Soban (ed.) *Structural Adjustment Policies in the Third World*, Dhaka : UPL, 1996, pp-11-23.

⁵ The Consultative Group to Assist the Poorest (CGAP). *World Bank CGAP PHASE II: Announcement on Funding Policy*, 1998.

Table – 5 CGAP Member Donors

Bilateral Donors	Multilateral Donors
Australia	African Development Bank
Belgium	Asian Development Bank
Canada	European Commission
Denmark	Inter-American Development Bank
Finland	International Fund for Agricultural Development
France	International Labour Office
Germany	UN Development Program
Italy	UN Capital Development Fund
Japan	UN Conference on Trade and Development
Luxembourg	The World Bank
The Netherlands	
Norway	
Sweden	
Switzerland	
United Kingdom	
United States of America	

Source: CGAP Focus No. 1 September 1998 Revised Edition

Government's Support and Sponsorship

Government support and sponsorship along with donor's assistance, urge of poverty situation and NGOs willingness is another factor contributing to the expansion of micro-credit program throughout the country though legally they had no scope to conduct micro-credit program under the Societies Act of 1860 as well as the FD (Foreign Donation) Regulation Act of 1978. Bangladesh Bank, the state bank of the country, is the central authority in the country as per the existing rules, to permit and control the financial institutions running banking activities like micro credit program that simultaneously involves in lending and collection of deposit in the form of savings from the people. Although NGOs are not bank but the Government of Bangladesh and Bangladesh Bank without raising any objection have been providing support to these activities of NGOs for years together. Initially Grameen Bank was an NGO but later on government took it over. Furthermore, for facilitating micro-credit program of NGOs government created altogether a new authority, the Palli Karma-Shahayak Foundation (PKSF) under the companies Act of 1913 to provide financial supports at a very lower rate of interest with easy repayment provision. After the flood of 1998 Bangladesh Bank also undertook a program for conducting housing credit among the flood affected rural people through NGOs. All these roles of government contradict with the existing rules related to NGOs credit operation, but government overlooks the legal limitations. It may be argued that since NGOs are playing a constitutional obligation of government related

to providing scope of employment and income generation for the poor people where government is unable to reach the poor that is one of the causes behind government's silence regarding the unlawful micro-credit activities by NGOs. It is also observed that irrespective of party affiliation, who ever comes in power continues to avoid the legal limitations of NGOs, micro-credit program. The invisible pressure of some international funding agencies also influences government to provide all out support to NGOs' micro-credit program even avoiding the existing legal framework.

With the help of the Palli Karma-Shahayak Foundation (PKSF) the micro-credit program has got an institutional foundation in Bangladesh. One of the basic characteristics of PKSF is that it does not directly lend money to the landless-assetless people at the grassroots level, rather, reaches its target people through its partners, commonly termed as Partner Organizations (POs) who serve as intermediaries or conduits in the micro-credit operation in Bangladesh.

Government of Bangladesh provided an amount of Tk110 core as initial funds and working capital to the Foundation. It also receives fund from World Bank/IDA USAID, and ADB. "It has signed an agreement with the government of Bangladesh to receive a World Bank loan amounting approximately to Tk. 425 core to enhance and stimulate its micro-credit activities to a massive scale".⁶ Before the functioning of PKSF small local NGOs could not run micro credit program in significant manner but the national NGOs played absolutely monopolistic role in this sector. PKSF support has strengthened the role of small NGOs in running micro credit program alongside the larger NGOs in Bangladesh.

NGOs' Urge for Internal Resource Mobilization

Along with the huge credit need of the poor and government favour, there are two other important factors behind the widespread practice of micro-credit program by the NGOs. As mentioned earlier, NGOs growth in Bangladesh is basically based on donor's support and still they depend on donors fund to under take and implement different program activities. Eventually most of the NGOs became dependent on donor's fund even for their existence. Bigger NGOs then started searching alternative sources of income to reduce external dependency. Micro-credit program provides these NGOs with a permanent scope for generating income in the form of service charges. Moreover, through credit program NGOs discover an internal potential source of fund for running credit and other income generating activities on which they have sufficient control and which they can use freely with minimum rate of interest compared to institutional bank interest. This potential fund is the weekly

⁶ PKSF. PKSF Annual Report 1995-96, p-v.

group savings mobilized by the NGOs from among its group members. As the small NGOs also involve in credit program and find it most profitable source of income.

From the above analysis, it can safely be said that the strength of micro-credit program to serve the interest of donor, NGOs, government and needy poor people of and the procedural success of the program based on the credit behaviour of the target population act as the driving forces behind the emergence of widespread systems of micro-credit program in the country.

Extensiveness of Micro-credit Program

Though in the earlier generations of NGOs in Bangladesh micro-credit program was not a prominent activity when NGOs' main thrust was on relief and rehabilitation works and community development but later on it appeared as an NGO model of rural development striving towards poverty alleviation through self-employment and income generation. Assaduzzaman⁷ points out four alternatives for this purpose. First, fulfillment of the fundamental needs; secondly, creation of economic growth; thirdly physical infra-structural and market development; and, fourthly, establishment of the rights of the poor over the productive assets (land, capital, other natural resources) which is a long debated political issue. Poor people could be provided with capital support in the form of credit to engage themselves in productive and employment activities which, will contribute to increase income for the fulfillment of fundamental needs, and thereby alleviating poverty, which is the central to the rural development efforts in Bangladesh.

Following the Grameen Bank model of micro-credit program as an approach to the development of rural poor, large number of NGOs are now running this program. The extensiveness of this program in Bangladesh is quite clear from the facts available from the PKSF and the Credit and Development Forum.

Micro-credit Realities with PKSF

Despite its initial emphasis on local level NGOs, in course of time, PKSF also includes all NGOs under its coverage no question of large or small, and national or local. Now it has 205 partner organizations. Year-wise inclusion of partners as well their beneficiary coverage are shown in the following table (Table – 6):

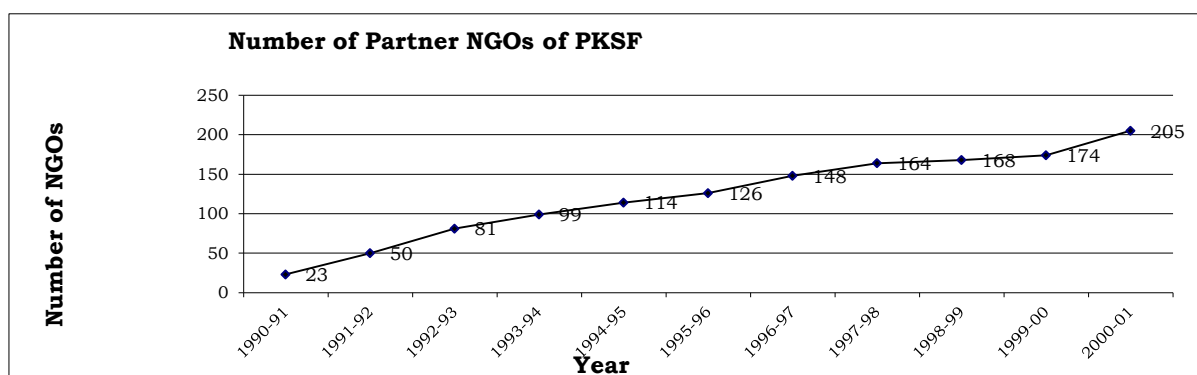
⁷ Mohammad Assaduzzaman, "Role of Micro-credit in Poverty Alleviation in Bangladesh: Comparison Between NGO and Government Initiatives" in Rushidan Islam Rahman (ed), *Poverty and Development, Bangladesh Perspective*, Dhaka. BIDS, 1997, PP. 198-214.

Table- 6 Partners of Palli Karma-Sahayak Foundation (PKSF) and Their Beneficiaries coverage

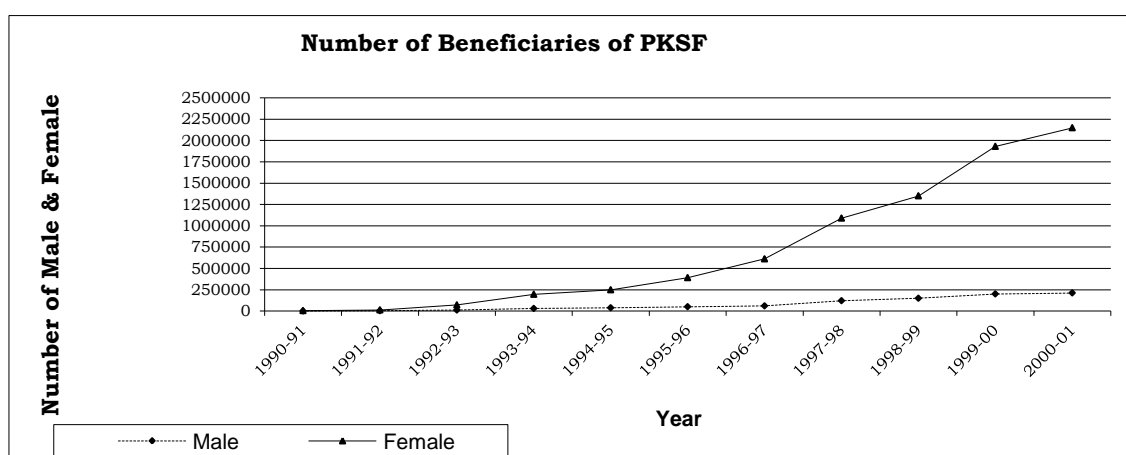
Year	Number of NGO	Beneficiaries		Total
		Male	Female	
1990-91	23	905	5,191	6,096
1991-92	50	4,106	13,648	17,754
1992-93	81	11,889	72,202	84,091
1993-94	99	30,303	196,364	226,667
1994-95	114	38,349	249,147	287,496
1995-96	126	50,702	391,129	441,831
1996-97	148	60,491	611,628	672,119
1997-98	164	121,000	1,089,000	1,210,000
1998-99	168	150,000	1,350,000	1,500,000
1999-00	174	200,624	1,929,376	2,130,000
2000-01	205	212,429	2,147,890	2,360,319

Source: Different Annual Reports of PKSF

Graph – 2



Graph – 3



Among the larger National level NGOs BRAC became partner of PKSF in 1992, ASA in 1996 and Proshika in 1997. PKSF has categorized these organizations as BIPOOL (Big Partner Organizations Operating in Large area). The rest of the PKSF partners are called OOSA (Organizations Operating in Small Areas).

Besides PKSf fund, these organizations have been also conducting huge volume of credit program with the fund procured from other sources. However, now almost all the prominent credit organizations are PKSf partners and conducting micro-credit program with the fund received from PKSf. So from the involvement of PKSf partners, dimensions of micro-credit program in the country are easily discernible. The following table (Table -7 and Table-8) depict facts in this regard.

Table – 7 Coverage of the Credit Program of PKSf

No.	Issues	Number/ amounts
1.	Number of Districts covered	64
2.	Number of Upazilla covered	320
3.	Partner Organizations (POs)	205
4.	Group Members of POs:	
	Male	7,86,671
	Female	41,15,047
	Total	49,01,718
5.	Loan Allocation of PKSf for POs (Tk. in million)	14,261
6.	Loan disbursed by PKSf to PO (Tk. in million)	11,426
7.	Loan Recovered by PKSf from PO (Tk. in mill)	3,634
8.	Loan overdue with the POs (Tk. in million)	63
9.	Loan outstanding (Tk. in million)	7,793

Source: Calculated from the information available in the PKSf Annual Reports.

Table-8 Credit and Savings Position of the Partner Organizations of PKSf

No.	Issues	Number/ amounts
1.	Loan Disbursed by the POs (Tk. in million)	67,066
2.	Savings Generated by the POs (Tk. in million)	4,959
3.	Borrowers	
	Male	4,55,945
	Female	31,13,620
	Total	35,69,565
4.	Rate of Recovery	97.38%

Source: Calculated from the information available in the PKSf Annual Reports.

With the support of PKSf the POs operate target group based micro credit program for the rural poor. PKSf loans are repayable in ten quarterly installments within a period of three years with a grace period of six months at the rate of interest 3 to 4.5 percent depending on the cumulative amount of sanctioned loan. But loan disbursed to the organized rural poor by POs are recovered within a period of one year in 50 weekly installments usually with

a service charge of 15 percent from the users of loan.⁸ Savings and interest internally generated by the NGOs from their beneficiaries is another source of fund for NGOs micro-credit program.

Micro-credit Realities with the Credit and Development

Forum (CDF)

In line with the involvement of huge number of NGOs in the Micro Credit Program a separate frontier organization named as Credit and Development Forum (CDF) has been established in the country. It maintains database of micro-credit activities of the enlisted NGOs and provides technical support including software development for credit operation for the NGOs. Four hundred ninety five (495) NGOs so far are included in this forum that are running micro-credit program throughout the country. The information provided in the table- 9 relating to the credit program of CDF-NGOs give a clear picture of the extent of micro-credit program in the country.

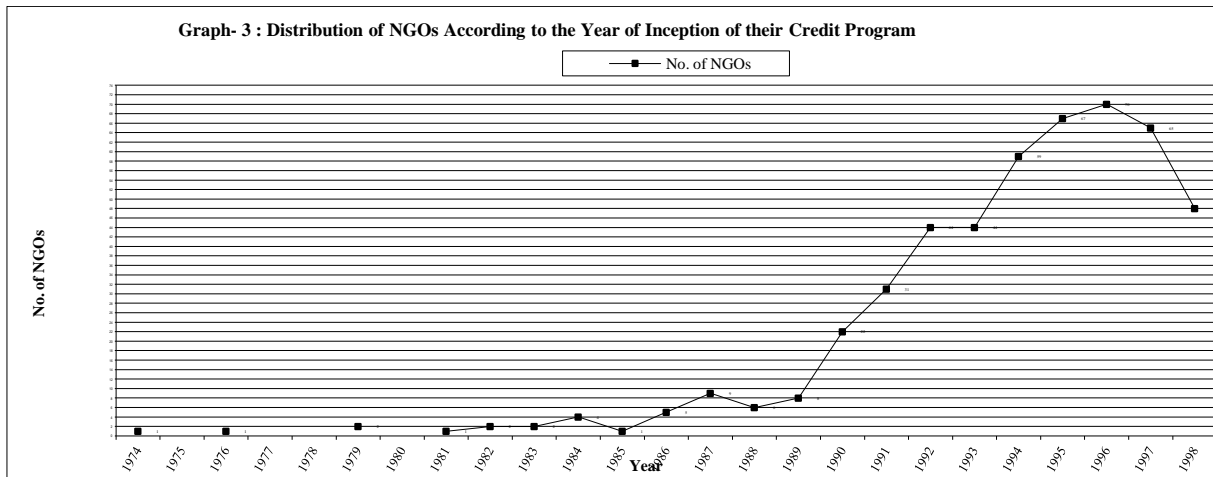
Table-9 Distribution of NGOs Affiliated with the Credit and Development Forum according to the year of inception of their Credit Program

No.	Year of Inception	No. of NGOs
1.	1974	1
2.	1975	
3.	1976	1
4.	1977	
5.	1978	
6.	1979	2
7.	1980	
8.	1981	1
9.	1982	2
10.	1983	2
11.	1984	4
12.	1985	1
13.	1986	5
14.	1987	9
15.	1988	6
16.	1989	8
17.	1990	22
18.	1991	31
19.	1992	44
20.	1993	44
21.	1994	59
22.	1995	67
23.	1996	70
24.	1997	65
25.	1998	48
Total		492

Source: CDF Statistical Report.1998

⁸ PKSF. PKSF Annual Report 1995-96, p-v.

Graph – 4



Among 492 NGOs enlisted in the Credit and Development Forum (CDF), only 4 and 38 NGOs involve in credit operation in 1970s and 1980s respectively while 450 NGOs start credit program during nine years of the next decade from 1990 to 1998. The highest numbers of NGOs begin credit operation in the year 1997. Emergence of PKSf with World Bank fund for supporting NGOs to run micro-credit program were behind the mushroom growth of MCP- NGOs in the country. It becomes clear from the trend of growth of PKSf partner organization shown in the graph that; after 1997 number of new NGOs to run MCP is in decreasing trend. This is due to over saturation of MCP at the grassroots level. However, the information revealed in the table-10 and the preceding graph- 4 highlight the intensity of the program in Bangladesh.

Table-10 Statistics on Coverage, Savings and Credit of Reported NGOs

No.	Heads	Number Amount
1.	Number of CDF member	495
2.	Active members :	
	(a) Male	1,287,497
	(b) Female	6,576,507
	(c) Total	7,864,004
3.	Net savings of the member (Tk.)	5,216,263,963
4.	Cumulative disbursement :	
	(a) Rural	62,916,396,158
	(b) Urban	3,649,106,970
	(c) Total	66,565,503,128
5.	Average recovery rate	93.18
6.	Outstanding loan	13,737,070,921

Source: CDF Statistical Analysis 1998

From the tables and graphs it becomes clear that MCP is mainly concentrated in the rural areas and rural women constitute the major part of the MCP borrowers.

There are some specific sectors in which NGOs provide credit to their group members. The most important sectors are agriculture, fisheries, food processing, small business cottage industry transport, Housing, health education livestock etc. The following table - 11 highlights the sector-wise loan disbursement by 434 CDF member organizations.

Table- 11 Sub-Sector-wise Credit Disbursement

No.	Heads	Grand total (434 NGOs)	As % of total
1.	Agriculture	6,336,055,717	12.46
2.	Fisheries	2,339,495,293	4.60
3.	Food Processing	4,737,244,488	9.31
4.	Small Business	21,664,184,534	42.60
5.	Cottage industry	1,352,885,927	2.66
6.	Transport	1,684,480,113	3.31
7.	Housing	756,285,804	1.49
8.	Health	299,853,611	0.59
9.	Education	21,718,862	0.04
10.	Livestock	9,363,695,205	18.40
11.	Others	2,302,956,917	4.53
Total		50,858,856,471	100.00

Source: CDF Statistical Analysis 2001.

It is to note that 42.6% of the credit disbursed in the small business sector and lowest volume (0.04%) of loan is disbursed in the education sector. Though agriculture is a potential sector contributing to GDP, but the volume of loan disbursed in this sector is comparatively small. This is perhaps due to poor landholding of the group member's families. On the other hand since the group members are female and are not directly involved in conventional agriculture, which may also be considered as one of the reasons behind the disbursement of small volume of loan in agriculture sector.

Besides, the NGOs, attached with PKSF and CDF there are some other NGOs also who are running micro-credit program in Bangladesh but remains outside the purview of these two organizations. In fact almost all the upazilas of Bangladesh are now under a thick network of micro-credit giving NGOs. Several NGOs running micro credit program in the same area to the same group of people is the most crucial problem because it handicaps credit realization rate.

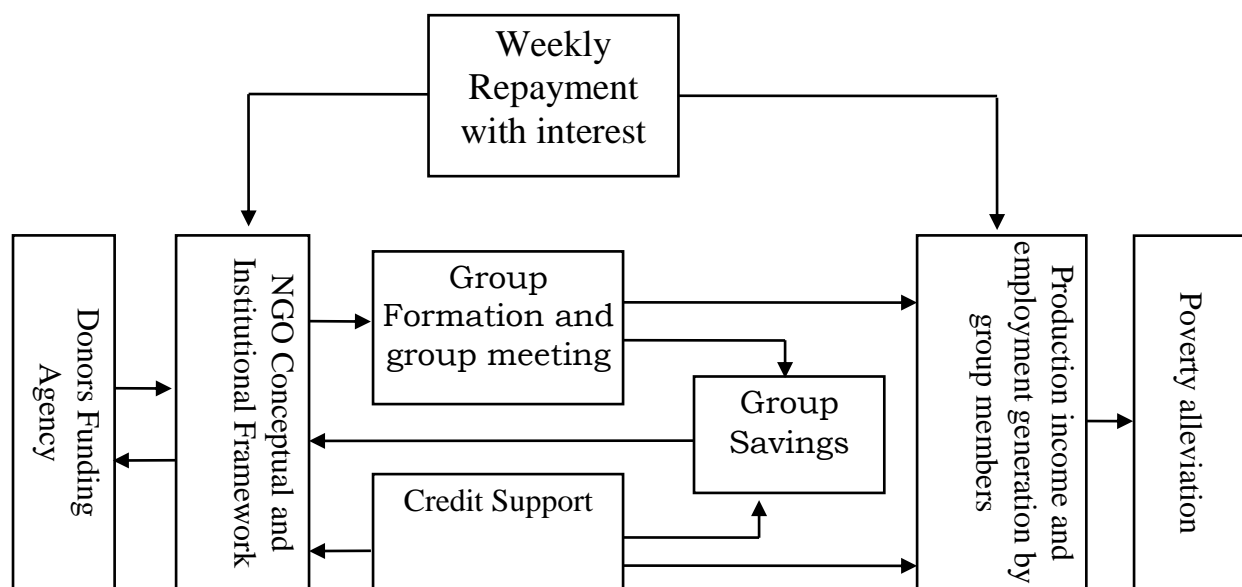
System of NGOs Micro-credit Program

Micro-credit Program (MCP) of NGOs is based on a conceptual framework and includes a number of interrelated and interdependent issues. Through the continuous interaction of these issues with each other and with the surrounding environment this program strives to towards the achievement of

its objective. MCP is considered as the most effective instrument for poverty alleviation and development of the disadvantage section of the society. It is assumed that with the credit support the poor people will be able to involve them in income and employment generation activities, which will not only ensure their subsistence earning but also help them form their own capital, which is very much essential for breaking the poverty cycle. In running micro-credit program NGOs adopt target group approach and keep rich people outside their operational scope based on the assumption that rich are developed and poor are un-developed.

Micro-credit program includes a member of activities such as procurement of fund from donors/funding agencies, organizing the poor into, disbursement of and getting the loan back from group member within the institutional framework of the NGOs concerned. It is expected that with the loan received from NGOs group members will engage in income and employment generation activities and from income they will refund the loan by weekly installments with the fixed rate of interest. Primarily donor's support is the most essential input to run this program though later on the savings and interests mobilized from group members are used as credit fund. The different issues related to credit management are shown in the following diagram.

Figure-1 Different issues in Credit Management



The credit giving NGOs organize poor people into groups having clear structure though the number of individuals included in a group varies from organization to organization. Only the persons from poor families who do not have sufficient land (usually less than 0.5 acre) are eligible for group membership. NGOs are very much careful in selecting group members and they usually prefer women as group members.

Group becomes dynamic through group meetings, which, is held once in a week. NGO workers attend the meeting and discuss different issues, mobilize savings of the group members and receive weekly loan repayment installments. Some of the organizations have certain principles and as holy verses which are learnt by heart by the group members and recited before getting loan from the NGO. Presence in the group meeting is mandatory for all the members. The NGO worker conducting the meeting also keeps minutes of the meeting in the resolution book. The group/individual members are provided with loan and savings pass books where the accounts of the same are updated in the weekly group meeting. Rate of weekly saving varies from Tk. 5 to Tk. 20 from organization to organization. Some NGOs also mobilize special savings from the group members. Often the members themselves determine amount of special saving. Generally 6% simple interest is given to the group members for their savings deposited to NGOs. However, in the group meeting, decisions are taken regarding the amount of loan to be disbursed to individual group members.

Loan application is taken in the group meeting in presence of NGO workers. Then group members willing to receive loan apply in the prescribed form. The manager often through field visits evaluates applications and loan is sanctioned if the result of evaluation is found satisfactory. After signing contract group members receive loan from NGO's local office. Often 5% the loan is to deposit compulsively to their saving fund. Loan is disbursed only for a period of one year and to be repaid at best in 50 weekly installments with flat rate of interest ranging from 15% - 20%.

While more than 70% of the rural people in Bangladesh live below poverty line, micro-credit program of NGOs appears to be very much effective to address the prime need of the poor people. For translating the time, energy and talent into resources there is no alternative to supporting with capital even in the form of credit.

Micro-credit program does not only affect the life of poor target group but also influences the economic system of the country in general and rural economy in particular which demands government's active role in directing the program towards the desired end, the development of rural poor. Since interest of diversified groups like funding agencies, NGOs and the target population are closely linked up with this program, there are every chances of discrimination in serving the interest of any of the groups, which to a large extent depends on NGOs-government relationship prevalent in the country, system of management and role of target population in terms of credit operation.

NGO-Government Relationship: Micro-credit Program in Perspective

NGO-government relationship with special reference to MCP is mainly maintained through Bangladesh Bank and Palli Karma-shahayak. Foundation(PKSF). Microcredit Regulatory Authority in the framework of Bangladesh Bank provides registration to the NGOs reaming MCP since NGO, submit the report of their audit in the presided form on quarterly basis. Through this a regulatory relationship is maintained PKSF has an all encompass functional relationship with its partner NGOs.

Palli Karma Sahayak Foundation established with the basic objective of providing greatly and maintain assistance for generating income and/or employment opportunities the landless and assetless people for alleviating poverty, in various forms and manners, including financial, institutional, advisory and training to Non-government, Semi-government and Government Organizations, Voluntary agencies and societies, Local government bodies, Institutions, Groups of individuals as Partner Organizations (POs) is the most powerful institution in bringing revolutionary changes in maintaining a strong collaborative and functional relationship between NGOs and government. The success of PKSF in financial inter-mediation as an apex/wholesale organization has attracted the attention of countries of Asia, Latin America and Africa. They highly appreciate PKSF's apex role and consider it as a model. Some countries have already followed PKSF model to establish apex-funding organizations.³

There are some ambiguities in NGO-Government relationship maintained by other institutions, but in case of PKSF the relationship is very much dynamic and clear-cut. The system of relationship exercised by the PKSF helps the involvement of quite a good number of local level NGOs in micro-credit program in Bangladesh and rapid expansion of the coverage of the program. PKSF as per statistics available in the year 2000⁴ disbursed loan to 182 NGOs and the cumulative amount of loan disbursement stands at TK 8984.83 million. Established in 1990 PKSF by this time have able to emerge globally renowned organization of its type due to its excellent institutional and professional skill in running micro-credit program its partner NGOs throughout the country. PKSF has been able to develop effective system of screening the NGOs seeking its partnership as well as monitoring the activities of the credit program of the NGOs at the field level in regular manner. It has also a developed Management Information System (MIS) for each partner organization based on their monthly report provided PKSF. Besides these it also helps in building and strengthening the institutional capacity of the partner organizations (POs).

³ PKSF. PKSF Annual Report 2001.

⁴ PKSF. PKSF Annual Report 2000

Micro-credit program of NGOs characteristically engages in some financial activities like the conventional bank in the country that need approval from the Bangladesh Bank, the central bank of the country for having legitimacy but NGOs from the very beginning have been conducting these activities without such approval. This can be challenged by anybody in the court. Government's role essentially becomes legally paradoxical when it established PKSF for providing fund to the NGOs to run micro-credit program. In running micro-credit program NGOs frequently face problems in realizing loan from some of their group members. Since the micro-credit program is not based on sound legal foundation, in the default case no NGO could take any legal measures for loan realization without informal pressures and mechanism. It was the case with PKSF while any of its partners NGO becomes defaulter.

Subsequently NGOs, donors and government are seriously realizing this aforementioned limitation. The World Bank, the main funding agency of the time in Bangladesh, organized a one-day workshop at the end of 1999 with the help of PKSF, which was participated by the top-level executives of all PKSF partner NGOs, World Bank representative and Bangladesh Bank authorities. The legal aspect of the issue as well as the nature of institutional mechanism related to the credit operation in Bangladesh was thoroughly discussed in the workshop. Then government took initiative to provide a legal basis of micro-credit program, delineating the provisions to facilitate and regulate micro-credit program activities throughout the country. In line with this Government passed a bill in the parliament revising the Public Demand Recovery Act of 1913 by giving PKSF the right for taking legal measures against its Partner NGOs if they fail to refund the loan received from PKSF to run micro credit program among the rural poor. It has added a new dimension to NGO-Government relationship in respect of micro credit program in Bangladesh.

For establishing a balanced NGO-Government relationship in general and effectiveness of NGO operation in the country as well as the collaborative government-NGO efforts in specific, there should be proper legal and institutional framework with corresponding mechanism at the operational level. It is necessary for facilitating, monitoring and regulating NGO activities in the country. The system of relationship as dynamic phenomenon functionally does not confine within the legal framework provided by the government. The practical NGO-Government relationship in Bangladesh is the product of the interactions of several factors such as the donor's policy and role, NGOs donor linkage, institutional strength of NGOs and NGO-Federations, role of the concerned government functionaries and so on.

Regarding the operation of NGOs, no doubt there are sufficient legal and institutional arrangements established by the government in the country, though the arrangements are not unified in nature. Different authorities based on different acts and laws are working for giving registration and monitoring NGO activities. Bangladesh experiences a mushroom growth of NGOs with diverse and wide functional coverage over the last two and a half decades. But besides the case of micro credit program supported by PKSF the Government still could not establish systematic NGO-Government relationship from legal, institutional and functional perspectives to facilitate and direct the multidimensional activities of NGOs in Bangladesh.

Program Intervention of NGOs for Rural Development: RDRS and BRAC

Program intervention of NGOs brings positive and desirable changes needed to achieve the objective of rural development. The nature and content of program activities primarily determine the direction and effectiveness of NGO efforts to this end. People's acceptance for development change and their participation in the change process also depend on the program structure. Program structure does not only reveal the different activities undertaken with specific target 5 but also reflects development approaches followed by NGOs. This chapter focuses on the different program activities of the two NGOs under study, namely, RDRS (Rangpur Dinajpur Rural Services) and BRAC (Bangladesh Rural Advancement Committee). Growth and development of RDRS and BRAC and the factors that led these two NGOs to engage in rural development intervention have been discussed along with their different program activities. It is necessary to understand the capabilities of NGOs' program activities to satisfy the developmental needs of the people. The role of program activities in affecting agricultural and industrial growth, productive employment and rural resource utilization has also been highlighted in this chapter.

Historical Features of RDRS and BRAC

RDRS and BRAC are two prominent NGOs, which gradually transformed themselves as institutions for rural development by making policy shifts and adopting new program strategies in response to felt needs and socio-economic dynamics of rural Bangladesh. RDRS initially started functioning as a project of the Lutheran World Federation (LWF) in Bangladesh and continued to work within the legal framework of the Foreign Donation Act, 1978 but gradually it has evolved as a national organization and has been registered as RDRS Trust. RDRS has its origin with the Cooch Behar Refugee Service, (CBRS), supported by Lutheran World Federation (LWF) and provided necessary services to the East Pakistani refugees in Cooch Behar during the period of liberation war in 1971. After the liberation war it started working for the rehabilitation of war damaged people of Rangpur and Dinajpur regions in the north west of Bangladesh. An idealistic missionary spirit and zeal characteristically endows RDRS efforts because of its origin as a program of an internationally well-rooted Geneva based federation of

missionary organizations, the Lutheran World Federation (LWF). Since 1972 Bangladesh Rural Advancement Committee (BRAC) started working from Sulla, a village of Sylhet district in northeast Bangladesh under the leadership of Mr. Fazle Hasan Abed. BRAC has been registered under the Societies Registration Act of 1960 and the Foreign Donation Act of 1978 in the years 1980 and 1981 respectively.

BRAC Worked simply as a rehabilitation committee meant for running post liberation emergency activities and was named as “Bangladesh Rehabilitation Assistance Committee (BRAC)”. “Eventually the Rehabilitation Committee became a rural advancement committee and then just BRAC, transforming itself into an organization”¹ and expanded its work throughout the country. NGO advocates consider BRAC as "a leader among the world's development oriented NGOs in the strength of its management, the significance of its role in national development and its leadership in advancing new ideas and approaches. The respect it commands has made it an example setter for other NGOs in Bangladesh and elsewhere in the world."²

Passing through three stages of growth in respects of approach, program and organization management RDRS and BRAC now follow the development perspective. The three generations of NGO's growth and development constructed by Korten are equally reflected in the historical growth of both the NGOs though the time period of the NGOs remaining in particular generation varies to some extent. The first generation of RDRS defined as *the Relief and Rehabilitation Stage* ranged from 1972 to 1975 while it was very short duration in the case of BRAC ranging from February 1972 to October 1972. "RDRS was one of the first of many NGOs, national and international, which responded to the government's request to provide relief and rehabilitation... It was the only agency to choose to work in the far northwest, a remote and neglected region".³ With the support of the Lutheran World Federation it started relief activities among the people remaining in a very disadvantageous position. During the relief years there was neither time nor resources to encourage people to come together; it was a question of survival not progress; of meeting the needs of needy individuals. Some rehabilitation works, such as housing, particularly generated benefit at the individual family level. In the first decade of its operation RDRS built 586 schools, 78 market sheds, 68 bridges and 448 culverts in the program areas under its construction program. On the other hand it constructed/reconstructed more than 450 kilometers road through earth works. In collaboration with the local government institution⁴ it established primary

¹ IAN Smillie. Words and Deeds: BRAC at 25 years 1997, p-11.

² David Korten. BRAC Strategy for the 1990s, BRAC, 1989. (Mimeo)

³ RDRS. RDRS Annual Report, Dhaka, Bangladesh, 1996, p-6.

⁴ RDRS. RDRS Annual Report, 1987, p-17.

school to facilitate education, market sheds to improve overall hygienic conditions of rural market places, and bridges and culverts to improve of road communication network in the program area. All these works RDRS created employment opportunities as well as skill development facilities for the landless people. During the stage work RDRS did not organize people to into any group.⁵

In the first stage BRAC involved in resettling the refugees in its working area and conducted relief and rehabilitation activities for the war victims who lost their home, cattle, fishing boats and means of production. "BRAC volunteers floated more than one million bamboo roles down the river from India, The flotilla of bamboo rafts strung out for 21/2 miles along the river soon to be transformed into 14000 rebuilt homes in Sulla in 1972. Timbers were imported to reconstruct boats for fishermen, tools were provided to the craftsmen and medical centers were opened".⁶ In course of time the objectives of the organization have changed to a remarkable extent. BRAC started post liberation relief and rehabilitation works which it accomplished successfully. But by the end of 1972 the BRAC authority realized that even with the extraordinary relief activities living conditions of the resettled refugees were little better than they had been in the refugee camps in India. Relief might help temporarily but could not make the people self-reliant. They were pushed back to the same predicament where they had been as soon as the relief was withdrawn. Account this backdrop, BRAC turned into a development organization.

Due to the peculiarity of its program area and need of the people RDRS did not drop its relief activities. In the Second generation from 1976 to 1987 termed as Sectoral Development Stage RDRS began to implement some sectoral programs benefiting the whole community through construction of infrastructure and public utilities and thereby generating employment opportunities. In this stage following a community development approach RDRS started sectoral programs and/or reorganized different ongoing program activities under the sectors such as agriculture, construction, community motivation and functional education; health, nutrition and family planning; women's development activities, works project and emergency services for disaster. Each of the projects under the different sectors had particular goal as well as structure at social level with its own intervention strategy. There was a mix of farmers, co-operatives, small farmer's group, and individual and families receiving RDRS support. There was also a brief, progressive attempt at "total village development" in the mid 80s.⁷

⁵ RDRS. RDRS Annual Report, 1996, p. 18.

⁶ David C. Korten. opcit.

⁷ RDRS. Opcit, 1996, p.- 18.

RDRS continued its sustained emphasis on increasing agricultural productivity for achieving, self-sufficiency in food production, employment generation and upholding better nutritional facilities. By introducing self-devised treadle and handed pumps, power-pump in irrigation, compost fertilizer, homestead gardening, animal production it brought about innovative changes in the farming activities in the area. The construction project built till the closure of the sectoral projects 677 schools, 169 market sheds, 165 bridges and 1853 culverts. The Works Project till the beginning of the comprehensive project contributed a lot in the fields of road construction and reconstruction, embankment, excavation and embankment maintenance, school ground rising, and tree plantation.⁸ Women were organized and given functional education and training on human and skill development aspects for moral emancipation and self-sustaining income-generation.

In this stage RDRS established some general hospitals and clinics to provide general health services, leprosy services and mother and child health care. Individually all community members had access to these services. There was also a provision for some sort of home based services under health project. RDRS undertook and continued immunization, Dai (Traditional Birth Attendant) training, antenatal, health and family planning diarrheas, leprosy control activities and introduced and popularized the use of iodized salt to prevent enlargement of thyroid gland, a common disease in that region. A Thana Health complex at Haripur, Thakurgaon and some other maternity centres constructed and run by RDRS were handed over to the government at the eve of this stage of RDRS activities. During the two devastating floods in 1987 and '88 RDRS conducted emergency relief and Rehabilitation works among the flood victims in full swing. In the stage of sectoral development programs, community motivation and functional education project played the role of organizing rural poor into groups, giving them functional education and developing savings habit for capital formation with the help of its organizers and volunteers. RDRS also developed course materials for functional education.

The relief strategies of BRAC continued from February 1972 to October 1972. Then it undertook the community approach from November 1972 that continued up to 1975 when multi-Sectoral programs were undertaken by BRAC including functional education, agriculture, fisheries, co-operatives, health and family planning, vocational training for women and construction of community centers. During this period reading materials for adult education were developed under special methods of adult education. Health programs were also reshaped. From the experience of relief operation both

⁸ Ibid, p- 28.

the NGOs - RDRS and BRAC, felt the need of an approach capable of ensuring long-term impact of their initiatives and consequently shifted emphasis to community wide rural development.

In its third generation, i.e. at the Comprehensive Development Stage (1988-96) RDRS based on several inputs like the demand of the socio-economic environment, people of the program area, demand and support of the government and LWF's support and commitment for funding, redesigned all of its programs and structure, its organization and management system in an integrated manner. An evaluation of RDRS activities by LWF in 1986 made RDRS realize the necessity for bringing change in its work approach. Following the comments of evaluators, its own experiences and threadbare discussion with all concerned it initiated the Comprehensive Development Project (CDP) in 1986 instead of sectoral program approach. But it never dropped relief works and rural works project from its functional scope because of the frequent occurrences of natural disaster; and needs for infrastructure building and employment generation for the landless masses in its working area. This shifting of objectives was necessary for complying with "development thinking, budgets, government plans and RDRS' own priorities to meet the people's ever-changing needs".⁹ RDRS has to retain the capability to evolve and adopt with changing needs, development thoughts and experience provoked by the forces in its environment. Among these forces the preferences of the donors followed by a thorough evaluation and change in budgetary allocations played an important role along with other variables to redirect RDRS' thinking and work approach.

On the other hand all programs, mutually independent from each other, were heavily dependent on BRAC staff and leadership. These limitations of the community approach necessitated a shift in BRAC's work approach in 1976. BRAC adopted a target group approach and concentrated to work only among women landless and poor who earn 50% of livelihood from selling labour. At present about 93% of the target people are women who are offered a space and a forum through Village Organization (VOs) to address their own needs and agenda regarding development. The landless labourers, small farmers, artisans etc. constitute BRAC's target group. These people lacking adequate leadership quality in them have low social status. Since 1976 this approach has been operative till date with a view to developing a rural development model following a variety of program strategies. Over the years BRAC has grown into a multifaceted development NGO and now with emphasis on target group approach involves in multidimensional activities. Both geographically and functionally BRAC has been scaling up its

⁹ RDRS. RDRS Annual Report 96: II

capacity¹⁰ with its two major goals of “alleviation of poverty and empowerment of the poor.”¹¹

RDRS experienced three generations of development by 1996 and it is now passing through a new stage characterized by the need for sustainability, localization, people’s participation and empowerment. In each stage of growth RDRS brought some changes in its development perspective and efforts. In the 90s RDRS put emphasis upon the localization of NGO with the specific objective of running the organization by Bangladeshi national at all levels, from policy making to policy implementation, instead of the foreign functionaries appointed by the LWF. It also began intensive credit program as a complimentary intervention to group organization, education and skill training.¹²

Knowledge and experience of RDRS functionaries, direct involvement of LWF—a leading international organization working in the philanthropic field in different parts of the world, involvement of huge number of expatriates as RDRS program staff since its inception helped RDRS (1) conceptualize the realities in its program areas, (2) design development approach and (3) set up organization system complying with the changing environment and need of the people (4) phasing out from relief activities to developmental activities. And eventually, from a relief and rehabilitation organization providing assistance to refugees during liberation war, RDRS has evolved as a major nongovernmental actor striving for integrated rural development in Bangladesh.¹³

RDRS Program Contents to Address People’s Needs

The present program package of RDRS includes comprehensive development program, which is called the core program of RDRS directed towards the comprehensive development of its target population, and some partnership projects funded by different donors other than LWF. RDRS has developed its program package through an evolutionary process accentuated by several inputs such as environmental demands and donors’ choice and so on. Changes are found in the program involvement of RDRS in each phase of its growth.

Basing on the recommendations of 1986 LWFs/RDRS Evaluation Report and experiences of two comprehensive pilot projects in Pirgonj and Nilphamari in 1988, RDRS developed a comprehensive approach and

¹⁰ Smillie. Opcit, p-35.

¹¹ BRAC. BRAC Annual Report 1990, p- 7

¹² RDRS, Opcit, 1996, p-30.

¹³ RDRS. RDRS Annual Report, 1995, p-7.

reorganized its program activities into Comprehensive Project Units and Rural Works Projects in 1989. In sectoral programs there were differences in approach and client groups by programs, along with geographic disparities that led to variation in program impact and created problems of co-ordination. "To provide an improved, standard service to all beneficiary households, the Comprehensive Project (CP) constitutes the core program of RDRS, but with the advent of time the Rural Works Project was absorbed in the CP in 1994 and some bilateral projects were undertaken with the help of different donors. With CP, RDRS also developed specialist support and training services for making the comprehensive project effective. Within the broader developmental goal structure of RDRS its comprehensive project tries to make the organization geographically and sectorally comprehensive,

RDRS formulated its comprehensive policy paper in March 1989 and started activities under this program including Social organization, Functional Education, Agriculture, Primary Healthcare and Family Planning, Woman's Development, Employment and Income-generat-ions. Along with CP it also implemented community health, works program and other emergency activities.¹⁴ In 1992, it included education activities in its social organization program component. RDRS renamed it as Education and Social Organization Program. Some other bilateral projects like the Char Development Project, Marginal and Small Farmers Crop Intensification project, Non-Formal Education Projects etc. constituted important parts in the RDRS intervention along with rural works project.¹⁵ RDRS introduced the home gardening project 1993 and micro credit as a distinct program activity in 1994. Regarding the emergence of credit the organization holds at that time, "Credit is emerging as one of the main development weapons in RDRS battle to alleviate poverty. Encouraged by credit revolution led by other Bangladeshi NGOs RDRS believes credit should be a central ingredient in the development package it offers poor primary groups members supplementing their own impressive saving efforts."¹⁶

In 1995 RDRS evolved its environment and disaster preparations program since disaster becomes a recurring and often devastating fact of life creating poverty and undermining the development gains. This project aimed at development of appropriate protection and coping strategies by the rural people in disaster preparedness and management, the development of community resources including buildings, fishponds and tree plantation.¹⁷

¹⁴ RDRS. RDRS Annual Report 1989.

¹⁵ RDRS. RDRS Annual Report 1992.

¹⁶ RDRS. RDRS Annual Report 1994, p-22.

¹⁷ RDRS. RDRS Annual Report 1995.

With the objective of sustainable increases in the living standards of the rural poor, in 1996 RDRS formulated its new development program policy in 1996-2000. This was based on periodic consultations and planning with its constituency, the rural poor combined with an understanding of the development challenges and opportunity of its working area, enriched by over twenty years of practical experience.¹⁸ Though in the initial years of comprehensive projects there were 5 core projects but to comply with the developmental needs and environmental demands RDRS revised the program structure of CP in the new comprehensive program policies and include 9 programs as CP components. (1996-2000). The previous CP components Thus became more specialized. The nine CP program components are as follows:

1. People's Organization and Mobilization
2. Women's Right and Gender Awareness
3. Education
4. Primary Health Education and Services
5. Credit
6. Agriculture
7. Employment Generations
8. Environmental Management and Community Resource Mobilization
9. Disaster Preparedness, Management and Development of Vulnerable Communities

Learning from experience RDRS complying with the development expectation has been able to design its program components for achieving "sustainable increases.... in the living standards of the rural poor".¹⁹ The individual program objectives are also set within framework of this overall objective. The components of CP are highlighted briefly in the following section.

People's Organization and Mobilization

RDRS involves in two sets of activities under program People's Organization and propitiation. It aims at forming active, trained, cohesive and sustainable primary groups consisting of one adult member from each household (67% women) owning less than 1.5 acre of land and which sells its labour over 90 days a year.

The main activities designed for this end are:

¹⁸ RDRS. RDRS Annual Report, 1996, p- 8

¹⁹ RDRS. Policy Paper, 1996, p-8.

- Formation of group comprising 15-25 group members household and promoting group solidarity and joint active through meeting, joint savings shared education ,training and experience
- Conducting intensive comprehensive awareness raising and education activities for the group members.
- Providing extension training supported by credit in income generating activities.

The other organization named as "People's Organization" the federation of the primary groups aims at formation of active sustainable and democratic union federation as effective local development organization and representative of the interests of the primary groups. The federation is the platform of the matured primary groups (known as secondary group) phased out generally four years after their formation. Activities of the federation comprise:

- Enrollment of the primary groups into federation and providing them with credit, training and other assistance
- Assisting the federations to work within rules regulation and discipline as well to develop capable and responsive leadership.
- Helping federations to develop their own technical cadre
- Providing training with special emphasis on resource mobilization, credit and resource utilization, participatory planning and monitoring leadership and management skill.

The following table depicts the picture of federations, primary and secondary groups of RDRS.

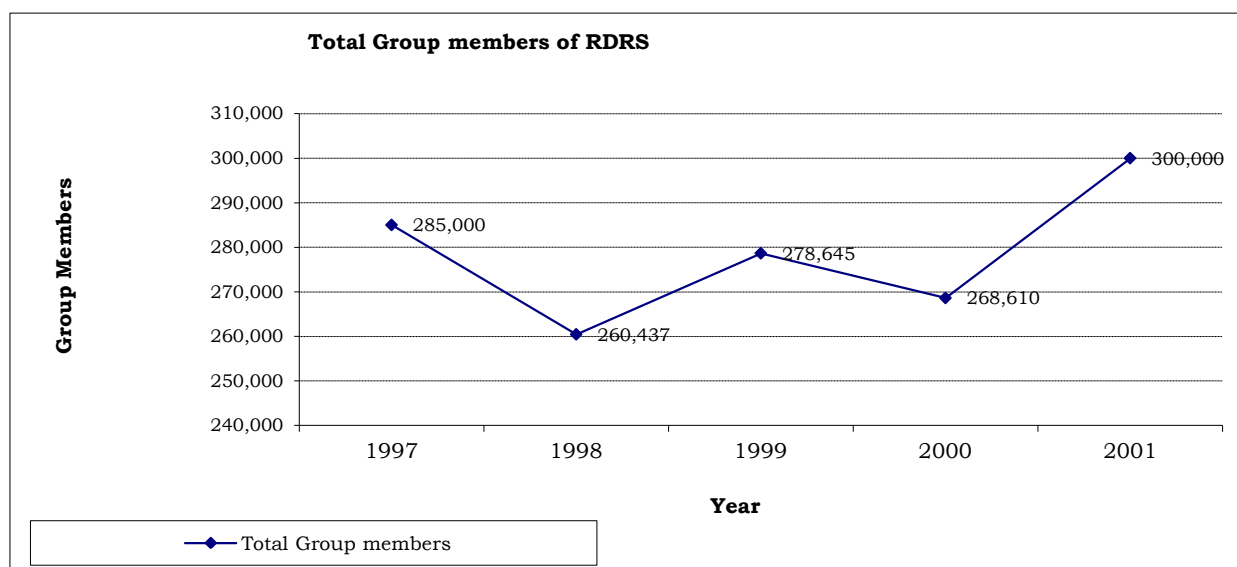
Table- 12 Information about the Organized Group and Federation of RDRS

No.	Information about group	1997	1998	1999	2000	2001
1.	Number of federation	259	252	252	252	256
2.	Number of groups in the federation	5,920	7,699	8,184	7,842	7,904
3.	Number of Primary groups	10,823	7,716	8,896	8,346	8,217
4.	Total Group members	285,000	260,437	278,645	268,610	300,000

Source : Complied from the Annual Report of RDRS.

For the development of group members, primary groups secondary groups and federation RDRS organizes training on leadership, legal issues, "population theatre" etc. and workshop seminar, circulates newsletter, produces radio program and provides legal support. Despite all these efforts the drop out rate of group member is very high, In 1998, 7 federations were also abolished.

Graph – 5



Women's Right and Gender Awareness

The Women's Rights and Gender Awareness program of RDRS has its root in the earlier women development program. The different activities under Gender Awareness program aim at the emancipation of rural women living in the most disadvantageous position characterized by early marriage, high pregnancy rate as a perpetual threat to women's health, abandonment, exploitation, and violence from men. Women play an essential part in production to develop additional income for the family. But their role always remains unrecognized and they have less access to food, clothing, medical facilities, education, legal rights and proper wage rate. With the objective of improving the downtrodden status of women RDRS tries to provide them maximum benefit through all its development efforts. Preferences are given to organizing women to address target households. At present 63% RDRS group members are women and 69% of NFPE students are girls. Besides raising awareness of women folk through education and training activities, RDRS provides employment and income generating scopes for them along with health facilities including antenatal services.

This program consists of three sets of activities including (i) legal education and support services (2) adolescent education and (3) gender awareness. Under the legal education and support services women are trained up on the different aspects related to family, inheritance, labor, land and constitutional rights that deem to help improve their status and accelerate their development. The Paralegal Volunteers work in the community to provide legal support. Adolescent education, an activity under this program, strives to increase the confidence, knowledge and skills of adolescent boys and especially girls in health, family related roles, income generation, social and legal issues. It has resulted in 80% marriages without dowry and 90% are engaged in income generating activities. Under this program educational

groups of adolescent girls and boys of age group (11-15) from RDRS group member families are formed. Training is given to adolescents for 15 days. They are also provided with skill training and credit support for engaging in income-generating activities. Gender awareness activities aiming at gender equity create gender awareness among RDRS target people (groups and federations) and staff members. RDRS has incorporated gender issues in the comprehensive development education curriculum and operates social literacy courses and encourages women leadership in the federations.

Education

Education program in the first comprehensive project was included in the Education and Social Organization Program when social organizations were formed through education. Now education constitutes a separate program. RDRS considering education for all as a priority in national development has designed an education program which includes (i) children's education and (ii) adult education activities. The children's education program offers formal and non-formal education to all the children up to class III with achievements showing at least 90% learners retention, 90% successful pass out in every year and 60% subsequent. RDRS runs NFPE schools, establishes primary schools, children's education centers and Shisu Niloy with necessary supports. It gives more emphasis on the enrolment of more girls in these institutions. It turns normal education into practical development education by adding lessons on home gardening, health and sanitation etc. for the children.

Under adult education program activities life based continued education is given to members with special emphasis on women groups so that they become socially aware, functionally literate and can participate in the social development process. For this purpose, RDRS offers three months course for comprehensive group members and conducts 9-months Social Literacy Course (SLC) for the women group members.

Primary Health Education and Services

Primary Health Education and services program of RDRS, through its five broader components namely Primary Health and Family Planning, Prevention of Visual Disability, Traditional Birth Attendant (TBA) Development, anti-natal services, and leprosy and tuberculosis control and treatment, addresses all primary needs related to sound health of its target population. Primary health and family planning activities aiming at improved health status through giving better knowledge, attitude, health care services and introducing family planning among poor households. RDRS offers one-month long primary health and family planning courses covering all major issues and organizations, demonstration of preparation and installation of

sanitary latrine along with other awareness raising efforts. For prevention of visual disability caused by nutritional deficiency RDRS conducts wide-scale awareness activities, motivates people to grow and consume green leafy vegetables and non-citrus yellow fruits and distributes vitamin-A capsules in high-risk areas. Moreover, special skill training and credit supports are also provided to create employment opportunities and rehabilitate persons with disabilities. To reduce children and mothers mortality rate it identifies the practicing traditional birth attendants in the program area and organizes training for them to ensuring safe delivery. Traditional Birth Attendants [TBA] are also supplied with delivery kits after completion of training. The TBAs work in the community in systematic manner and enjoy self-employment opportunity. RDRS in some of the Satellite Ante-Natal Centres (SACs) in collaboration with government runs health and family planning centres with the same end.

From the very beginning of its operation RDRS has been providing services to the leprosy and tuberculosis patients. It has signed a Memorandum of understanding with government to continue leprosy treatment in the program area. RDRS trains up its comprehensive project staff so that they can identify leprosy patients and ensure their treatment by referring them to the leprosy hospital. Suspected TB patients are also identified and after laboratory test they are given necessary treatments.

Agriculture

Emphasizing rightly on agriculture as the lifeblood of Bangladesh economy, which accounts for half of the country's GDP and provides employment for 85% of the population. RDRS chalked its agricultural development policy through analyzing the prevalent realities in this sector. RDRS observed that, despite many agricultural developments programs starting in the 1960s, small and marginal farmers had largely been by-passed. After selling their land for survival small farmers were becoming landless in increasing number. It further noticed that food production was not even covering the minimum nutritional requirements. Amidst these RDRS designed its agriculture development activities, which are as follows:

1. To assist landless people and near-landless farmers to maximize and intensify the use of their natural and financial resources by cautiously improving farming practices.
2. To protect and nurses the natural environment and natural resources.
3. To pursue long-term rather than short-term benefits, with the aim of safeguarding the food supply and achieving sustainability.
4. To respond to the particular agricultural problems faced by Group Member's Households, whether technical, environmental, economic or social.

5. To reach women in the group members households and respond to their special needs and highs.
6. To be broad based, covering all agricultural activities and all year round rather than seasonal food production.
7. To respect and improve traditional agriculture practices where security is more important than profitability and local resources preferable to high capital investment and external inputs.
8. To support agricultural innovations in production, processing, technology and crops.²⁰

RDRS has developed its agriculture development approach from holistic perspective and initiated different activities for benefiting landless, small and marginal farmers, by maximizing production and reducing production cost. Continuous research in agricultural field for devising low cost technology, high yielding variety of seed, advanced ways of farming, innovating new ideas and exploring profitable sector of intervention has become an integral part of RDRS agriculture development efforts. Partnership with government and other allied agencies for agriculture development is another distinct feature of RDRS efforts in this field.

Agriculture program of RDRS emphasizes on crop production, home gardening, irrigation, livestock husbandry and poultry rearing, and fish culture and involves its group member households in these activities. Since low agricultural productivity increases the risk for marginal and small farmers to become landless, RDRS makes effort for increasing their ability to produce more from their available land. It offers training to the group members on irrigation and crop production technique and supplies environment friendly high yielding variety seeds, fertilizer and pesticides. Necessary credit support is also given for procuring inputs required for agriculture production. Home gardening opens an avenue for potential employment of women labour. Moreover, improved home gardening with vegetables, pulses, species and trees are an important means for people with very little land to improve their household nutrition. RDRS also promotes appropriate non-mechanized, low cost irrigation (such as traddle pumps) to provide food production on homestead plots round the year. Training, credit supports, supervision and other necessary supports are given to the group members to undertake livestock, poultry and fish-culture projects for income and employment generation.

Employment Generations

Emphasizing on more jobs for more people in doing useful work and "opportunities for full time employment" RDRS has undertaken employment

²⁰ RDRS, The Comprehensive Program Policy Paper 1989, pp-19-20.

generation policy for its poor group members. This policy attaches equal importance to two objectives."²¹ The first one is to improve the selection and performance of traditional activities, which are broadly familiar to some or all of RDRS's target people. The second objective is to develop innovations which will raise employment levels in the future.²² RDRS has developed its employment generation strategies in different sectors including agricultural, non-agriculture and rural works sectors.

Through a process of evolution and experimentation employment generation program now concentrates on two innovative sectors, one is sericulture and other is small enterprises development. Since there is huge demand of silk in the South Asian region, and silk production is a low investment activity, quite a large number of people can supplement their incomes by their involvement in one or more stages of silk production process. RDRS undertakes seri-culture activities in massive manner with the ultimate objective of establishing an economically viable, village based, integrated silk yarn production system efficiently run by women. RDRS trains up women in mulberry production, silk worm rearing, homestead rearing and silk wearing and ensure sustainable supply of mulberry cuttings and saplings in addition to credit support and marketing facilities. On the other hand, the small enterprise development sector includes small indigenous off farm income generating activities like trading and vending, rice husking, handicraft, tailoring, rickshaw pulling, food processing etc. All these activities provide wide scope of employment for the rural poor, particularly for the women. To run these activities RDRS organizes skill development training for the potential group members and provides credit for the procurement of nursery inputs like equipment, raw materials, working capital, marketing and transportation etc.

Environmental Management and Community Resource Mobilization

Environmental management involves in the development of well managed and sustainable, large-scale community owned plantation on roadsides and public land. It also aims at increasing social and agro-forestry by Federations, groups, households, and institutions as sustainable sources of income in future. This program also works for establishing energy-efficient methods of fuel use. Accordingly RDRS has designed and implements mixed varieties of trees in the aforementioned places in collaboration with local government and communities, federations and primary groups. It has also introduced inter-cropping methods and production of quick growing fuel wood to reduce the use of timber wood as fuel. Poor women are offered employment as caretakers of the nearby schemes. Community resource development

²¹ RDRS. RDRS Annual Report, 1996.

²² Ibid.

activities are run to develop community resources, so that poor families get more access to community resources and facilities such as school, community and training centres, grain stores, roadside trees, fishponds etc. Under this program RDRS assists federations to develop their physical, social and economic assets and also helps them develop in viable manner and run fishponds, roadside plantation, agriculture and agro-services and other income generating activities. RDRS also provides necessary training, advice and credit for operation and management of the facilities.

Disaster Preparedness, Management and Development of Vulnerable Communities

RDRS works in a highly disaster-prone area where, people suffer a lot due to flood, drought, river erosion, cyclone epidemic diseases etc. that create an objective situation for RDRS to undertake disaster preparedness and management program. The program is based on the assumptions that "damage and destruction resulting from natural disaster are reduced through improved disaster mitigation and preparedness measures including awareness, and improved mobilization and capacity to cope with disaster at household, group and community level in vulnerable localities."²³ The activities under this program includes awareness raising and training for building disaster preparedness capacity, promotion of food security at the household and community level construction of flood embankment in risk areas and delivery of special rehabilitation assistance to disaster affected people. Besides these it also conducts emergency services among the people in its program area. For facing disaster situation RDRS also trains up its staff to effectively provide services to the disaster victims.

The target people of RDRS living in the chars (sandbars) are not only most vulnerable and exceptionally poor, they are also the permanent victims of disaster. Aiming at sustainable increase in their living standard and capability to withstand regular natural disaster RDRS runs a number of activities such as organizing poor char dwellers into group, imparting education and training, developing community facilities, assets and services. It also makes credit supports available to them for promoting agriculture and income generating activities with the help of a trained group of volunteers. RDRS also organizes the displaced landless families living in desperately poor conditions often crowded on to road embankments and surviving mainly through uncertain casual labour, and provides support for income and employment generations.

²³ Ibid, p-35

Micro-credit Program

Identifying credit as the main weapon for the development of the poor, RDRS has under taken credit program as one of its core programs in its development policies. It provided some fund to the groups to conduct self managed interest free loan activities in the 1970s. But none of the ventures was sustainable without the support and supervision of RDRS. From the very beginning of its development phase RDRS undertakes multi-dimensional program strategy, but credit could not be considered an important tool in development. Due to lack of fund to invest in income-generating projects, RDRS group members would rely on money lenders, who threw them into vulnerable exploitation, resulting in loss of land and mounting indebtedness.²⁴ Recognizing micro-credit as a basic need of the poor, RDRS initiated its credit program with the objectives of (1) making credit institutionally available to the poor (2) generating more income and creating long term employment opportunity to the poor and marginal farmers and (3) making self-managed and sustainable people's organization. In 1991 RDRS created the Rangpur Credit Fund and began credit program as a complementary intervention to group organization, education and skill training. Regarding micro-credit program RDRS most aptly holds: "Micro-credit has proved to be one of the most powerful engines in the global efforts to end the crushing poverty that deprives millions of sustenance and hope. It is based on the idea that if you give a very poor women a very small loan to use in a very small self reliant venture, you will get an amazing return on your investment. Not only the borrower will work to end her poverty, but she will improve her family's standard of living and strengthen her community... and you will have a capital asset to lend out to other poor women. It is clear from this assumption that in micro-credit program benefiting both borrowers and lenders NGOs as lenders find a sources of own capital formation."²⁵

The overall objective of the RDRS credit operation is to achieve sustainable increases in the living standards of the rural poor in northern Bangladesh that comprises the following issues:

- establish effective and sustainable credit operation as a necessary economic service for the rural poor whom RDRS serves.
- ensure that eligible RDRS groups/members can obtain ready access to a line of credit to enable them to undertake IGA, according to their needs, choice and capacity to operate.
- ensure that loans are issued for productive purposes and generate income and create employment opportunity for them.

²⁴ Ibid, p-30

²⁵ Ibid.

- ensure disbursement and repayment of loans on time and as per need.
- ensure proper recording, accounting and reporting for all credit disbursement and repayment.
- ensure effective follow-up, supervision and monitoring for appropriate disbursement and timely repayment.
- assist RDRS groups/households to develop necessary skills and confidence in managing business and financial affairs.
- generate a modest surplus to ensure the financial sustainability of credit operation and to contribute towards the costs of RDRS development operations.

The credit program of RDRS, as has been mentioned earlier, has also followed a path of evolution and it was not until 1990 that credit became central to development programs. RDRS received credit fund from PKSF in 1991 and as such added a new momentum and direction to its credit program. In 1994 it finalized and implemented a new credit policy. Since the credit program has grown rapidly it continuously exerts forces on the organization to adapt to demanding tasks. RDRS took time to establish an efficient and effective working system through constant learning by trial and error. In 1999 RDRS credit program became more consolidated by involving the federation in collecting repayments from secondary groups. Federations get 2% of the loaned amount as service charge in the situation of hundred percent recovery rate. Computerized micro-banking system has also been introduced this year.

The primary focus of RDRS credit program is to ensure generation of productive income for the group members, For improving living standard and fulfilling the basic needs of group members credit is also given to other sectors.

The different types of credit given to its group members are as follows:

1. Normal Credit: It is given to the group members for generation of credit income and employment opportunity. The amount depends on the size and nature of the activity as well as on the individual's capability to handle the activities.
2. Seasonal Credit: This credit is mainly meant for agricultural production. It assists group member to conduct productive activities for income generation.
3. **Housing loan:** This is given to the disadvantaged group members to install low cost housing facility. This also includes the cost of one tube-well and a slab-latrine.
4. Special Credit: There are two types of special credits, one is sericulture credit and the other is leprosy credit.

The objective of sericulture credit is to maximize the volume of cocoon production for increasing the level of income of the producers by effectively involving trained skill worm rearers through the supply of required rearing appliances and other logistic supports on credit basis. Leprosy credit is given to the persons cured from leprosy for their income and employment generation.

5. Federation credit: This credit is given to the union federation of the graduated groups for undertaking bigger economic activities contributing to federations' economic strength.

The overall credit position of RDRS over the period of five years is shown in the following table:

Table- 13 Coverage of RDRS Credit Activities

No	Description	1997	1998	1999	2000	2001
1.	Number of group assisted with credit	1562	15215	7900	7618	4,818
2.	Number of primary group with credit	1550	15095	7622	5715	7,768
3.	Number secondary group with credit	118	104	86	83	87
4.	Number of group with outstanding credit	1194	13645	12988	13701	14,467
5.	Total credit disbursed in the year (Tk. in Million)	346	328	340.86	394.80	388.55
6.	Outstanding credit at the end of the year (Tk. in Million)	*	313	391.77	472.20	556.40
7.	Outstanding credit of PGs at the year end (Tk. in Million)	*	*	241.28	277.30	290.91
8.	Outstanding credit of SGs at the year end (Tk. in Million)	*	*	135.12	156.50	232.95
	Others outstanding credit at the year end (Tk. in Million) (Federation, Tribal group & small farmers)	*	*	15.37	38.40	32.54
9.	Credit recovered in the year (Tk. in Million)	*	283.00	251.39	366.00	366.80
	Rate of recovery	95%	90%	92%	89%	88%

* Integrated data is not available

Source: Compiled based on information of RDRS MIS Division and different reports.

BRAC Program Contents to Address People's Needs

Through a long period of evolution, BRAC now maintains core programs meant basically for rural development along with other programs related to organizational sustainability and support services. In 1972 BRAC conducted

relief works but in the beginning of 1973 it began to undertake development programs. During the famine and floods of 1974 it undertook extensive relief work in its program area. In 1976 it initiated an integrated project in Manikgonj which provided the basis of BRAC's future development program. With specific target group approach it started functioning since 1977 and in the next year a training center was established in Savar for human resource development. It also started a sericulture pilot project and established Arong as the marketing outlet of handicrafts made by organized group members in the same year. In the following years BRAC engaged in outreach program, Rural Credit and Training Program (RCTP), poultry program (1979), oral therapy education program, the predecessor of BRAC's present education program. Following this path of program development in 1986 BRAC floated its Rural Development Program (RDP) by merging RCTP and outreach program. BRAC introduced the RCP, the rural credit program, the advance phase of RDP in 1990. Women Health and Development Program started in 1991. During the first half of the last decade of the century BRAC consolidated its program structure and its organization and management system. In 1996 RDP entered into its Micro-Enterprise Lending and Assistance (MELA), launched BRAC Dairy and BRAC University came into operation. In 1997 BRAC started some important projects including the urban development project, BRAC Dairy and Food products and the Delta-BRAC financial projects. To cope with the electronic information revolution, the BRAC Information Technology Institute was established 1998. In 1999 BRAC accommodated its NFPE within the BRAC education program.

In different stages of its growth and evolution BRAC changed its program strategy and gradually extended its functional and area coverage. Some the programs such as Rural Development Program (RDP), Rural Credit Project (RCP), Non-formal Primary Education etc. are directly related to the upliftment of rural masses and some are supportive in nature. "BRAC now has large program support systems, some located at head quarters in Dhaka and other located at various field sites throughout the country."²⁶ Work experiences of BRAC act as the most basic input to its growth and development at the different stages. "BRAC's own observation is that it has grown steadily through replication of successful program from one village to another through addition of components to existing programs where field experience demonstrate a need."²⁷

After massive reorganization in 1999 BRAC program structure now includes the following program components :(i) Rural Development Program, (2) BRAC Education Program (3) Health and Nutrition and (4) BRAC Urban

²⁶ Cotherine H. Lovell, and Kaniz Fatema, Assignment Children the BRAC, Non-formal Primary Education Program in Bangladesh, UNICEF, 1989.

²⁷ BRAC. BRAC Annual Report 1997.

Program. “All these initiatives receive support from BRAC’s own substantial research facilities as well as from its other departments and units such as monitoring, publication, communication, accounts and audit, data processing services, logistics construction and the BRAC printing press.”²⁸ All these components are briefly discussed in the following sections.

Rural Development Program

With the broader objective of rendering comprehensive service to the rural poor, BRAC designed its rural development program in 1996 by merging the outreach program and the Rural Credit and Training Program (RCTP). Outreach program was involved in reaching the target people while RCTP provided credit and training for involving them in income generating activities. After analyzing the mode of functioning and performance, these two programs were integrated into RDP to have better result. Now RDP is the largest core program of BRAC with coverage of about 3.3 million-poor people living in the rural areas. Regarding the ultimate RDP objective BRAC holds, "The ultimate aim of RDP is to contribute towards a more equitable and just society in which the landless poor who earn a living through manual labour and who do not own more than 50 decimals of land, are joined together in their own organizations to attain a high degree of self-reliance in managing their own affairs and in achieving sustainable improvements in their standard of living."²⁹

The strategic directions for RDP includes the following issues:

- Development of appropriate effective and functional organizations of participating households.
- Development of self-sustaining credit entities
- Increase employment and income generation in poultry, livestock, fisheries, sericulture, social forestry, and vegetable production.
- Increase knowledge and action by villagers with respect to their legal and human rights.
- Increase income for the poorest women in the poverty group.
- Improved health of participating households.
- Improved organizational capacity of BRAC.
- Improved efficiency of partner organizations.

The program is based on a two-pronged approach. RDP is primarily run in a newly intervened area for four years to make it financially self-reliant and when it becomes so it is designated as Rural Credit Project, which also

²⁸ Ibid.

²⁹ BRAC: Rural Development Program (RDP) ; Phase II Report; 1990-1992, p-15.

continues with all RDP activities. Initially RDP consisted of four major program components namely, Institution building, sectoral program, credit and support services. Institution building refers to the formation of village organizations including the poor people. Sectoral program includes some off farm and income generating activities run by the group members having credit supports from BRAC. The support services activities are meant for supporting the other three components of RDP to achieve their goal-which includes training computer services, management development, monitoring evaluation, marketing outlet etc.

RDP completed some phases since its inception but with no major change in its program component in its first and second phase. In the third phase (1993-95) Support services have been excluded from the program package and special programs have also been mainstreamed with income-generating sectoral activities. The present program structure stands as follows:

Table- 14 Rural Development Program

No.	Components	Activities
1.	Rural Savings & Credit:	
	1.1 Institution Building 1.2 Credit Operations	Formation of VO, Weekly group meeting Savings mobilization, loan disbursement and realization
2.	Social Development Program	a) Gram Shabha, Polli Samaj, Popular Theatre, Human Rights and Legal education, legal aid, local community leaders workshop.
3.	Income Generation	Poultry, Livestock, IGVDG, REP, MELA, Agriculture, Sericulture, fisheries

a. Institution building

Institution building is a fundamental task in the RDP operation, which works as means to the entire rural development program of BRAC. Regarding the rationale behind the institution building activities BRAC assumes that "... poor are poor because they are powerless both socially and economically. The reasons for being powerless are ignorance, lack of organization, lack of information, limited opportunity for income-generation and employment and inadequate access to resources."³⁰ On this backdrop BRAC organizes poor landless people with particular emphasis on women for building their capacity to involve in sustainable development and enabling them to participate in the national development process.

The activities conducted for achieving these objectives mainly include: formation of village organizations (VOs), building social awareness, conducting weekly meeting, training on human resources and skills

³⁰ BRAC. Rural Development Program (RDP), 1994, p-1

development and issue based monthly meeting. Before formation of group BRAC staff conducts an informal survey to identify the target population. Through personal contact staff initiates the process of group formation. A Village Organization (VO) consists 20-45 members who are within the age group 18-50 and having cultivable land less than 0.50 areas. A Village Organization (VO) is formed as a formal organization through a series of personal contact and group discussion. A people oriented participatory learning program is conducted after group formation, in view of making people aware of deference social issues and training is also imparted for raising awareness skill of the group members, developing leadership capability and defusing of technology. The skill training gives special emphasis on managerial and entrepreneurial skills. The following table provides some basic information related to village organizations:

Table- 15 Village Organization, Members of VOs and Villages Covered by BRAC

No.	Heads	1997	1998	1999	2000	2001
1.	Number of village organization	63,846	73,058	90,250	104,754	109,288
2.	Number of VO members (million)	2.23	2.75	3.3	3.86	4.14
3.	Number of village covered	37,740	42,033	50,000	56,513	60,627

Source: Annual Reports of BRAC (1997 – 2001).

RDP has so far covered 60,627 villages and formed 109,288 village organizations consisting of 4.14 million members, almost 95% of whom are women. BRAC has covered 100% of the district and 427 upazilas out of 460 including 89% villages in Bangladesh. With a view to building social awareness education is given to the members. This is considered as a precondition for the members to qualifying for a loan. Every VO has a fixed day in the week for holding weekly meeting in which VO members make their savings deposits, loan repayment and selection of loanees, resolution and deed agreements take place at these meetings. Like weekly meeting, monthly issue-based meeting are also held at VO level as a regular forum of VO members to make them aware of contemporary social, political and economic issues which affect their day to day life.

b. Credit

Regarding credit BRAC holds that "credit is one of the important resources which the landless poor do not have. Lack of access to credit is the major constraint for the rural people from participating in economic activities. Their potential remains unutilized due to the non-availability of credit. Poor people always need credit because they are poor. Collateral requirement, complex procedure, poor communication and inadequate banking networks have

restricted the availability of credit in the rural areas"³¹ Based on this analysis BRAC started its lending activities in 1975, but the credit program started functioning in full swing with the inception of RDP in 1986.

Now credit is the central element to BRAC's Rural Development Program. In other words, all the activities of RDP are directed towards successful operation of credit. Credit is considered as the means to rural development. Most of the development programs of BRAC usually have a credit component. The specific objectives of the credit activities are to: (i) meet the credit need of the rural poor; (ii) generate income and employment; (iii) mobilize and generate savings for the group member; (iv) mobilize local resources; (v) introduce appropriate new technology; (vi) help the poor to become owners of assets; (vii) support skills development of the members; (viii) improve managerial and entrepreneurial capabilities of the poor; and (ix) reduce the dependency on money lenders and the rural elite in the case of an emergency.

While sanctioning loan, priority is given to schemes, which are economically viable and socially profitable; VO collateral is required for receiving loan; no loan is given to borrowers to buy land from other group members and finally, all loans are subject to continuous monitoring and supervision. Usually three main types of loans are offered, such as general, program and housing loans.

Credit operations of BRAC are carried out through village organizations. Credit is given only to VO members. To receive loan the member must have social awareness, education, regular attendance in weekly group meetings and requisite amount of savings deposit. The whole group shoulders the collective responsibilities of repaying the loan. The borrowers repay the loan generally in weekly installment with a part of the service charge within a period of, one year. The flat rate of calculating service charge is 15%. BRAC's credit operations are based on a revolving loan fund (RLF). Loans realized are credited to and form a part of RLF for extending further credit. The overall credit picture of BRAC over a period of five years are shown in the following table.

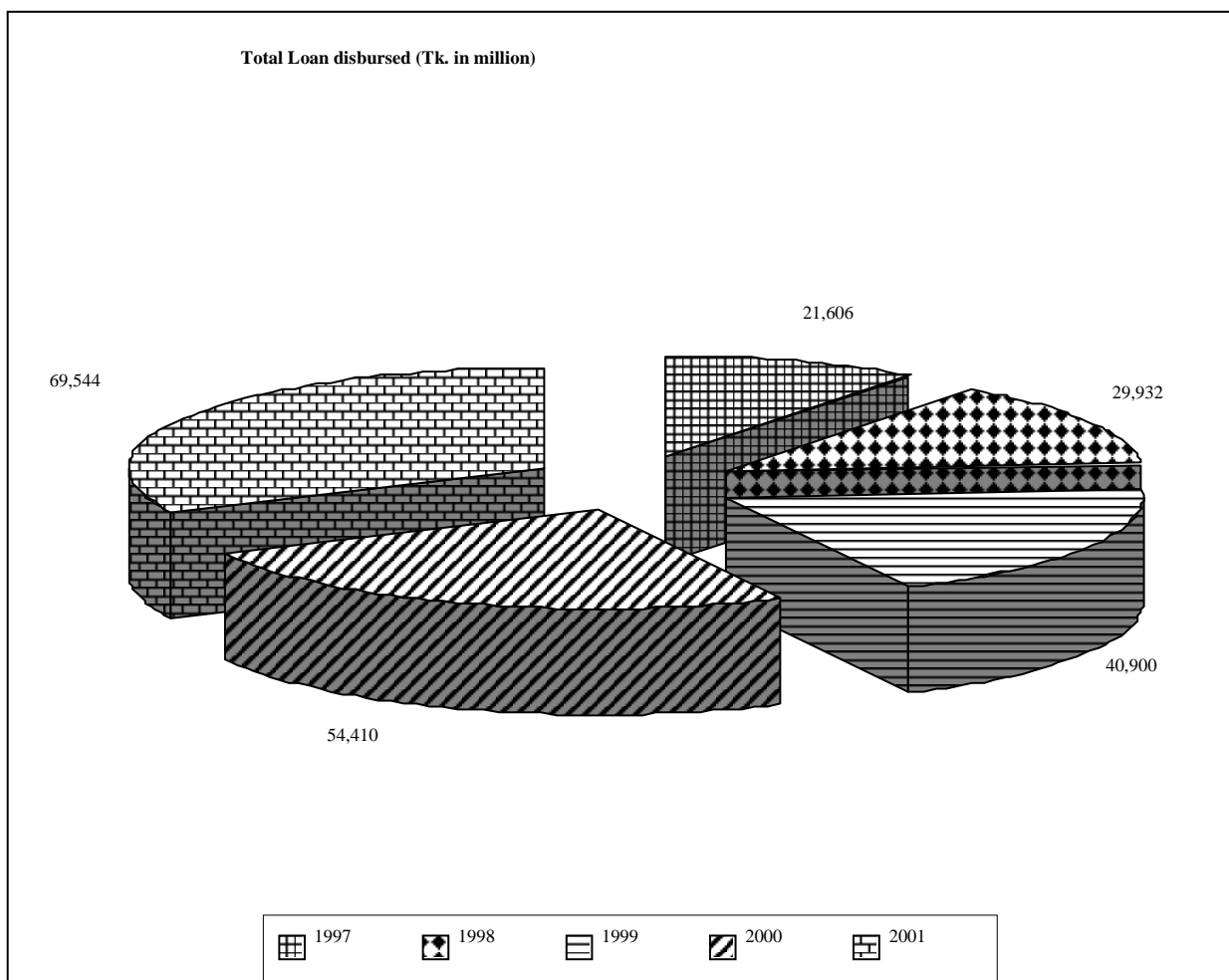
Table- 16 Credit Operation of BRAC (Tk. in million)

No.	Heads	1997	1998	1999	2000	2001
1.	Total Loan disbursed	21,606	29,932	40,900	54,410	69,544
2.	Loan disbursed in the year	6,880	8,347	10,800	13,547	15,100
3.	Loan outstanding	3,887	5,226	7,060	7,855	8,346

Source : Compiled from the Financial Statement of BRAC (1997 - 2001).

³¹ BRAC. Opcit, p-6

Graph – 6



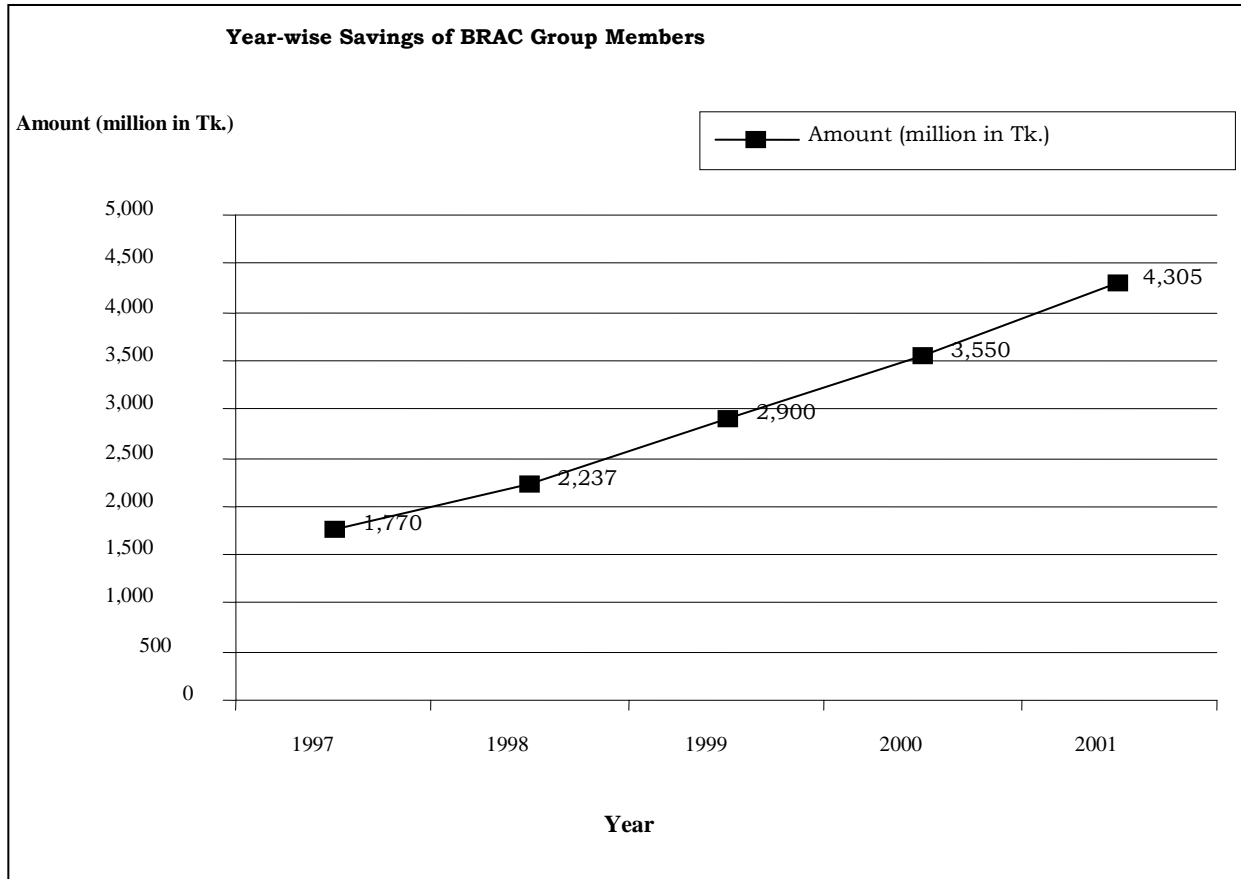
In credit operation BARC has adopted a strategy to reduce long-term dependence on donor's fund and created the Rural Credit Project (RCP). Group saving is an important aspect of credit operation. Savings and credits are both interrelated and complementary to each other. Each group member saves an amount each week and deposits it to the BRAC staff in weekly meetings. Group savings form an opportunity to generate a surplus from regular earning and to earn interest on the money. This money may also be considered as provident fund from the perspective of group members. The present position of the group savings with BRAC is shown in the following table:

Table- 17 Year-wise Savings of BRAC Group Members

No.	Year	Amount (million in Tk.)
1.	1997	1,770
2.	1998	2,237
3.	1999	2,900
4.	2000	3,550
5.	2001	4,305

Source : Compiled from the Annual Reports of BRAC (1997 - 2001).

Graph – 7



The group savings along with the interest earned from credit operation provide the foundation for BRAC’s RDP to transit to the Rural Credit Project (RCP). Now BRAC has 433 RCP area offices (Branches) out of total 475 branches.

Insurance policy for the group members introduced in 1990 is also an inseparable part of BRAC's credit program. Insurance coverage is given at least for one year. The benefit of insurance is fixed for insured members after her/his death. The fund is generated by compulsory deduction during loan disbursements.

c. Social Development Program

Social Development Program, as a component has been included in the Rural Development Program (RDP) of BRAC during its third phase (1993-1995). In the beginning though it included only two activities, Non-Formal Education Program and Human Rights and Legal education (HRLE) with the objective of strengthening communities to deal with social problems making them aware of their rights and responsibilities³² and addressing the problems of literacy among poor rural children. But later on it appeared under a wider functional coverage. Non-formal children education though has been isolated from RDP and included in the education program but it covers a number of

³² BRAC. RDP Phase III:2

new activities. These include formation of Gram Shabha (Community Meeting) and Polli Shamaj (Ward Federation), arranging Popular Theatre, providing Human Rights and Legal Education and legal Aid services, holding local community Leaders workshop and dealing with human rights violation issues and cases.

The former monthly issue based meeting has been renamed as the Gram Shabha (Community Meeting) and included in the social Development Program. This is considered a step towards gaining voice and preparatory stage to step in larger forum. Several issues related to social injustice, violence on women, health education etc. are discussed in the community meetings participated by the VO members only.

BRAC formed Palli Shomaj or Ward Federations in mid 1998 with representatives of all the VOs in each word for giving an institutional voice to the village organizations.³³ The members meet once every two months, play advocacy role and work as pressure groups in the locality against social ills such as divorce, dowry, child marriage, multiple marriage, corruption etc. Palli Shomaj is still to emerge in institutionalized manner. But according to BRAC's own assessment the success of Polli Shomaj is indicated by : greater participation in conflict resolution through local arbitration (*shalish*); the more active role played by women in advocating for VGD cards, *khas* land and ponds, and government services like education, health, agriculture, and livestock; along with representation in local committees and elected bodies. But these are still in the embryonic stage.

In 1998 BRAC initiated group theatre for communicating social and legal messages to the rural people. Under this program dramas are staged reflecting the realities of the society, which help people immediately relate the message to them selves. While in 1998 there were only 8 groups who staged 264 dramas, in 1999 the figures stand 83 and 1558 respectively and afterward the numbers are increasing with same rate.

Human Rights and Legal Education (HRLE) started in 1986, to make the group members, who are mostly women, aware of their rights and knowledge of basic law through 28 HRLE classes over a period of 5-6 weeks. One of the group members acts as teacher who is trained up at BRAC's centers on basic rights and laws. In collaboration with Ain O Shalish Kendra BRAC started its legal aid program in 1998 to provide legal support services to the clients for the cases that can not be resolved through arbitration. Community leaders' workshop program was also started in 1998 to discuss social legal and economic issues with community leaders for building awareness among all section people in the society.

³³ RDRS. RDRS Annual Report 1999, p-16

d. Income-Generating Program

The main thrust of BRAC's credit program is to ensure Employment And Income Generation (E&IG) of its target population and followed by a process of evolution BRAC has embarked on different sectoral programs to strengthen income generating opportunities for the VO members. These sectoral programs include: Poultry, Livestock, agriculture, sericulture fisheries and rural enterprise activities. The poultry program launched in 1993 mainly involves in bred development, feed supply, health care, supply of inputs technical service, vaccination and financial support. Initiated in 1998 the Small Holder Livestock Development Program (SLDP) and Participatory Livestock Development Program (PLDP) provide scope for E&IG to the target people through poultry and duck rearing. These programs also provide nutritional support to improve nutritional status to mothers and children. Under the agriculture program group members get inputs in the form of training, technical service and credit for vegetables production. Sericulture program mainly involves mulberry plantation and silk production among BRAC's group members in the northern part of the country. The fisheries program mainly helps in the promotion of pond aquaculture development and extension water bodies. Through Rural Enterprise program (REP) BRAC group member especially women get involved in non-farm and non-traditional activities.

Table-18 Involvement of Group members in the main income generating activities

No.	Activities	No. of Group members involvement				
		1997	1998	1999	2000	2001
1.	Poultry	119,000	131,000	130,000	137,000	148,000
2.	Livestock	136,708	173,224	195,000	234,988	280,905
3.	Sericulture	21,445	12,919	25,000	13,734	14,860
4.	Fish-culture	98,067	113,997	191,000	193,271	215,330
5.	Vegetable cultivation	58,723	64,273	161,917	130,253	98,588
6.	Women run restaurant & grocery stores	2,898	5,492	11,321	22,174	33,026

Source: Research Division BRAC

Poultry : Following the result of the experimental in Manikgonj in 1977 BRAC designed a model for poultry development program in 1983 to jointly implement with government for achieving some specific objectives such as: (i) develop women as modern poultry rearers, so that they can earn an average monthly income of Tk. 200-250; (ii) reduce poultry mortality from 40-45% to 15%; (iii) increase the poultry population; (iv) introduce cross breeds & increase the production of eggs and meat; (v) improve the protein intake of the rural poor.

The major activities under this program include technical training on poultry vaccination, and supply of quality birds inputs, poultry feed credit and marketing. One group member is given a 5 days basic training on poultry rearing, management, vaccination and treatment of common diseases. She is responsible for 1000 birds in her village. A huge number of women are engaged in this program as poultry workers, key rearer, chick rearer, poultry hatchery operator, feed seller and egg collector. This program is contributing to the Bangladesh Integrated Nutrition Project (BINP) which aims at increasing nutritional status of children and women in the rural areas. BRAC implements this program in collaboration with government and international donors within the framework of Participatory Livestock Development Program (PLDP).

Livestock: With the broader objective of generating income and employment opportunity for the landless poor, reducing livestock mortality rate and upgrading local breeds through cross breeding by artificial insemination BRAC launched livestock program in 1983 on an experimental basis. BRAC organizes rural women and provides training and other inputs to involve them in livestock rearing program.

The training focuses on all livestock related activities such as livestock husbandry, feeding, housing and prevention of diseases. Skill training is also offered to present livestock workers regarding insemination. In possible cases cow rearers are also linked with the BRAC Dairy Project that supplies milk in the urban markets.

Income Generation for Vulnerable Group Development: Income Generation for Vulnerable Group Development (IGVGD) program is a joint intervention between the government and BRAC supported by World Food Program (WFP) for extremely vulnerable rural women with the objective of generating income and creating self sustaining employment opportunity for them through poultry and duck rearing and other activities. The target population of this program constitutes 10% of the poorest rural women having no land and no/little income and any support from anywhere. Government has been providing these women with 30 Kgs of wheat per month for a period of 18 months. During this period BRAC provides training on rearing and income generating activities so that with the withdrawal of wheat support the women can continue to earn their income.

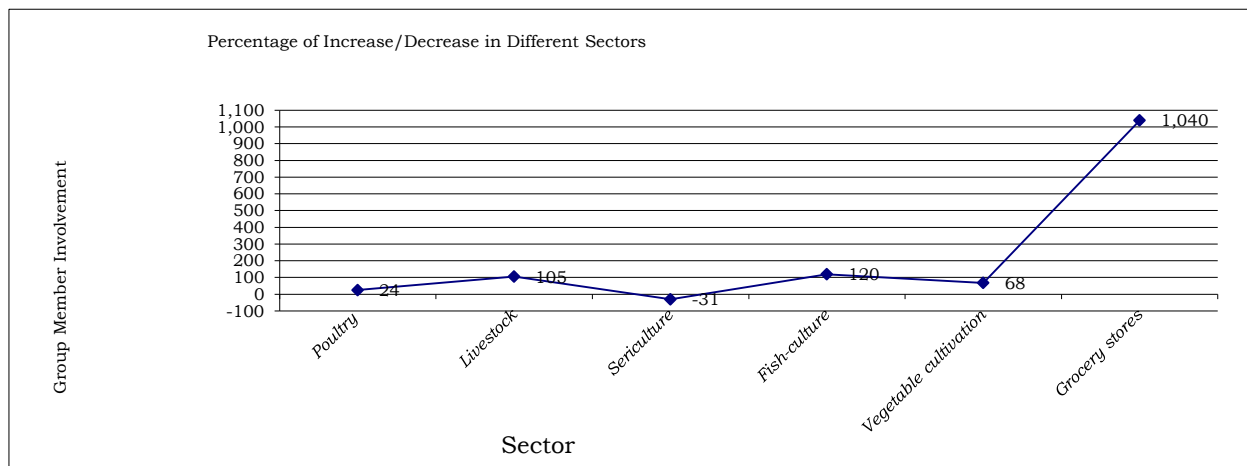
Rural Enterprise Project : Originally started in 1985 as a support service of RDP the Rural Enterprise Project (REP) to explores new opportunities for self-employment of rural women in non-traditional sectors. In 1993 it emerged as an independent sector covering all sectors of RDP. It investigates, tests and demonstrates new or improved enterprises and supports members to undertake such activities. REP seeks to (i) increase and diversify the growth

potential enterprises for the poor; (ii) investigate, test, organize and demonstrate new or improved enterprises, (iii) enable the VO members to undertake such activities; and (iv) create role models amongst poor women.

REP projects are of two categories such as Experimental Projects and Pilot Projects. The former are new ones owned by REP and the latter are improved versions of the earlier ones which directly involve VO members. Under these projects, BRAC identifies problems which are then assessed. A feasibility study is carried out focusing on technical, financial, socio-economic and management aspects of the particular business. An implementation plan for such business includes budget, monitoring and control mechanisms, and staff requirements, outside expertise and so on. REP has created a new opportunity for rural women in non-farm sectors through different projects including 7,376 Sharuchi (restaurant) 25,650 Shuponno (Grocery Stores) 10,922 Shabes (tailoring) 3,958 shucharu (laundry). Besides these there are also bee keeping, solar energy and bio-gas projects.

Increase or decrease of group member’s involvement in percentage in the year 2001 compared to 1997 in different sectors is alarming. This is shown in the following graph:

Graph – 8



Over the years involvement of group members in most of the firms and non-firms sectors has increased but the rate of increase varies from sector to sector. Involvement in livestock, fishculture and grocery stores has increased remarkably while in the vegetable sectors the number of growers is decreasing since 1999.

The percentage of increase in the grocery sector is 1040% over a period of five years while in the GDP contributing sectors like poultry, livestock, sericulture and vegetable the percentages are 24, 105, -31, 120 and 68 respectively.

Micro-Enterprise Lending Assistance (MELA): Micro-Enterprise Lending Assistance (MELA) designed in 1996 to stimulate growth of small

enterprises in semi-urban and rural areas for creating wage employment opportunities for the poor and providing credit to the entrepreneurs to start and expand their existing business. This is meant for the people who have progressed from absolute poverty to relative prosperity and do not have access to modern bank. Under MELA volume of credit ranging from Tk. 20,000 to 200,000/= is given to run enterprises in different sectors including "textile enterprise, cottage industries, transport and food processing services, agro-based farming, service and trading sectors."³⁴

Agriculture: BRAC has been assisting its group members in vegetable production since 1979 with the objectives of increasing vegetable production, consumption and ultimately improving nutrition, generating income and employment for the group members through effective utilization of land and labour and introducing modern cultivation techniques. Recently this program has been included under the agriculture program to assist its member in increasing their agricultural productivity through the use of modern agricultural techniques and high quality inputs. The program consists of the activities of the previous vegetable program, as well as providing assistance in rice, wheat and maize production, the social forestry program, the vegetable export program, the seed production and marketing program and tissue culture laboratory.

Village women are trained up as agriculture extension workers to assist villagers by providing them with training, technical assistance and other inputs such as high quality seeds and disease free seedlings. For complying with the need for seed, the seed program of BRAC has established seed production farms. BRAC now produces a variety of seeds. In 1997 BRAC also ventured into tissue culture and setup a small tissue culture laboratory in Dhaka considering the prospects of community production bio-engineered tubers and seedlings.³⁵ It has now started construction of a larger tissue culture centre. BRAC has engaged in vegetable export program, which provides inputs and training to farmers, buys their produce and exports to the foreign market and thereby ensure the access of the vegetable growers to market and profit.

The social forestry programs of BRAC aims at carrying out extensive plantation program in order to preserve environmental balances and increased income and employment scope for group members. The specific objectives of the program are to: (i) increase income and employment opportunities particularly for the rural poor; (ii) increase awareness among rural people about the value and necessity of planting trees, (iii) ensure a sustainable supply of seedlings at the grassroots level, (iv) promote better use of limited

³⁴ BRAC. BRAC Annual Report, 1999, p- 20

³⁵ BRAC. BRAC Annual Report, 1998, p-34

land resources, (v) increase the supply of timber, fuel, wood and fruits; and (vi) improve ecological and environmental conditions in the country.

The program also includes some other activities like nursery, agro-forestry, coastal afforestation, strip plantation etc. BRAC selects 10 women for 10 nurseries established in each RDP areas, offers them 6-days training on seedling raising and supports them with loan and essential services including seeds, polythene bags etc. These nurseries usually produce seedlings (10-15 thousand each) to meet the demand.

Under the agro-forestry program, VO members having 50 decimals of uncultivable land are selected and supported with loans, HYV seedling, seeds, training and follow up. According to a model plan, farmers cultivate different species of forest trees, fruit trees and vegetables on long, mid and short terms basis respectively. Nitrogen - giving trees with less leaves are usually preferred for cultivation.

The coastal afforestation program was launched following devastating tidal surge and cyclone of April 1991. BRAC started efforts to create a green belt around the Kutubdia Island. Roadside plantation activities are conducted Under agreement between the governments Forest Department, roadside owner, BRAC and BRAC group members, in some specific program areas. BRAC selects 4-6 women members from each VO to plant seedlings of different species supplied by the Forest Department, on about one k.m. of road.

Sericulture: BRAC started this program for creating employment and extra earning opportunities for women as well as increasing the current low silk trade activity, with the assistance of Bangladesh Sericulture Board (BSM). The Specific objectives of the program are to: (i) create employment opportunities, especially for women; (ii) increase income of the rural families, in addition to national income, (iii) help maintain the ecological balance; (iv) expand cottage industry; (v) ensure maximum utilization of land; (vi) increase participation of rural landless poor in the national economy; and (vii) increase the level of professional skill.

Under this program, nursery workers receive RDP credit (Tk. 10,000) for planting mulberry sapling at roadside, homestead or bush land. Appointed caretakers take care of these plants for three years who receive 3kg wheat per day as payment. Then silk worm rearers- categorized as chawki rearers and aged rearers - take over the charge of the trees for silk production. BRAC collects eggs from BSB or elsewhere (India) and supplies them to the chawki rearers who after rearing and taking care of them sell them to the late age rearers who in turn produce cocoons to be sold to the reeling centres. BRAC has its

own centers for silk yarn production. It has also weavers (own and other) at different places of Bangladesh where silk fabric is produced which are sold to BRAC's own outlets like Arong and other outlets. BRAC has also its own sericulture training centres in Rajshahi, Jessore and Mymensingh. Two others are also under construction in Natore and Jhekargachha.

Fisheries : BRAC implements this program in collaboration with different organizations such as Department of Fisheries of the Government of Bangladesh WFP, DANIDA, FRI, ICLARM and Food Foundation. The specific objectives of this program are to: (i) increase income and employment opportunities through proper utilization of local water bodies; (ii) promote fish culture activities by re-excavating and reconstructing derelict ponds; (iii) ensure timely fingerlings and spawn supply; (iv) increase the protein intake of the rural poor; (v) establish rights of poor-fishermen in water bodies such as Bell and Boar; (vi) develop aquaculture management skills of the rural poor. BRAC attains these objectives through implementation of activities such as pond aquaculture development and extension, Haor fisheries, improved management of open water fisheries and fish hatchery.

Education Program

BRAC has developed its education program through a process of evolution since its inception in 1985. Non formal education in collaboration with the Government of Bangladesh aims at eradicating illiteracy and achieving education for all by providing basic literacy, numeracy and social awareness to the poorest rural children with special emphasis on girls. BRAC introduced NFPE program in 1985 with a view to (i) assisting the government in its efforts to disseminate primary education; (ii) reducing illiteracy; (iii) developing children's interest in continuing to learn through co-curricular activities.

In 1999 it reorganized its education activities under the Education Program complying with the above objectives. In course of time the NFPE has become a composite program in association with some other allied program activities as shown in the following table.

Table- 19 Non-formal Primary Education (NFPE)

No.	Program Components	Year	Activities
1.	NFPE Model BEOC Model	1985	Primary education to the children of poorest families ages 8-10 Primary education for children 11-14
2.	Contemned Education	1995	Libraries
3.	Adult literacy	1995	Adult education
4.	Others	1998	Running non-functioning governments primary school, establishing primary school.

In order to realize the objectives, BRAC operates NFPE model for children between ages 8-10 and at the same time another Basic Education for Older Children (BEOC) model for children between 11-16 years who have either never been to school or have been dropped out. Year-wise picture of NFPE is shown in the following table.

Table-20 Year-wise Information Related to NFPE

No.	Heads	1997	1998	1999	2000	2001
1.	School in PO parents	34334	34517	35,992	31,082	34,086
2.	Number of Students	1,103,378	1,105,292	11,60,000	10,03,000	1,100,000
3.	Number of Teachers	33,535	33,746	35,992	31,082	33,370

Source: Compiled from the NFE statistics of BRAC.

BRAC set up community based libraries for the purpose of continued education of the literate people in the rural areas. Each library is equipped with about 1000 books and newspapers. It has also opened Adult Literacy centers to impart not only basic literacy and numerical skill but also follows an innovative curriculum that encourage the development reading habit of the People.

The following table depicts the status of BRAC's continuing education.

Table-21 Continuing Education Program of BRAC

No.	Heads	1997	1998	1999	2000	2001
1.	School Libraries	5640	6313	7,169	7,030	6,500
2.	School Library Members	99,000	2,02,543	2,15,070	2,10,900	2,75,488
3.	Union Libraries	175	285	450	470	570
4.	Union Library members	-	1,39,581	2,02,900	2,12,350	17,61,290

Source: Compiled from the Statistics available in the Annual Reports of BRAC (1997-2001).

BRAC is now Operating primary school. The Government of Bangladesh handed over 67 non-functioning community schools to BRAC in 1998 .To replicate its NFPE model it has also undertaken Education Support Program (ESP) for providing technical and conceptual support along with human resources to other NGOs.

Health and Population Program

Evolving through some distinctive phases health and population program activities has been an integral part of BRAC efforts since its inception. BRAC developed a board-based approach to addressing health, nutrition and reproductive problems of rural people in 1994 under its Health and Population Program (HPP). This program aims at attaining "sustained impact

through the reduction of maternal and child mortality and morbidity fertility and the improvement in the nutritional status of children, adolescents and women.”³⁶

BRAC has made some remarkable contributions in the field of community health services. The decade long (1980-1990) Oral Therapy Extension Program (OTEP) was introduced by BRAC across the nation. Oral Rehydration Therapy (ORT) constituting molasses saline a very simple and effective treatment against diarrhea was also introduced. Following the positive impact of OTEP, BRAC undertook the child survival program in 1986 which with other activities also included training for Traditional Birth Attendants (TBAs). It also expanded program on Immunization. In early 1990, BRAC started its Women Health and Development Program (WHDP) to ensure “safe motherhood, contraception, nutrition, treatment and the cure of a large percentage of tuberculosis (TB) cases and other Acute Respiratory Tract Infections (ARI), development of methods to address the reproductive needs of women, treatment of childhood diseases and promotion of the use of safe water and sanitation practices.”³⁷

Under its HPP BRAC is now implementing four major programs with specific characteristic, named as: (1) Reproductive Health and Disease Control (RHDC) (2) Health and Family Planning Facilitation Program (H&FPFP) (3) Nutrition Facilitation Program (NFP) and (4) Essential Health Care (EHC). RHDC provides services in a comprehensive and integrated manner for reproductive health and control of infections disease: H & FPFP offers necessary management and training support to the national Integrated Health and Population Program (NIPHP) implemented in collaboration with government, USAID and other NGOs. NFP is also a collaborative project with the government. It provides intensive health and nutrition education to the people with special reference to pregnant and lactating women and mothers of children under two years of age. The EHC provides a package of services including “provision of temporary family planning methods, provision of basic curative care by Shastho Shebikas (SSs), provision of latrines and tube-wells for safe water and sanitation, health and nutrition education, HIV/AIDS awareness in the community and mobilization for immunization.”³⁸ The Shastho Shebikas (SSs) or village health volunteers deliver these services. Besides these BRAC has also established BRAC Health Centres (BHCs) to offer secondary level clinical services including health promotion and prevention care.

³⁶ BRAC. Opcit, p-52

³⁷ Ibid.

³⁸ Ibid, p- 54

Table-22 Health, Nutrition and Population Program (HNPP) of BRAC, 2001

No.	Description	Coverage
1.	Working Districts	64
2.	Villages Covered	33116
3.	Population Covered	31,00,000
4.	Community Nutrition Center	7,191
5.	Eligible Couples Served	5,70,000
6.	Pregnant Women Received Antenatal Care	3,23,351
7.	Health Volunteers	99,672
8.	BRAC Health Centers	90

Source: Compiled from the statistics available with of BRAC's Research Division and Annual Reports.

The above table presents a picture of the wide coverage of BRAC's Health, Nutrition and Population Program. For making the whole program effective BRAC provides necessary training to the actors involved in program implementation.

Urban Program

Urban Program, an emerging program of BRAC has developed due to the rapid pace of urbanization and urban need. Especially the expansions of slum areas and increase in slum population leading to sub-human life have created an objective situation for the NGOs to come up with urban program. Following a survey in the urban area in 1991 BRAC opened ten schools in the slum area and in 1997 it started urban credit program. Based on the success of these programs BRAC expanded its program activities in urban area and in 1998 includes 'interventions in health, credit and income generation, education, the environment and policy advocacy activities in the major metropolitan cities of Bangladesh.

Table- 23 Different Program Activities under Urban Program

No.	Name of the Program	Main Activities
1.	Urban Economic Program	Group formation, savings and credit activities in running food and vegetable sale, rickshaw pulling, small trading, mobile restaurants etc.
2.	Urban Education Program	Two components are NFPE-BEOC schools (providing basic education for the working children)
3.	Urban Health	Basic health and sanitary education vitamin distribution, vaccination, sewerage facilities, health checkup and referrals.
4.	Urban Policy Advocacy Program	Lobbying with government policy makers and other organization for increasing urban facilities such as baby care centres for the poor working mothers, organizing domestic servants, establishing hostels for low income women.
5.	Urban Environment Program	Collection of garbage, collection of polythene bags and waste recycling.

Other Programs of BRAC

Besides core development programs discussed in the foregoing sections there are quite a good number of other program activities, such as supportive program and commercial programs. The supportive programs provide support to the implementation of the development program and to the organization's contribution to sustainability. The Commercial programs on the other hand, are mainly revenue generating programs for the organization though some of them are also helpful for development programs.

a. Supportive Programs

Among BRAC's supportive programs training occupies a central position. Under its human resource development program BRAC has been able to institutionalize its training program with national and international exposure. BRAC established its Training and Resource Centre (TARC) first in Manikgonj in 1978 for providing human development and skill development training to its group members and field level staff. Now there are II TARC, working in different areas to provide training support. Besides TARCs BRAC has launched a Management Development Program (MDP) and established the Centre for Development Management in Razendrapur. Based on this centre BRAC now offers a global partnership program in the field of training and organizes training in joint collaboration with foreign universities and institutions. The following table provides a brief picture of supportive program activities of BRAC.

Table- 24 Support Program of BRAC

No.	Nature of Program	Activities
1.	Training	- Training following different approach is imparted from BRAC centre for development management and from II other training and resource centres (TARCs)
2.	Global Partnership	- Provides post graduate diploma in NGO leadership and management
3.	Public affairs and communication	- Advocacy works.
4.	Publication	- Publication education materials, books, newsletter (Setu, Gonokendra)
5.	Library	- Provide information for BRAC management, researchers and staff through collection of books, periodical and journal
6.	Research and Evaluation	- Designing development activities and assessing impact, publication of research compendia
7.	Monitoring	- Keeping management informed of program performance through continuous feedback
8.	Computer centre	- Management information System

Among the supportive activities some are related to program management issues such as public affairs and communication research and evaluation, monitoring MIS etc. Publication and library provide support to these activities.

b. Commercial Program

The commercial program of BRAC directly earns profit for the organization and contributes to the financial sustainability of the organization. In terms of involvement it is in no way lesser than BRAC's involvement in the development field, though the latter acts as the foundation of commercial activities. The following table briefly highlights the different ventures of BRAC.

Table- 25 Commercial Program

No.	Name of Program	Main Activities
1.	BRAC Cold Storage	- Providing long term storage facilities to potato growers and making profit
2.	BRAC Printers	- Printing own materials high profitable business activities through quality printing
3.	Arong	- Market outlet for crafter and profitable business for BRAC
4.	BRAC Dairy and Food Project	- Profit earning by linking rural milk producers with urban markets
5.	Delta BRAC Housing Finance corporation ltd.	- Providing house building loan commercial basis though collaborative efforts
6.	BRAC Information Technology institute	- Providing high quality information technology knowledge on commercial basis
7.	BRAC Internet Services	- Offering full fledged online internet service in Bangladesh
8.	Vegetable export program	- Exporting vegetable in Europe and East Asia

From the above table it is quite evident that the dimension and the size of BRAC's commercial programs are also diversified and voluminous in nature.

Basic Features in Program Intervention of the NGOs

RDRS and BRAC as non-governmental development organizations started working with the stimulus and initiatives of *external funding agencies*, though the prevalent socio-economic realities in the post liberation period, created an objective situation for their operation .So it is hardly difficult to say that the efforts of the organizations are *indigenous in content*, in spite of their move for the betterment of the indigenous population. RDRS no doubt is one of the largest non-governmental rural development institutions in country, but it has also developed as a project of LWF in Bangladesh. BRAC started its activities with donors' linkages and initiative, but unlike RDRS it

was done under local leadership. Primarily the nonpolitical and nonprofit making *humanitarian and voluntary* spirits of the founders appear to be the main force behind the inception of the two NGOs. Later on other driving forces have added new momentum to the organizations in different generations. In the first generation both RDRS and BRAC conducted relief and rehabilitation activities. For BRAC this generation existed only for few months in the year 1972 while in the case of RDRS it continued up to 1976. In its third generation RDRS engaged in rural development activities by starting the Comprehensive Project with some integrated programs directed towards the well being of the target population where credit constituted the core program component in its rural development efforts. In the third generation along with some sectoral programs BRAC initiated its Rural Development Program (RDP) fully based on micro credit activities.

The program structures of the two organizations developed complying with the need of the target population, donor's support as well as with the underlying philosophy and spirit of the organizations. The contradictions of their internal and external environments equally reflect the notion of innovative changes in their functional jurisdiction. In respect of RDRS the humanitarian Spirit of Lutheran World Federation sprung from Christianity and molded the commitment to bring about innovative changes in development efforts. The programs designed by both the organizations have the capability to address some of the crucial needs of their target people as well as bring about attitudinal changes in the other people of the society.

One thing is clear that none of the NGOs have taken into consideration the existing theories of development and development management rather they prefer to follow the path of learning from experience in their efforts. It is quite evident in the case of BRAC. RDRS also follows the same path but involvement of quite a good number of experts expatriate at the field and policy level help it to follow a holistic perspective. Since RDRS developed with the initiative, guidance and funding of donor it could have been able to develop its program structure in a very comprehensive and coherent manner. But from the perspective of development and growth, BRAC is quite different from RDRS for its origin under local leadership. It always puts emphasis on its sustainability with programs and organization even after the withdrawal of donor's support, which is absent in the case of RDRS. However, activities of the two NGOs are basically dependent on donor fund and in this consideration these are not indigenous in nature.

Due to the integration of religious motivation and presence of foreign experts, voluntary spirit with professional soundness was spontaneously operative behind the initiation of RDRS program activities. In the case of BRAC, professionalism dominated the reality in undertaking the BRAC

programs. Increased emphasis of BRAC on economic profitability and income generation in initiating different program activities including the RDP explores a strong sustainability dimension of the organization. But the CP of RDRS is functionally comprehensive in nature. Regardless of the differences in the different phases of evolution RDRS worked with multiple program activities, sectoral or comprehensive, complying with the need of the community and the target population from non-political and non-profit perspective.

The target population of both the organizations is the poorer section of the community. In the initial years RDRS undertook the activities benefiting the total community by constructing huge number of schools, hospital, road, culverts and bridges. It evolved comprehensive projects adhering to strict target group approach based on the concept of ILO report 1980: "Development of man; as an individual and as a social being aiming at its liberation at his fulfillment. Development should be geared to the satisfaction of needs beginning with the eradication of poverty, indigenous and self reliant, that is relying on the strength of the societies which undertakes it; and in harmony with the environment."³⁹

For the liberation of man RDRS programs have been designed from total perspective and environment is always an important issue in the package of its program activities. The target population of RDRS is the poor having not more than 1.5 acres of land. Since the beginning RDRS has been giving priority to women members and maintaining a gender balance. Target population for BRAC program intervention is also the poorer section of the community. BRAC declares its development objectives as "poverty reduction and empowerment of the poor".⁴⁰ The poor persons having at best 0.50 acres of land are eligible for BRAC group membership. The ceiling of landholding of the group members ERDRS is higher than that of BRAC, which have direct relationship with the development approach and functional involvement of the NGOs in the rural development field. In the beginning the agricultural productivity increasing strategy of RDRS has involved extensive agricultural activities that has evolved new agricultural technologies and popularized them among the people in the area. This sector, in line with the landholding of its group member is less emphasized in BRAC intervention. It could not go beyond vegetable production.

The target people of RDRS are only the inhabitants of Rangpur-Dinajpur regions the North West part of Bangladesh while BRAC covers the whole of Bangladesh. RDRS from the very beginning of its development phase intended to have intensive development impact in the life and environment of

³⁹ RDRS. RDRS Annual Report 1987, p-7

⁴⁰ BRAC. BRAC Annual Report 1999, p-8

its target population and selected a particular region for its program activities which it found suitable in the post liberation period. On the other hand, heavy cost and management involvement in running this CP in different areas are also two deterring factors. BRAC's involvement in micro-credit program since its inception in development generation acts as instrumental to the expansion of its area coverage throughout Bangladesh.

Both the NGOs consider education and training as important elements for development but nature of involvement of the two NGOs in these sectors are quite different. RDRS started its comprehensive program with social education program. RDRS groups were formed as the output of this program. Its participation with government's non-formal education gives the program a new dimension. BRAC's education program (familiar as NFPE) is a collaborative program with the government, not a core component of its rural development program. In 1998 BRAC isolated it from its rural development program package giving it an independent program status. For imparting training to the organized group members and NGO staff both these two organizations have human resource development program. In RDRS it is more field oriented and practical in nature.

Formation of group is central to program activities of the NGOs understudy. But the approach to group formation is quite different. The primary focus of RDRS group formation is to evolve sustainable social organization of the poor for addressing their needs. Union Federations of the groups are formed when the groups attain certain level of maturity. Hence there are two types of group of RDRS members, primary and graduated ones included in the frontier organization, the Union Federation. Union Federations have become a popular institution in RDRS area and emerging as people's NGO quite different from the NGOs of NGO leaders. RDRS 'Development Program Policy 1996-2000' in this respect states that "Active, trained sustainable and democratic union of federations will represent the interests of primary groups members and develop as effective local development organizations."⁴¹ BRAC forms village organization as group of target people to run its credit and allied programs. Recently in 1999 BRAC came up with the idea of union federations named Palli Shomaj, but it is still in the embryonic stage. On the other hand RDRS despite adopting the target group approach in the development generation, always upheld the importance of community. In this regard RDRS holds that the success of RDRS does not just depend on the generosity of foreign donors nor the experience of its staff nor the labors of the beneficiaries but also on the affluent peasants, rich landlord, educated young women and their relatives.⁴²

⁴¹ RDRS. RDRS Annual Report 1996, p-18

⁴² RDRS. RDRS Annual Report 1995, p-9

Both the NGOs as the two largest rural development organizations in the non-governmental sectors conduct several program activities. The program approach of RDRS is comprehensive in nature and all the program activities are related to rural development in an integrated manner. BRAC still could not evolve integrated program packages for rural development. In its RDP education was first treated as constituting components but recently it has isolated it and same is the case with health program. These programs are being run in rural areas for serving the target population of BRAC as sectoral programs. Analysis shows that BRAC has carefully developed its program structure based on the availability of donors and government support to address the need of target population as well as that of the organization. Consequently BRAC's program structure has got different shape including a number of profit making program components other than the development program component. BRAC has now assumed the character of an efficient commercial organization.

Women's issues have been an integral issue of NGOs' development effort. Women development is a separate program in RDRS though it cuts across all other activities. RDRS approaches women development issue from a total perspective based on the assumption that "achieving women's development is not a matter for women alone. It is a matter for all, including the male members of the society. Women's development also depends on men's attitudes. Women's activities and development cannot succeed without the cooperation and support of men."⁴³ BRAC's gender perspective is mainly concentrated in the inclusion of women in the groups and program activities for their empowerment though like RDRS it could not develop any institutional mechanism, like union federation to develop women leadership at larger community level.

Micro-credit program now is the central phenomenon in the NGOs' rural development intervention. RDRS recognizes itself as a late comer in banking business and its involvement in credit was necessary for ensuring capital supply to its group members, to keep the group members with RDRS at the advent of a number of micro-credit giving NGOs working in the RDRS operational area. The micro-credit program though lately inserted in the RDRS program package has at present appeared as central to all program activities. While the target group is the poorer section of the community and the main objective is poverty alleviation, credit becomes the basic input in the productive and income-generating activities having commands on financial and informational inputs. RDRS gradually approaches towards micro-credit, inter-links it with other program activities and concentrates on it for poverty alleviation and development of the poor. Interestingly the processes of

⁴³ Ibid.

nationalizing of NGO and increasing involvement in micro-credit programs go hand in hand in RDRS program intervention. Credit program has been taken as a profit generating venture to make the organization self-reliant. On the other hand BRAC started with credit and gradually undertook other program activities. BRAC's RDP started with credit and flourished as RCP with credit.

Position of Credit in the Program Intervention

Credit is a basic input for employment generation activities where the Group Members Households (GMHs) do not have their own capital or access to traditional sources of capital. In the beginning RDRS would suggest its group members to take loan from their group funds developed through their own savings. It also provided seed money to some of the federations amounting taka 100,000/= for running credit activities. To meet further credit need it helped group members get loan from local commercial bank. Loan from group savings and federation fund is not sufficient to satisfy the need and on the other hand all group members neither have access to the institutional bank loan nor have the ability to face hazardous procedures/conditions. In such circumstances, RDRS lastly mobilized its own credit fund and ran credit activities on a large-scale to provide scope for more employment generation activities.

Credit program, specially the micro-credit programs gradually emerged as the focal point of RDRS rural development efforts. In the beginning of its intervention the components of the comprehensive project could not produce an expected level of utility for the group members, because they did not have sustainable access to the RDRS services in different sectors. The accessibility depends on many things including the service delivery system, as well as consciousness and financial capability of the incumbents. Almost each of the program components of CP in one or other way is directed towards the financial self-reliance of the poor group members. Education program is the primary initiative to motivate people and organize them into groups. Saving activities is one of the goal activities of the program to involve group members in a process of getting credit and utilizing the same for income and employment generation. In the Women Development Program women are given training on different issues pertinent to women's right as well as on some income generating activities, like homestead vegetable gardening, goat and cattle rearing activities, fish cultivation, agriculture, rice processing works etc. Without capital skill generated through training has little scope to produce desirable outputs. Two components of the CP of RDRS including agriculture and income generating programs are directly dependent on the strength of capital support given to the group members along with other

necessary inputs. Regarding health program, following a process of evolution, as has been mentioned earlier, RDRS has confined itself only to preventive health activities and providing water and sanitation facility to the people who also need credit to install the facilities. However, it becomes clear from the analysis that, without ensuring income generation for the poor target people, RDRS has limited scope to facilitate comprehensive development for them, and for this purpose credit support becomes an inevitable instrument. The available fund consisting of savings of the group members and the seed money supported to the Federations of group by RDRS is too small to satisfy the credit needs of group members. This objective situation lastly compelled RDRS to concentrate in micro-credit programs for the development of poor group members and combating the increasing poverty trend in its program area.

There are also some other factors that have profound influence on the emergence of RDRS micro-credit program as central to its rural development intervention in recent times. From the very beginning RDRS was fully based on donor's fund and LWF was running the organization as its project in Bangladesh. Calculation of the sustainability of the project was bypassed in all its phases and it did not develop any income-generating avenue, which could support the continuity of program activities after the withdrawal of external donor's assistance. The policy shift of LWF regarding RDRS to phase it out and make it a Bangladeshi organization through gradual withdraw we of its support, is an another crucial factor for the present authority to search for prospective scope of internal revenue generation. Since the service charges, earned from micro-credit program can provide an instant source of income generation for the organization and credit is also needed by its group member RDRS started its micro-credit program in a massive manner.

BRAC's efforts for rural development, since its first generation credit program is being considered as the central component of intervention. In the different phases of evolution it simply adds some new program activities which are supportive to the credit program. In its outreach program and rural credit and training program launched in 1979 credit activities are organized and supported by the outreach programs and training activities respectively. Also in its RDP program evolved through the merging of the earlier two programs in 1985 when "it was seen that both social mobilization and input support were essential to alleviate poverty and to empower the poor."⁴⁴ Other activities related to education, health and support services are, thus provided to make credit program effective so that poor people can come out by breaking the poverty cycle. For poverty alleviation BRAC emphasizes on

⁴⁴ BRAC. BRAC Annual Report 1998, p-19

capacity building of the poor and involving them in income generating activities. Likely the objective of its savings and credit program “is to help create a financial base for the group members through savings mobilization and credit so that they can carryout different income generating activities.”⁴⁵ BRAC provides training to the group members for undertaking income generating activities, but it is not possible without credit support. Credit centrality of BRAC efforts becomes more clear through its adoption of a new program strategy in 1990 under which it aims at the transfer of RDP branches to Rural Credit Project (RCP) to turn the former into a self sustaining credit institution. In this regard BRAC most aptly holds that the Rural Credit Project (RCP) is a continuation of RDP initiated activities with a distinct structural identity having emphasis on rural credit operations.⁴⁶ The idea is simple Smillie points out “an RDP branch had achieved the optimum volume of savings and lending and once the basis RDP inputs had achieved appropriate levels of discipline, commitment and skills, it would be transferred to the RCP, some times refereed to as the BRAC Bank Experience has shown that from start to finish, the process takes about four years.”⁴⁷ Regarding the position of credit program Smillie also holds that BRAC started with development efforts and only now feels confident to embark on a credit program of a substantial scale.⁴⁸ In fact BRAC's Rural Enterprise Program (REP) and MELA are the vivid examples of its scaled up credit program.

Both the organizations RDRS and BRAC are concerned for rural development. In spite of the presence of a few different elements in their program approach both the organizations undertake programs pertaining to the needs of their target population. Both the organizations share the same experiences in their genesis from the relief-rehabilitation works to the involvement in development activities following the target group approach. In this approach poverty alleviation is the goal where micro-credit program acts as the active means to attain this end. Distinctiveness of the RDRS approach lies in its inclusion of small and marginal farmers in target population, emphasis on agricultural sector for economic growth, thrust for evolving environment friendly agricultural technology, recognition of the role of society in community development. Despite its comprehensive efforts for the development of its target population RDRS fails to consider the issue of its organizational sustainability throughout its long period of operation. Perhaps the missionary zeal of the sponsoring authority and the status of RDRS as one of its project in Bangladesh were responsible for this limitation. It has been mentioned earlier that the Micro-credit program has the potential

⁴⁵ Ibid

⁴⁶ Ibid

⁴⁷ Smillie. Opcit, p-41

⁴⁸ Ibid, p-12

to ensure financial sustainability of the NGOs but RDRS is late comer in this sector. It started this program in massive manner at the time of evolving as a Bangladeshi NGO instead of a project of the Lutheran World Federation.

On the other hand from its very beginning BRAC has involved in micro-credit activities following target group approach and attached much importance to earning self-reliance. In line with this strategy it undertakes different types of income generating activities and initiates several innovative ventures. In this respect the spirit of the founder of BRAC and his professional capability act as the driving forces.⁴⁹ To address the basic need of the target population both the NGOs namely, RDRS and BRAC run multiple program activities linked with credit for the betterment of the poor target groups. Eventually credit management functionally represents NGOs system of development management. It should be noted that mobilization of rural resources in of contributes more to financial self reliance of the NGOs than that of group members which is quite contrary to the voluntary spirit. From the program structure of BRAC it becomes clear that it has assumed the dominant characteristics of a profit making business organization through its increasing involvement in business activities

Regardless of all other considerations, the poverty situation of the group members and scope for access to capital in the forms of credit motivates the target people to organize themselves into groups under the guidance of the NGOs workers. Credit also offers a wide prospect for NGOs self-reliance. It is difficult on the part of NGOs to run their activities other than micro-credit, without donor's or external help and ensure their institutional sustainability. But at the present stage NGOs can institutionally survive with micro-credit without donor's help. MCP of BRAC is the most successful example in this respect. These realities in-practice have also close linkage with the NGO's organizational capabilities as well as effectiveness in the program management systems. How far the approach will be able to cope with the goal of development depends on the organization and the program management systems of the organization, which functionally constitutes the development management of NGOs.

⁴⁹ Ibid, p-30

Chapter – 6

Organizational Capability of the NGOs: RDRS and BRAC

Organizational capability plays the key role in NGOs' development efforts, which also affects designing and implementing all program activities for rural development. In this chapter the organizational capabilities of NGOs have been analyzed from the perspective of organizational development, institutionalization and commitment, financial capabilities of the organization focusing on organization system, human resources and operating resources of the NGOs. Organization structures, human resources development and financial strength of RDRS and BRAC have been analyzed one after another to single out the basic features and understand their relevance with the aspects of development management.

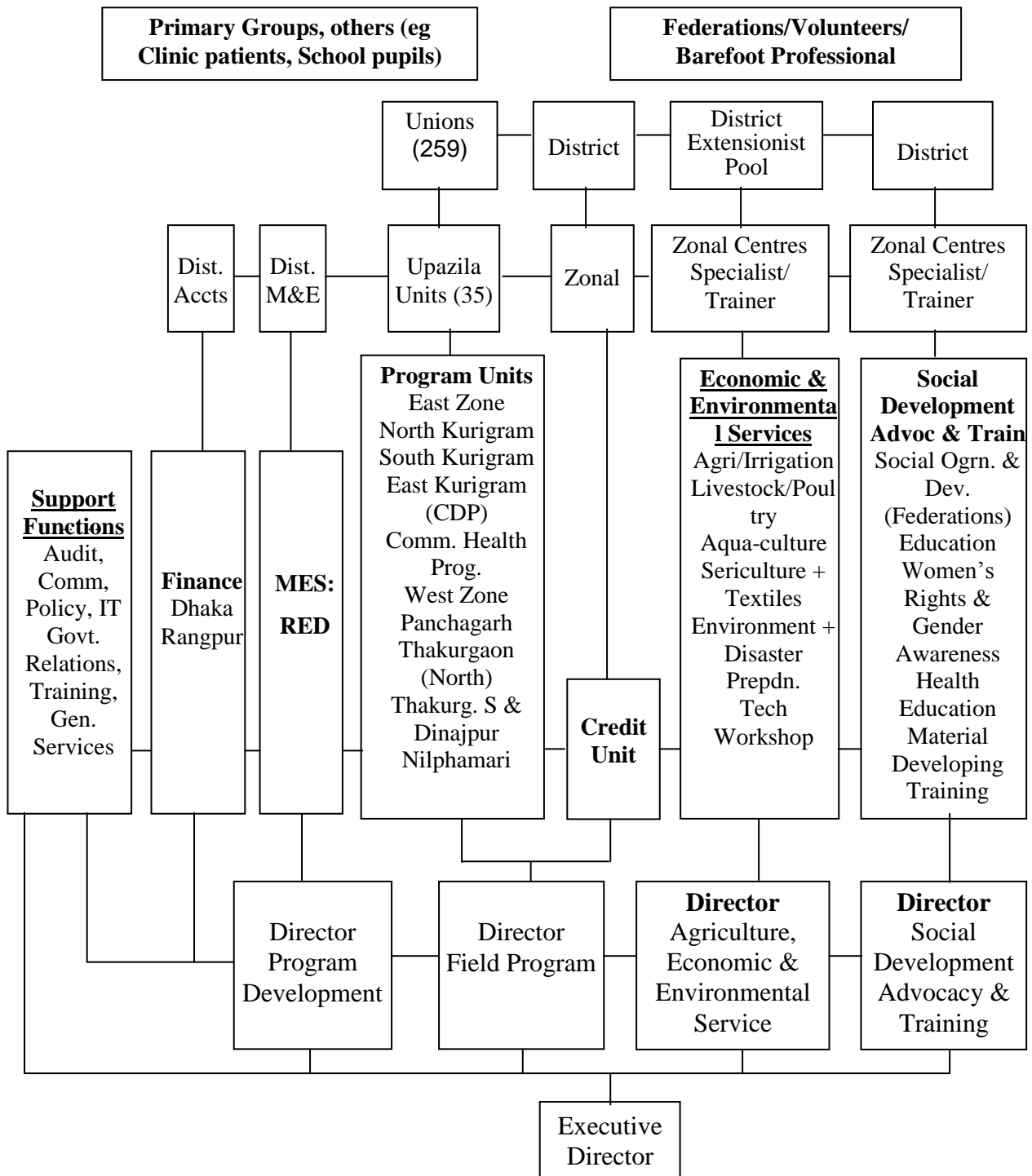
Organization System of RDRS

Organization management system of RDRS is characterized by a number of major changes in its organization structure and processes. In entering into each new generation, RDRS brings about necessary changes in the system of organization. Moreover, at the phase of nationalization when the foreign expatriates leave the organization and the organization strives its efforts to attain a stage of self-sufficiency, then drastic changes have been made in the organization management system. RDRS organization structure has been developed in line with its development program components and covers its total program area in the Rangpur Dinajpur region in Bangladesh with its national office at Dhaka. In RDRS management organization change constitutes an important aspect of organization culture. There are a lot of differences in the structures existing in the relief, community development and target group development phases. At the present stage while RDRS has turned into a national NGO from an international one and is trying to enhance revenue generation for organizational sustainability at the face of gradual reduction of in external assistance, a different type of organization system has been evolved in RDRS.

The organization structure of RDRS experiencing remarkable changes in 1989, 1991 and 1997 following a clear path of organizational change and

development has attained in the present stage. (Annexure- I). The present structure has substantially changed the previous structure unlike any changes so far made in RDRS. At the top of RDRS organization structure is the Board of Trustee consisting of seven members including one Chairperson, one Treasurer, one Member Secretary and four other members of the Trust. Rasheda Chowdhury is the Chairperson and Kmaluddin Akbar is the Member Secretary who is also the existing Executive Director of the organization. The Executive Director (ED) is the executive head of the organization. The ED is officiated at the head office of RDRS in Dhaka. The RDRS organization structure consists of several horizontal and vertical divisions spread from the head office to the grassroots level unit. Dhaka office of RDRS consists of four departments named as MES-RED, Finance and Support functions Departments. Executive Director is the head of this office. He is assisted by Director Program Development. Each of the Departments is headed by a Coordinator. In the MES-RED besides Coordinator, there are four Program Officers, one consultant and one Administrative Assistant. In Finance Department there are altogether 8 staff including one coordinator one Accounts Manager, three Accountants and three other supporting staff. On the other hand, Support Functions Department has some units each responsible for distinct functions such as Internal Audit, Communication, Policy, Information Technology (IT), Government Relations, Training, Secretarial job and General Services. These units are headed by Coordinator (Special), Program Officer, Policy Coordinator, IT Coordinator, Program Officer, Program Officer Administrative Manager and Program Officer respectively.

RDRS Organogram

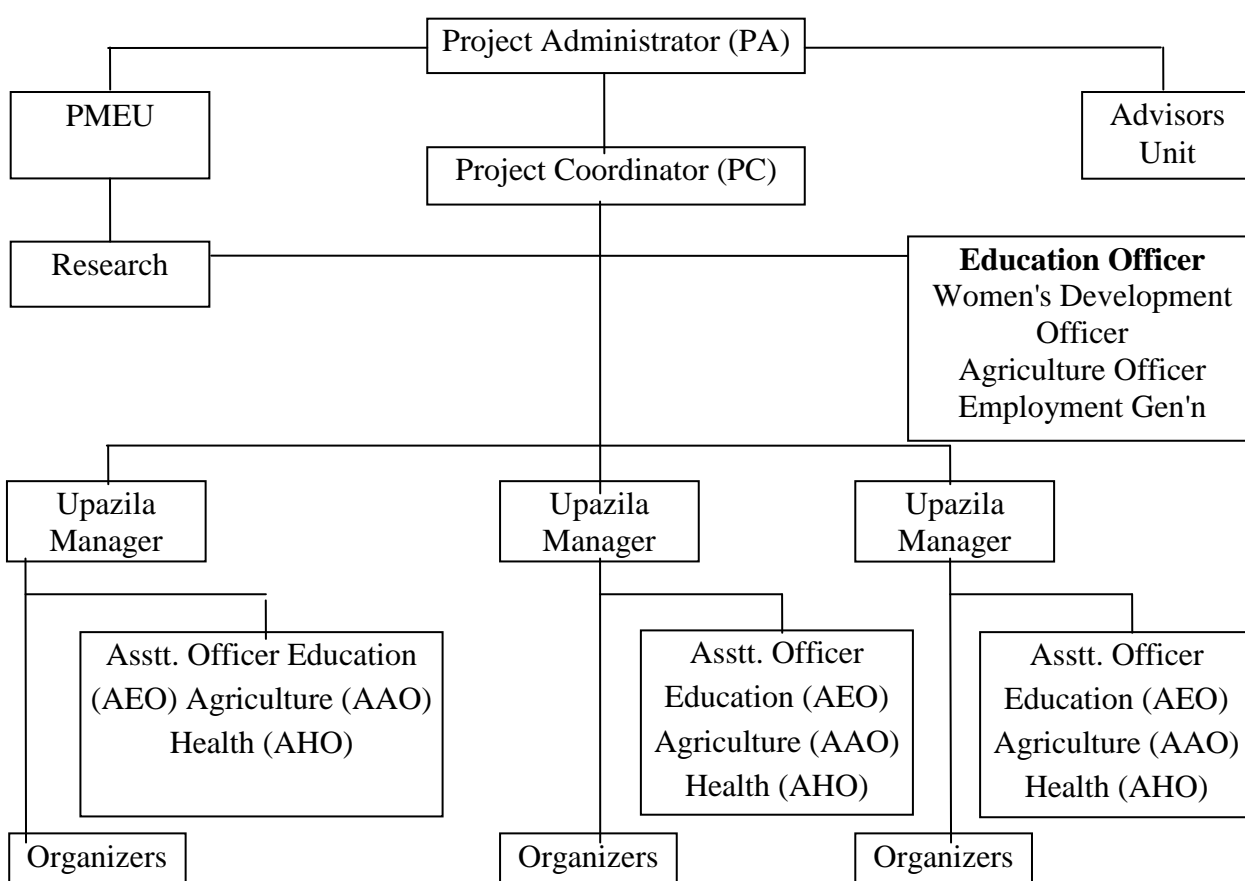


The field office of RDRS, situated in Rangpur is responsible for managing all the activities in its program area. There are four Directors in the field office such as (i) Director Field, (ii) Director Social Development Advocacy and Training (SAAT) (iii) Director Economic and Environment Services (EES) and (iv) Director Program. Director Field is responsible for overall field management. Director SDAT is for running training activities and managing RDRS training centres along with performing social development education and advocacy role while the Director EES is responsible for the income

generating activities. All these three Directors have their own Directorate but the Director program does not have any directorate.

The program area of RDRS covering 6 districts of Rangpur Dinajpur region is divided into 8 Project Units (PU) that are headed by Project Coordinators (PC). There is an Assistant Project Coordinator (APC) in the PU to assist the PC. Some Extension Officers are also posted in the PU for providing expert services to the Upazila Unit (UU), Besides EOs there are also Monitoring Officers (MO) Credit Officer (CO) Accounts Officers (AO) as staff member. Monitoring Officer monitors the program activities at the UUs. CO is in charge of the 'Micro-Bank' of RDRS that maintains the credit accounts of all the groups within the project units.

Field unit level Organogram of RDRS



The present structure of RDRS has been evolved through long process of change, which was necessary for harmonizing with the changing situation and objective of the organization. The departments or the different functional divisions of RDRS at all levels of organization have also experienced the same path of evaluation. Of course with the withdrawal of the expatriate staff different positions and divisions of RDRS have been changed remarkably and in some cases abolished. But all the changes are made based on evaluation.

Each Project Unit of RDRS is divided into Upazila Units. Upazila unit is the grassroots level organization of RDRS with sub-offices at the union level.

Upazila Manager (UM) is the head of the Upazila unit. TM is assisted by Assistant Upazila Manager (AUM). Out of 3 ATM, two are posted in the sub-offices and the another one helps TM in his/her work. In each sub-offices 2-3 Union Organizers work under AUM. One Social Development Education Officer (SDEO) is posted in each Upazila Unit. There are also one Administrative Assistant and one Work Assistant in the unit.

At the village level there are Primary Groups (PG) and Federation of Secondary Groups which are considered as the people organizations for development intervention. There are Volunteers to manage the Federation under the guidance of the SDEO. Primary groups work under the supervision of Union Organizers (UOs). The Federation has a-nine member Executive Committee with a Chairman, a Secretary, a Treasurer and 6 others members elected by the representatives of the secondary groups within the Federation for a period of two years. When the Primary groups are found to attain a level of maturity by a process of assessment are referred to the Federation.

Human Resource System of RDRS

Complying with the nature and coverage of program RDRS personnel system has been developed within the frameworks of its organization and service structures. RDRS has its personnel manual under which all the personnel functions of RDRS are performed. Changes in the size of personnel are very remarkable in the organization. There is no separate personnel department in RDRS. Recently a new post of Personnel Manager has been created in the field office and one Personnel Manager has also been appointed at the head office. The functions of personnel staff are mainly confined in maintaining personnel statistics and development of personnel database, which is very often required by donor agencies. There are different types of RDRS staff like regular staff, volunteer and project staff. Regular staffs are included in the service structure of RDRS.

RDRS recruited a huge number of staff working under its different sectoral programs but coping with the organization change the number of staff has been reducing day by day. In 1988 there were 1800 regular staff in RDRS. After five; years in 1993 the number of staff stands 1400 and in 1995 it comes to 1100. But along with these core staff now there are 170 staff engaged in the bilateral projects and about 3000 volunteers. Among the core staff 30 are Dhaka based, 65 Rangpur based and the rest 1005 are field staff of whom 600 are grassroots based organizers, the front line staff of RDRS. Among the total staff percentages of male and female are 69% and 31% respectively. The obvious reasons behind the decrease of regular staff were mainly for the consolidation of program activities, sectoral to comprehensive and the closure of a big program like Rural Works Project. But the employment of huge number of volunteers helps RDRS to spread a compact

personnel network throughout its program area. From this view point to speaks the truth, that despite of the decrease in the number of core personnel, the total manpower of RDRS, however, did not decrease at all.

Employment of significant number of expatriates is one of the distinctive features of RDRS personnel system. Since 1972 RDRS gradually increased its expatriate personnel to 16 in 1978 when application for registration was filed in compliance with Foreign Donations (Voluntary Activities) Ordinance 1978 seeking approval for 16 positions. Following the registration RDRS Geneva Headquarters gradually reduced the number of expatriates in Bangladesh. In 1990 only 7 out of 16 approved posts filled up by expatriate, 1 position remained vacant and rest 8 positions were filled up by Bangladeshi nationals. But now there is no expatriate employed in RDRS.

Administration Division of RDRS performs all personnel functions from recruitment to retirement, directly or indirectly on the basis of the Personnel Manual. The service system of RDRS is divided into ten grades. Each grade corresponds to a salary scale. Each of the salary grade again consists of 10 levels from A to J. Due to this type of pay structure in fact there exist about 1000 salary scales in RDRS. Regardless of complexity in accounting and financial management, this multiplied pay structure has some positive scope for employee motivation since it has so many avenues of economic incentive that can be used following employees' performance evaluation. It is to be noted here that RDRS always evaluates its staff performance applying its self developed method in every six months. Monitoring and Evaluation Unit is responsible for this evaluation.

Complying with the prerequisites of development management RDRS has standardized its recruitment system for ensuring impartiality in the process of employing competent candidates. It has also developed an institutionalized training system for increasing the capacity of the employees so that they can easily perform their assigned roles in the changing environment. Though the administration division assumes personnel management functions, an independent Selection Board recruit the staff by scanning the applicants.

Identifying training as a basic input to development management functions RDRS authority has developed a training system implemented through its three training centers at Thakurgaon, Lalmonirhat and Kurigram and 7 smaller centers at Bharungamari, Chilmari, Domar, Kaligonj, Panchagarh, Pirganj and Rawmari. RDRS has also developed substantial training resources over the years. In addition to meeting training needs of its development program and staff, RDRS makes available these training

resources to other organizations. Along with the network of well equipped training centers its has a team of experienced and qualified training staff including senior trainers, consultants and subject matter specialists capable of designing and conducting a wide range of training tasks and consultancy. Its training syllabus is very much comprehensive containing 30 courses on a wide range of subjects from general to highly specialized and technical. The duration of training courses varies from 2 days to 30 days. Training methods used are markedly participatory with both trainees and trainers actively involved in discussion. Some other specific techniques like workshops, brainstorming, plenary discussion, field visits, role play, games, case studies, structured experiences, flipcharts etc. are also used along with the provision of handouts and practical demonstrations when required. Most of the training courses are followed by review and evaluation. RDRS prepares training calendar for the whole year and imparts training accordingly from its different training centers.

Operating Resources of RDRS

RDRS started functioning as a field program of Luthern World Federation in Bangladesh and then it turned into an NGO following a process of evolution. Though it has turned into a National NGO as the consequence of the nationalization process started in 1993, but still LWF and some other international donors are the providers of the fund for RDRS. LWF has got some partner donors who contribute in regular manner RDRS activities. In fact RDRS being emerged as a National NGO in the form of a trust, it is almost totally dependent on the donors fund. Existence of direct functional and financial linkage with LWS and other international agencies helped RDRS develop a financial management system from the very beginning of its operation in Bangladesh. The Finance Department with the help of its Area Accounts Office at Rangpur, Thakurgaon, Lalmonirhat and Kurigram is responsible for financial management as per the provisions of the RDRS Financial Procedures Manual. Besides this manual there is another manual for credit operation. The Financial Procedures Manual of RDRS is comprehensive one capable of sustaining an efficient financial management system. Recently, after being a partner of PKSf the organization involved in credit program in a massive way, now it is shaping its credit operations as per the direction of PKSf.

RDRS needs a huge amount of fund for implementing its different programs in each year. It procures more than 85% of its fund from LWS and other foreign donors. The analysis of the available financial summaries of RDRS in different years shows that RDRS generates a small percentage of funds as local contribution in the form of cash and kind. It is mainly the

contribution of the government in the works program. This contribution does not exceed 15% of the total annual requirements. The fund position of RDRS annual budget is shown in the following table.

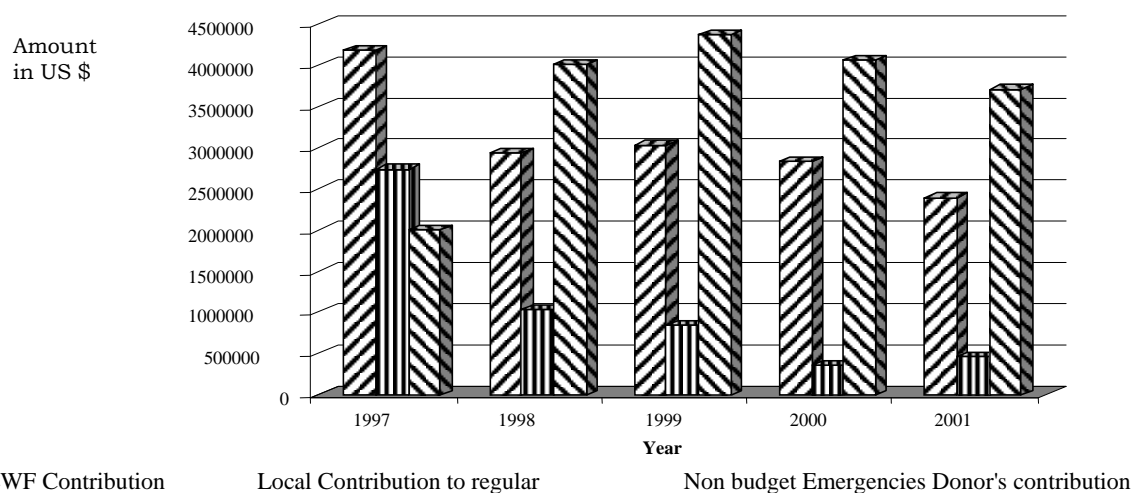
Table- 26 Fund Flow of RDRS from Different Sources (US Dollar)

No.	Sources of Fund	1997	1998	1999	2000	2001
1.	LWF Contribution	4173958	2928028	3026836	2831383	2388588
2.	Local Contribution to regular	2733246	1030326	838983	353011	463425
3.	Non budget Emergencies Donor's contribution	1996440	4000048	4370855	4060405	3701183
Total		8903644	7958402	8236674	7244799	6553196

Source : Different Financial Reports of RDRS (1997 - 2001)

Graph- 9

Fund Flow of RDRS from Different Sources (US Dollar)



RDRS makes 23 categories of expenditure in the budget and shows the sources of fund accordingly. The regular programs such as Comprehensive Project, Rural Works Project, provisions for emergencies in program management, and program operation costs are included in the first category budgeted expenses which is managed by the fund of LWS along with some local contribution (in cash and kind forms). Another two categories of expenditure fall under Emergencies and Non budget heads. Here an emergency includes the non-budgeted expenditure needed for unapprehended natural disaster. A very small part of this expenditure often is faced by local contribution, while the greater portion comes from donors. On the other hand expenditure required for Bi-lateral projects sponsored by different donors is placed under non-budget head. Program wise fund mobilizations from different sources by RDRS in five consecutive years has been shown in the following table.

Table- 27 Program wise Fund Mobilization from Different Sources

		1997	1998	1999	2000	2001
A.	LWS Fund:					
	Comprehensive Project	3947878	2704617	2835402	2651406	2262244
	Rural Works Project	868	-	-	-	-
	Provision for Emergencies Program	225212	223411	191434	-	-
	Program Operation	-	-	-	179977	126344
	Sub-Total	4173958	2928028	3026836	2831383	2388588
B.	Local Contribution:					
	in cash	23445	451521	263894	138210	463425
	in kind	2709801	985174	575089	214801	-
	Sub-Total	2733246	1436695	838983	353011	463425
	Total	6907204	4364723	3865819	3184394	2852013
C.	Non-budget & Emergencies:					
	Bilateral Dev. project	1643708	3195660	3988779	3596700	3165595
	Bilateral Disaster Preparedness Project	-	-	-	-	-
	Bilateral Rehabilitation Project	352732	408388	382076	-	-
		-	-	-	463705	535588
	Sub-Total	1996440	3604048	4370855	4060405	3701183
	Total Resources Administered	8903644	7968771	8236674	7244799	6553196

Source : Different Financial Reports of RDRS (1997 - 2001)

Donors started RDRS programs in Bangladesh about three decades ago with their own fund channeled through LWS based in Geneva. Still RDRS is solely dependent on donors for financial inputs. Not only that this dependency is found in increasing trend when the volume of external fund flows and the number of donors are considered. The following table clearly highlights the picture of the number of donors, volume of foreign fund received, total financial position of RDRS as well as the percentage of foreign fund in the total budget in five consecutive years.

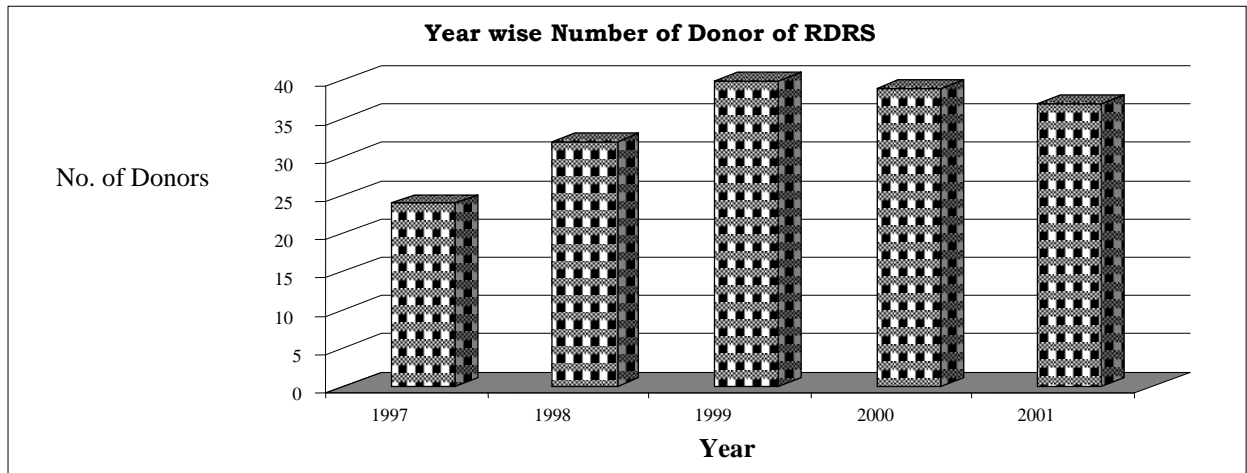
Table – 28 Total Financial Position and Donors Fund of RDRS

Year	RDRS			
	No. of Donors	Total Amount Received from Donors (US \$)	Total Financial Position without Fixed Assets (US \$)	% of Donors Fund
1997	24	6170398	8903644	69.30
1998	32	6928076	7958402	87.05
1999	40	7397691	8236674	89.81
2000	39	6891788	7244799	95.13
2001	37	6089771	6553196	92.93

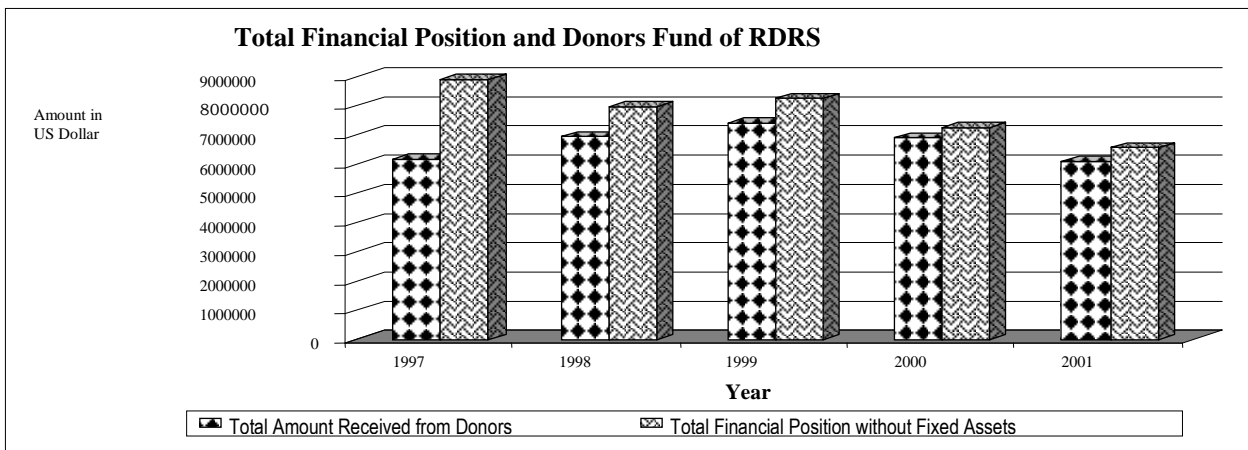
Source : Different Financial Reports of RDRS (1997 - 2001)

From the above table it is quite clear that RDRS is heavily dependent on the donors' contribution. In the year 1999 89.81% of RDRS budget was funded by donor agencies while in the years 2000 and 2001 percentages of donors fund stand as 95.13% and 92.93% respectively received from different donors (Annexure-II). The position of donors' fund in RDRS is shown in the following graphs:

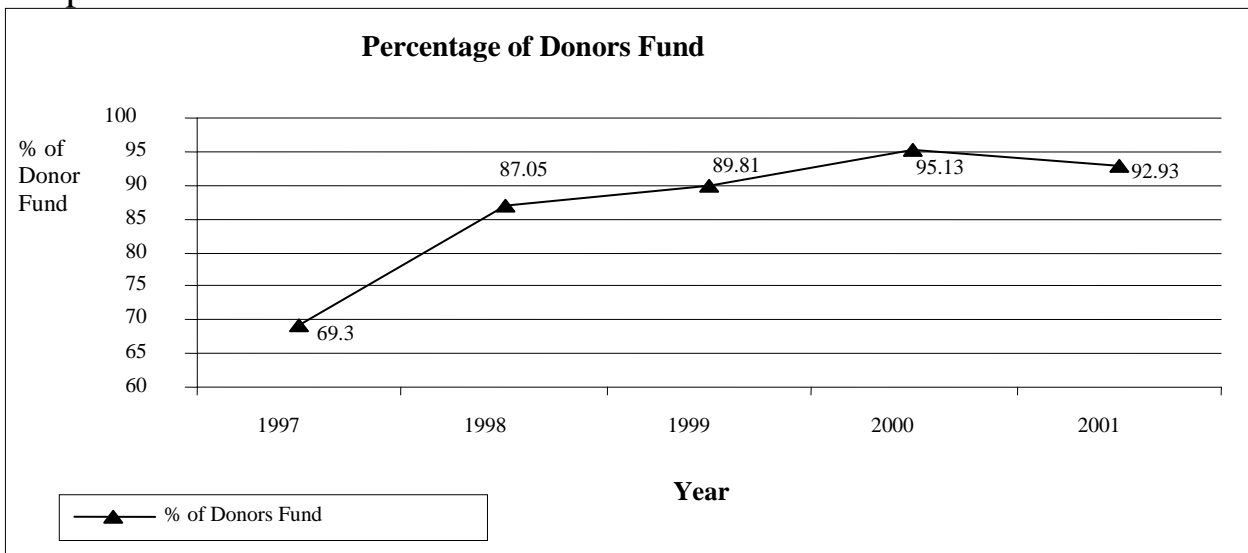
Graph – 10



Graph- 11



Graph - 12



Comprehensive Project of RDRS is basically a comprehensive rural development program. This project is totally dependent on donor's fund on the one hand and on the other the volume of such fund is decreasing in the recent years that has corresponding impact on the dimensions and volume of RDRS program activities. In 1999 RDRS received US \$ 7397691 from the different donors but in the years 2000 and 2001 the volumes of donors' fund after reducing stand as US \$ 6891788 and US \$ 6089771 respectively. Corresponding to the reduction of donors' fund the allocation LWS fund in the comprehensive project over the last years have also been reduced. In 1997 LWS allocation in this project was US \$ 3439600, in the year 1999 it reduced to US \$ 2835402 and 2001 to 6089771. The most remarkable thing is that volume of local contribution as well as the volume of own resources of RDRS have been decreased over the years. In 1997 local contribution was US \$ 2733246, in 1999 it was US \$ 838983 while in 2001 volume of local contribution stands only US \$ 463425. In 1997 the amount of RDRS own financial resources (without fixed assets) was US \$ 8903644 but in 2001 it becomes US \$ 6553196. All these realities connected to the operating resources are not compatible with the nationalization policy RDRS directing towards the self-management, self-reliance and sustainability of RDRS.

Organization Structure of BRAC

BRAC is registered under the societies Registration Act 1860, which in fact provided the macro level legal framework of its organization and management system. As per the provisions of the Act BRAC has a seven member Governing Body including a Chairman and an Executive Director. This body possesses the supreme authority in respect of creating executive organs and designing management pattern suitable or necessary for the attainment of objectives specified in the memorandum of articles of the organization.

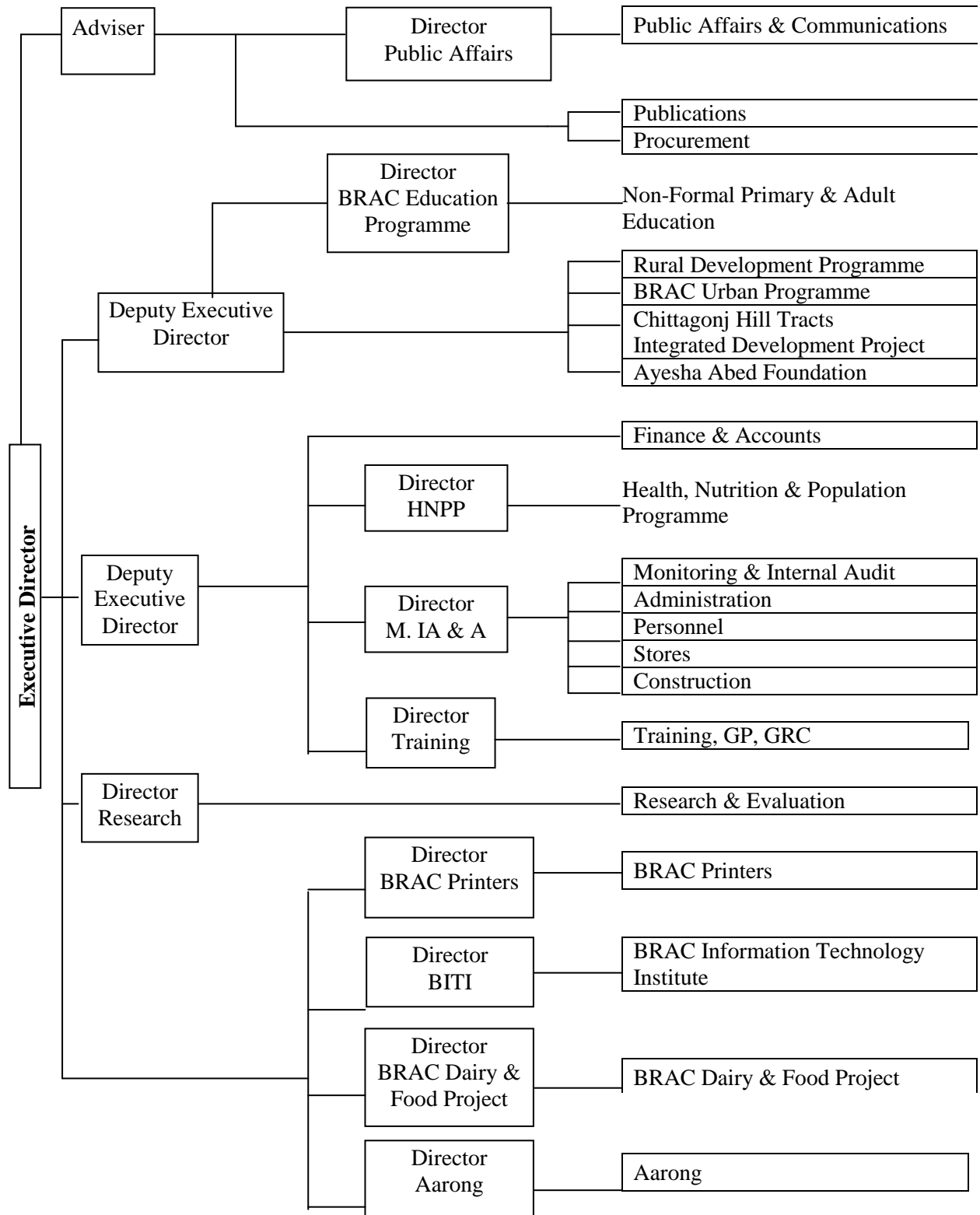
Governing Board (GB) is the supreme policy making body Mr. Fazle Hossain Abed - the founder of BRAC acted as the Executive Director (ED) from the very beginning of the organization but recently a retired civil servant has been appointed as the Executive Director while Mr. Abed is the Chairman of the Governing Board of BRAC. Below the Board BRAC has a large organization system, headed by ED having much horizontal and vertical differentiations complying with its multiple programs and vast area coverage throughout the whole country. At the executive level, they have Directors, each heading an executive division of the organization. The Executive Director is at the head of the organogram working as the Chief Executive of the organization. The ED is assisted by two Deputy Executive Directors (DED) and one Advisor.

Director (Programs), Director (Field operations RDP/RCP), Director (Finance), Director (Research), Director (Administration), Director (Monitoring and Special Programs) and Program Coordinator (NFPE). Under the Director (Programs), the following officials work: Program Coordinator (PC)-MDP, Manager-TARC, Executive Assistant- Communication and Information, Senior Manager- Construction and Manager Logistics. Under the Director (Field Operations) there are 5 Sectoral Specialists (Sericulture, Fisheries etc., Poultry/IGVGDP, Rural Enterprise Project, Marketing Unit and Health) and Regional Managers. Sectoral Program Organizers, Auditor, Accountant, Monitors, Office Assistant and Service Staff work directly under a Regional Manager at his office. On the other hand, Area Managers of a region works under the Regional Manager of the particular region. Program Organizers, Program Officers, Accountant, Gram Sehbaks / Shebikas and Service Staff work directly under an Area Manager in his office. Director (Finance) directly controls Manager (Finance) and Consultant (Computer). A Manager (Research) is directly under the Director (Research). Director (Administration) controls Seminar Manager-Administration, Chief Auditors, General Manager-Cold Storage and Program Manager-Agro Industries. Director (Monitoring and Special Programs) controls Manager-Monitoring under him who, in turn, controls Field based Monitors. Program Coordinator (NFPE) directly controls Regional Manager, who, in turn, controls Area Manager while Program Organizers work under the FO (NFPE). All Directors enjoy equal status while rank and status of other officials and staffs do not seem to be horizontally perfectly regular.

Under the Deputy Executive Director-I there are three Directors such as Director HPP, Director MIA & A and Director Training Director HPP is the head of the health, population and nutrition program, Director MIA & A is in charge of Monitoring, internal audit, administration and personnel activities. Stores and construction are also within his functional jurisdiction, the Director Training is responsible for BRAC's Non-formal Primary and Adult Education Program. Rural Development Program, BRAC Urban Program, Chittagong Hill Tracts Integrated Development Project and Ayesha Abed Foundation are directly run by the Deputy executive Director. The Director Public Affairs, head of the Public Affairs and Communications Division works under the Advisor of Publications and the Advisor directly responsible for the management of the Procurement department. There are five other Directors namely Director Research, Director BRAC Dairy Project and Director Arong. They work directly under the Executive Director of BRAC and of them except Director Research and Evaluation, other four Directors are engaged in commercial and income generating activities.

Due to its works at the grassroots level, BRAC’s organizational network is also extended down to that level but supervised and directed by the central structure as depicted in the following organogram:

BRAC Organogram



Source : BRAC Annual Report

Organization structure of BRAC has been developed in line with the development of its functional differentiation and program contents.

(Annexure-III-a,b,c) But it could not be possible without environmental favorableness - which helps a committee established in 1972 develop as one of the largest non-governmental organizations in the world. In the evolution of BRAC's functioning it has been mentioned that it transit from relief approach to developmental approach. This transition necessarily accompanies organizational change and development. To make it effective BRAC established its Research and Evaluation Department in 1995. Its Organization and Management system becomes more differentiated after undertaking Integrated Project in 1996 in Manikganj. Since then during a period of two decades BRAC launches steady organization development in line with its new programs and expansion of area coverage.

Both from its Program Tree and organogram it is evident that BRAC has been able to develop some supportive programs under some specialized departments. This organizational development is necessary for increasing the organizational capacity to design, undertake and implement development programs effectively and efficiently as well as helping the organization to develop its capability for survival overcoming entropy situation.

RED - the Research and Evaluation Division, which was created in 1995, has now strength over 100 people including a research team of about 40 researchers. Outputs of this division consists of the publication of hundred of research studies, development of a new research methodology called “Assessment of Basic Competencies (ABC)” methodology, establishment of an environmental cell etc.

Down to this central structures, the field organization, specially pertinent to develop programs of BRAC's program tree has two management tiers, - at regional level and area level. Area is the bottom level unit, often called as branch, which is responsible for implementing its development programs. Regional office co-ordinates, and supervises the activities of area officers. There is another managerial division termed as zone consisting of some regions. But the zonal office is centrally situated in Dhaka.

Regional office is headed by the Regional Manager (RM). An RM supervises and monitors the activities of 5-10 Area Offices (AOs). An RO consists of an account section headed by one accountant and some related specialist sections headed by corresponding number of Regional Sector Specialist (RSS) such as, RSS livestock, RSS HRLE, RSS NFPE and RSS sericulture.

The grassroots level organization and management of BRAC, the Area Office (AO) is responsible for running rural development program. It has been mentioned earlier that BRAC's Area Offices are of two types: RDP and

RCP. An RDP area turns into RCP area when it becomes able to run its credit program by the fund mobilized from within the organized group members. An area office covers 80-100 villages in 4/5 union. Some criteria are followed in selecting a program area such as, (a) high incidence of poverty, (b) lack of employment opportunities (c) poor access to public resources; (d) absence or inadequate coverage of other NGOs.

Through the establishment of these branches BRAC in fact establishes its institutionalized involvement in the rural development efforts in Bangladesh. These offices are responsible for executing all of its rural development program. "These offices are each staffed by one Area Manager, two Program Organizers (POs) and an Accountant. One PO is responsible for VO development and credit operations. The PO is assisted by 10 Program Assistants (PA) for credit operations. The Second PO, responsible for sector programs, is assisted by 4-6 PAs, one for each of the main sector activities."¹ This is an identical structure. But in actual operations the number of staff varies from branch to branch.

As mentioned earlier the Area Offices and Regional Offices constitute the field level development management structure of BRACs, the former play the implementing role and the later supervisory and advisory role. The Manager is directly involved in all credit program activities. Along with these he is to supervise and evaluate the other program activities. He also conducts personnel management functions related to the employees in his office as per the provisions made in the operational manual. Moreover he maintains liaison with the local administration and elites of the community to give more impetus to development efforts.

Under the supervision of the Manager each of the Sector in-Charges, PO or PA is assigned with functions of implementing the respective program with the help of staff working under him/her. Group is the grassroots level organization of BRAC which is called the Village Organizations consisting of 25-45 group members from the poor rural households having not more than 0.5 acre cultivable land.

Human Resource System of BRAC

Adequate number of personnel and capable personnel management system to ensure organizational goal attainment must bridge tasks and structures. BRAC has a huge number of staff with specific assignment. The number of staff is increasing day by day with the expansion of BRAC's program coverage. At the end of 1992 there were 8, 178 regular staff working in

¹ RDP Report 1995, p. 5

BRAC. After nine years, in 2001 it gets a huge size, which is shown in the following table:

Table – 29 Staff Position of BRAC

Location of Placement	Full time			Part Time			Total Staff
	Male	Female	Total	Male	Female	Total	
Head Office	520	162	682	-	-		682
Field Office	17182	6114	23296	1077	32669	33746	57042
Total	17702	6276	23978	1077	32669	33746	57724

Source : Human Resources Division of BRAC (1997 - 2001)

A Professional Personnel Department is responsible for running personnel management activities. Recruitment, selection, promotion, disciplinary action etc. fall within the purview of this department. Personnel management of the organization is based on a service structure consisting of different jobs. The service structure has also a corresponding salary structure. The personnel system gets its legal foundation from the Service Rule. The present personnel system has been gradually developed in consistent with the organization and management development process of BRAC by exposing a dynamic organization development process and organizational network almost throughout the whole country. The present service rule introduced in 1993 makes provision of four categories of staff: (1) Regular staff (2) project staff (3) service staff (4) contract staff and includes all the issues required for an well organized personnel management system.

BRAC recruits persons of higher level of talent following a definite recruitment system. In the service structure each of the post has specific job specification mentioning the qualification required for the post. A unique characteristic of BRAC recruitment policy is that it does not want experience as a precondition for job. It gives much emphasis on recruiting more female staff for ensuring gender friendliness. Persons appointed in BRAC are given due orientation training.

In BRAC's development management system employee turnover is a crucial limitation though BRAC has taken it as a normal phenomena. Limited promotional scope, less job security, autonomy etc. are the main causes behind employee turnover.

With its significant emphasis on programs for women BRAC has recruited huge number of female staff in the year 1995-96. It is also "reviewing its retention rate for female workers and making important organizational changes in order to encourage them to stay."²

² BRAC. BRAC Report 1996, p- 48

Other supportive structures of BRAC's Organization and Management system include logistics offices, Audit department, construction department, library, public affairs and communication department, and publication department. This type of differentiation in the supportive organs along with proper co-ordination mechanism ensures goal directed dynamic development management system. This management system is now approaching toward further organization development by establishing BRAC Bank, BRAC Dairy Plant and BRAC University. Plans and projects already underway include the formalization of these institutions.

The organization and management system of BRAC through a long learning process has got an institutional shape, with well designed legal framework required for handling all organizational and management issues. Departmentalization, job description, job specification, program, operational, personnel, accounting manuals etc. are not only well coded in BRAC but also strictly followed by BRAC authority.

Effective development management system is always linked up with continuous manpower development or training process. BRAC has institutionalized the training process by setting Training and Resource Centre (TARC) in 1978 at Savar. With scaling up of BRAC program number of TARCs also increased. IN 1992 it was seven but now 12. Beside TARC, Centre for Development Management (CDM), Management Development Program (MDP), Education Support Program (ESP), the Gender Quality Action Learning (GQAL) and Gender Resource Centre (GRC) etc. are now in operation for manpower development. The Training Division manages all these and it "is responsible for human development management and skill-related advancement as well as overall build up of working capacity of program participants and training of staff for their responsibilities in the field".³ Through evaluation of BRAC's human resource development efforts it is found that keeping the objectives of (1) human development and management and (2) occupational skill development ahead BRAC has been able to blend modern training and learning methodologies with developed physical facilities. TARCs are now also providing training to government and other NGOs staff. Human development and management course both for BRAC staff and beneficiaries includes the issues related to awareness raising, leadership, rural development, project management, Organization and Methods etc. Skill development course covers some vocations like agriculture, pici-culture, poultry, animal husbandry, sericulture, appropriate technology etc. for effective income generation of the landless poor. To make

³ BRAC. BRAC Annual Report, 1996, p- 47

all the training activities successfully goal directed BRAC always encourage its trainers to constantly update their knowledge through higher training and participation in seminars and workshops held in home and abroad.

To check any deviation in program implementation and to have inputs for effective policy formulation monitoring is considered as an integral part of dynamic development management system. Giving continuous feedback it helps the system remove any entropy situation. The monitoring cell of BRAC established in 1988 was upgraded to a department in 1990 to achieve the following specific objectives:

- a. To identify key variables and developing a monitoring system which will provide both quantitative and qualitative information
- b. to address the decentralized management needs while developing the system
- c. to help the group members through monitoring activities
- d. to compare actual performances to standards and identify deviations
- e. to create a data base in order to facilitate cross-section analysis of information and make future projections.
- f. to interpret data in such a way that the management can immediately use it in assessing programs and problems; and
- g. to aggregate data periodically and prepare reports.⁴

Now this department involves in reporting, data analysis and providing continuous feedback to the management, facilitating the decision-making process.⁵

Operating Resources of BRAC

Financial management lies in the centre of any organization and management system because it keeps motor of the system operative by supplying necessary fuel. BRAC has a technically very much sound financial management systems based on carefully written and professionally sound documents, which is mainly run by the Accounts Department and Audit Department. These two departments are sufficiently manned by qualified personnel. They have chain down to the Area Office level through the Regional Office. One Program Organizer maintains the accounts of the organization, which is rechecked by the Accounts, Audit and monitoring staff posted both in Regional office and Central departments. The most important factor behind the smooth going of BRAC's rural development and rural credit program lies in its ability to mobilize fund and to introduce a dynamic financial management system.

⁴ BRAC. BRAC Annual Report, 1992, p- 5

⁵ BRAC. BRAC Annual Report, 1996, p.

In the RDP operations manual 1995 there are 4 chapters. The chapters on (1) accounts management (2) internal auditing (3) saving and credit management, and (4) cost recovery methods are directly devoted to delineating all provisions related to finance and financial management. Area office- which give an institutionalized basis of financial management. Moreover, to develop the expertise of the personnel on financial management BRAC also conducts various training courses. A significant portion of BRAC's fund comes from donor as non-refundable aid which include: contribution from donors, loan received from different sources, project income, loan realized form VO members savings deposits and so on.

The very beginning of BRAC as a rehabilitation assistance committee in 1972 was also donor's dependent. But due to its capacity to address the developmental need of the poverty stricken people of rural Bangladesh and to convince the donors to assist in its venture BRAC - as a non-governmental development organization has been successful to mobilize funds for its effort from a number of foreign donors. BRAC's dependency on donor's fund may be considered as its major organizational weakness so far its survival capacity is concerned. Of course percentage of the donor's contribution to BRAC fund is in declining trend. In 1992 donor's contribution was 59%, loan from Bangladesh government 5% and own contribution from project income was 36% in the BRAC's fund.⁶ In 1996 donors contribution after reducing stands 19.41%. In this period income from project also comes down and occupies 16.93% of the total annual income and 0.69% of the fund comes from loan from government of Bangladesh, Bangladesh Krishi Bank and Palli Karma-Shahayak Foundation (PKSF- Govern-mental NGO funding NGOs in running Micro-credit program. The following table gives a picture of the donor's role in BRAC funding.

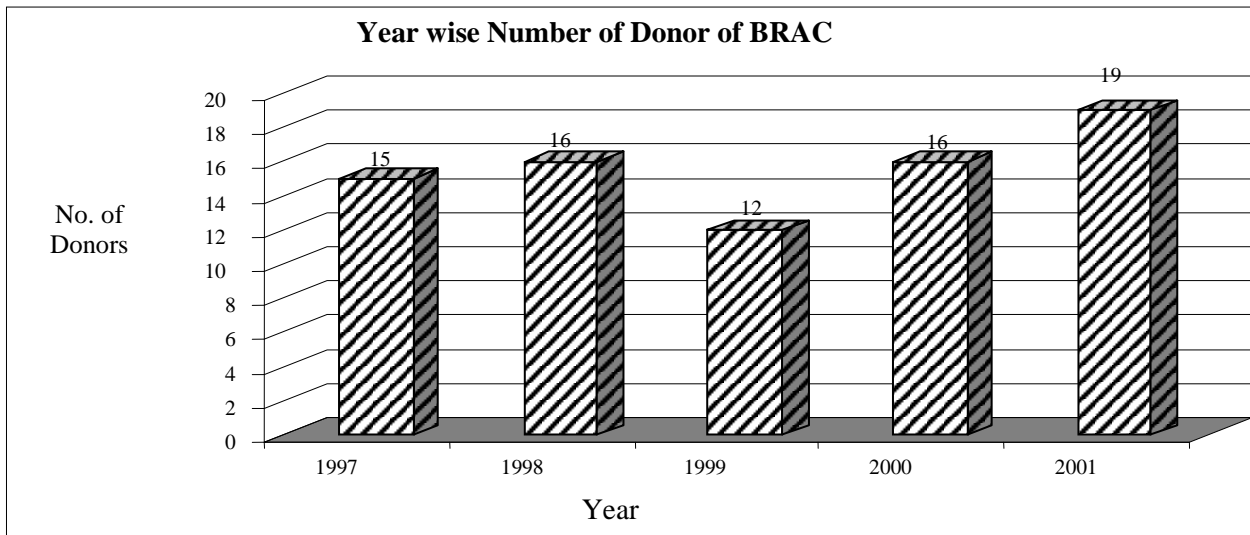
Table – 30 Total Financial Position and Donors Fund of BRAC

Year	BRAC			
	No. of Donors	Total Amount Received from Donors (Tk.)	Total Financial Position without Fixed Assets (Tk.)	% of Donors Fund
1997	15	1,835,252,394	10,463,920,398	17.54
1998	16	2,183,003,861	8,474,814,304	25.76
1999	12	1,446,475,981	6,671,032,132	21.68
2000	16	1,878,070,044	11,289,704,357	16.64
2001	19	1,607,633,045	12,361,254,086	13.01

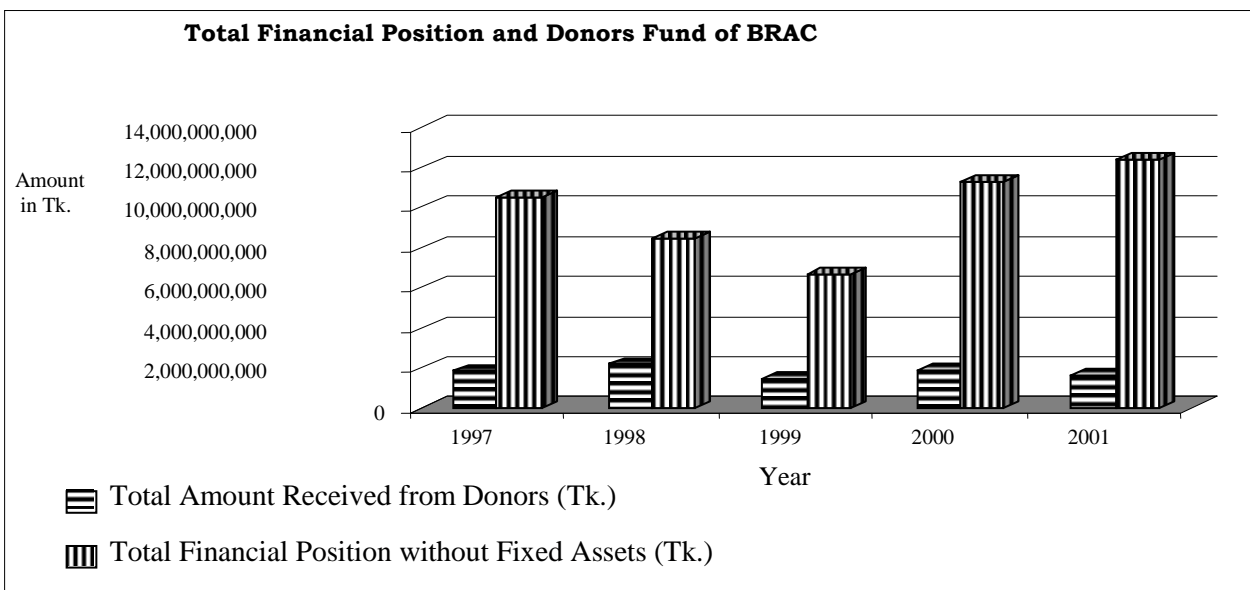
Source : *Different Financial Reports of BRAC (1997 - 2001)*

⁶ BRAC. BRAC Annual Report 1992, p- 63

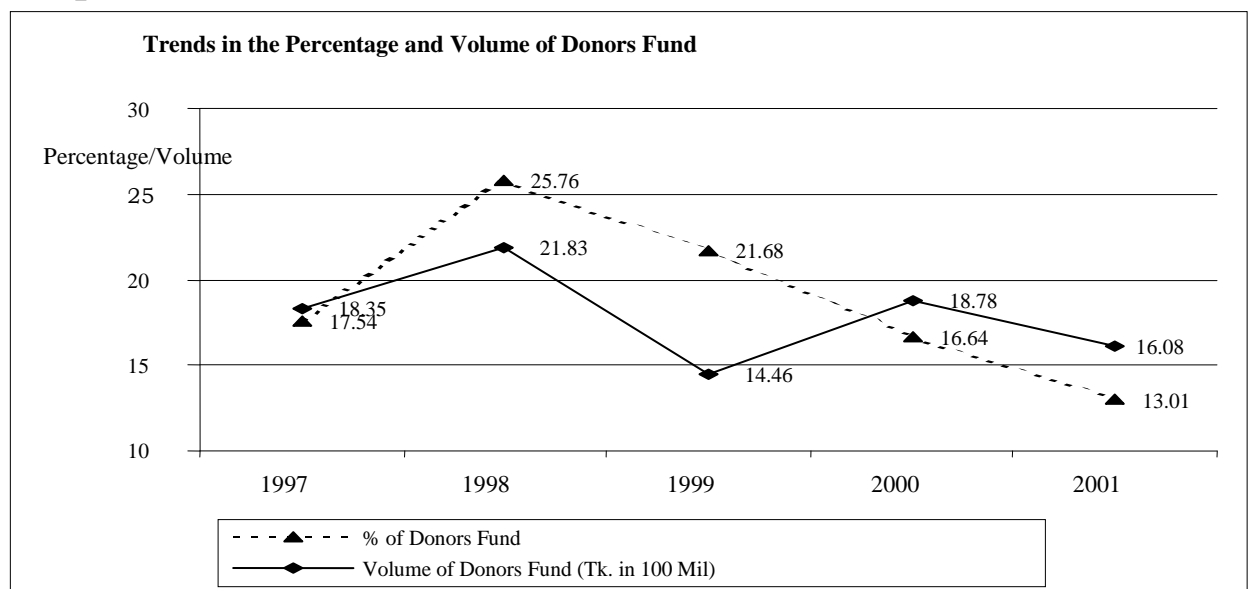
Graph- 13



Graph - 14



Graph – 15



From the table it is clear that though the percentage of donor's contribution in the annual budget is reducing, but the volume is increasing. This increased volume of donor's fund is inevitable for the expansion of program and beneficiary coverage of the organization. But compared to the year 2000 the volume of donors fund has decreased to some extent in the year 2001.

Despite of greater dependency on donor's fund BRAC during its long journey for rural development has some assets and properties, which is evident in the summary Balance Sheet of BRAC.

Table- 31 Property and assets of BRAC shown in the summary Balance Sheets

Property and Assets	1997 (Taka)	1998 (Taka)	1999 (Taka)	2000 (Taka)	2001 (Taka)
Fixed Assets	1749193116	1979207973	2544343085	3020016265	3487722536
Investments	1470767497	1408463864	1322316148	283941550	584166888
Inventories	325258248	435358535	607442292	803072435	916591320
Prepayments	440434091	738999331	449564816	319679286	482171503
Amount receivable	425237392	642438099	904949765	875131415	779858315
Loan to VO member	3693869020	4853804461	6550371002	7310962622	7711317218
Cash & Bank Balance	315465884	390052836	189237234	385803475	458593865
Total	8420225248	10448325099	12568224342	12998607048	14420421645

Source : Different Financial Reports of BRAC (1997 - 2001)

Funding position of the rural development programs for own purpose deserves special attention. The fund required by the annual budgets of the rural development program of BRAC is also generated from two sources- donation and own income. Own income is of three types, interest income, training income, and disbursed to VO members. On the other hand Expenditure includes a number of heads including salaries, travel and transport, office rent, program expenses, depreciation, loan loss provision, bank interest etc.

Through the analysis of the income-expenditure statement a very positive reality is found. The Regular annual expenses of this project (RCP-Rural Credit Project) can easily be met by its own income. Moreover at the end of the year there remains a significant surplus of income over expenditure which is transferred to capital fund.

General Features of the Organizational Capabilities of RDRS and BRAC

From the functional point of view both the organizations, RDRS and BRAC assume the characteristics of capable organization. Based on sound legal

foundation the process of organization change to cope with the changing environment and effectively attain organizational goal has developed in institutionalized form. Functional proficiency based on division of work, specialization, rules and regulation more or less equally present in RDRS and BRAC. Since human resources are the most important resources in the development organization both the organizations have developed their own training system having networks throughout the program area. It helps the NGOs to develop *capability*, *competence* and *indoctrination* of the personnel that play important role in increasing the survival capability of the organization. But in the situation of the scarcity of own resources of the organizations to run development program activities and dependency on donor's fund appear as the threat to survival capability of the NGOs and sustainability of their development program intervention. The following table and graphs highlights the nature and dimension of donor dependency in the two organizations. Number of donor agencies in RDRS is higher than BRAC. In the year 1997 RDRS had 24 donors while BRAC had 15 whereas in 1999 this number increased up to 40 in case of RDRS but the donors number of BRAC stood at only 12. (Annexure- IV-a,b,c,d,e,f)

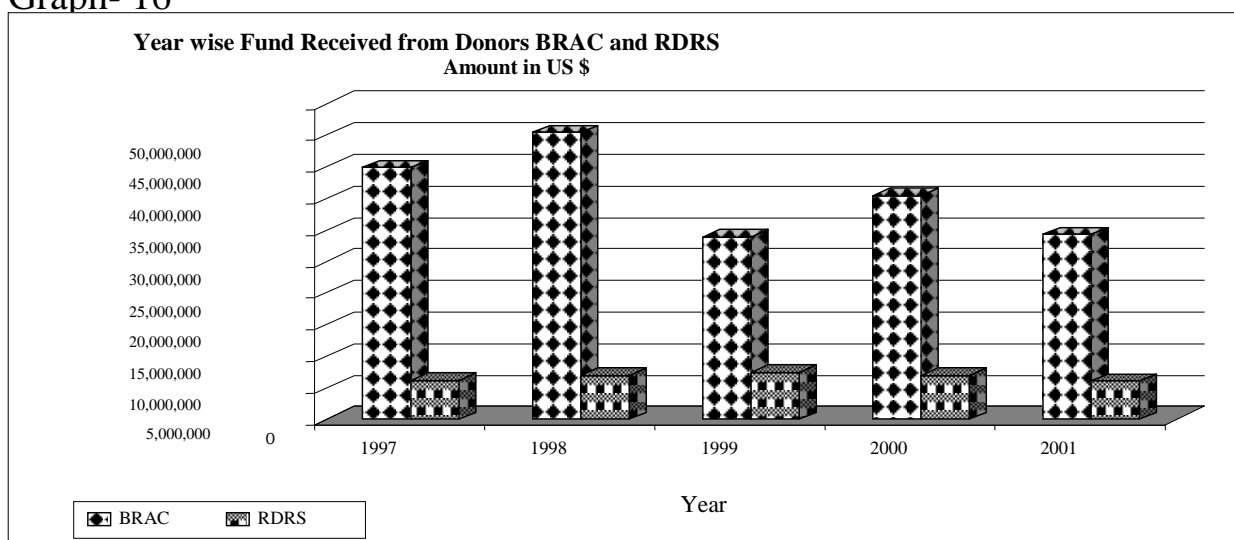
Table- 32 Percentage of Donors Fund in RDRS and BRAC

Year	RDRS	BRAC
1997	69.30	17.54
1998	87.05	25.76
1999	89.81	21.68
2000	92.86	16.64
2001	90.15	13.01

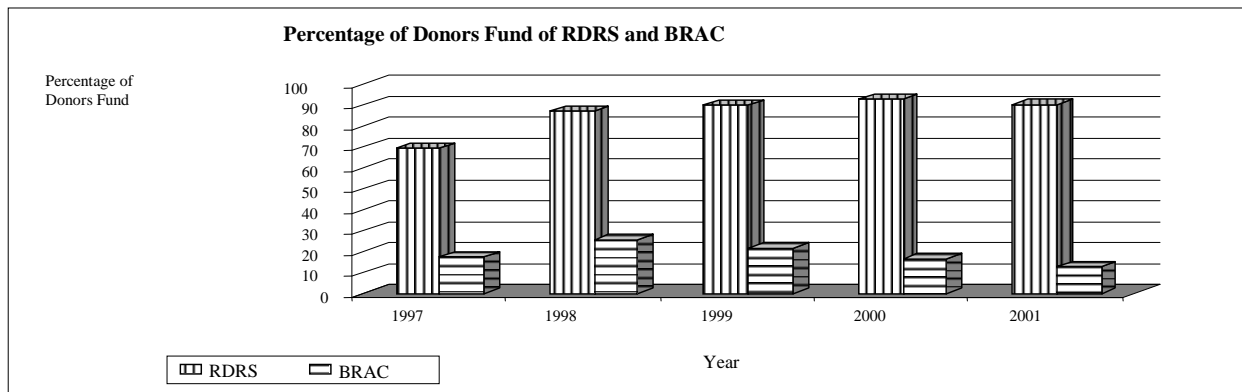
Source : Calculate from the Different Financial Reports of RDRS and BRAC (1997-2001).

But one thing is clear that volume of donors fund of RDRS is quite lower than that of BRAC but percentage of donors contribution is much higher.

Graph- 16



Graph- 17



In this respect of RDRS is in vulnerable position due to its absolute dependency on the donor's fund. Withdrawal of the direct involvement of LWF and emergence of local authority after nationalization to run the organization has created a situation of financial uncertainty for the organization generating some sort of insecurity among some of the RDRS staff too. They also find a gap between the *capability* of the previous authority and present authority of RDRS. Moreover, besides MCP, RDRS does not have any other revenue generating source from within to make it financially sustainable. On the other hand, though BRAC is still dependent on donor's fund but through its business and commercial concerns it has turned into a *profit making enterprise* and consequently has got a sound economic base of its own that can ensure its sustainability but eventually it has emerged predominantly as a business organization, contradicting with the norms of Non-governmental organization (NGO).

BRAC's relationship with its group member simply refers to a lender borrower relationship. *Sustainability* issue of the group is bypassed and group members do not have any participation and sense of ownership of the group rather they consider it as a platform for getting loan. Unlike BRAC, RDRS has clear plan to make group as participatory people's institution. Within this plan it phases out the primary groups into union Federation where democratic practices are followed in constituting the governing body of the federation. The federations have the scope to participate in benefit sharing and they get a percentage of service charges earned by the credit program. Moreover the Federations have also their own credit program for their income generation. All these generate spontaneous support and acceptance for RDRS in its program area. These are also very much important for the effective sustainability of any development organization, governmental or non-governmental.

Development Program Management System of RDRS and BRAC

Management of development programs that refer to the ways of planning and implementing of development activities is the central concern of NGO's development management i.e. rural development efforts. Since micro-credit program constitutes the core of NGOs rural development efforts, program management of NGOs has been discussed with reference to micro-credit program activities within the framework of NGOs overall development management system. This chapter analyzes different issues involved the program management of NGOs with regard to RDRS and BRAC.

RDRS- Rangpur Dinajpur Rural Service

Development Planning of RDRS

Program management system of RDRS has developed through a process of evolution and has experienced lot of changes to attain its present form. Like any development agency planning occupies a core position in the program management system of RDRS. RDRS makes Annual Development Plan engaging its staff from the Executive Director to the Union Organizer (49) working at the grassroots level. Planning process of RDRS is quite different from that of the government agencies in Bangladesh. Development plan in RDRS is formulated each year. Functionally it is the operational plan of the development activities, which is based on the RDRS ongoing policy framework and approved project proposal. RDRS has been working since 1989 within different policy guidelines formulated on the basis of the evaluation reports of LWF and other donor agencies. The first policy guideline was framed in 1989. The third policy guidelines was formulated in the year 1996. Field level experiences and achievements as well as evaluation by external experts helped RDRS frame its policy guidelines.

Within the policy guidelines, project proposals are formulated for having donors' support. Primary responsibility of making project proposal lies on the respective co-ordination unit of RDRS. The unit initiates the process of formulating project proposal when it gets instruction from the chief executive. The communication unit, when it receives consent from the funding agencies informs the necessity of new project proposal which is

relayed to the concerned co-ordination unit for project proposal. When donors accept a project and clearance of NGO Affairs Bureau of the government is obtained then RDRS authority involves in formulating annual operational plan with the help of staff at all levels.

Under the broader guidance of the central authority of RDRS Union Organizers (UOs) primarily initiate planning process at the Upazila level. UOs conduct baseline survey within its functional territory using pre-designed form for assessing the need of the incumbents. Assistant Upazila Managers (UTMs) evaluate the findings of UOs through field visit and discussion with the beneficiary groups and prepare the initial plans. The Upazila Managers (TMs) complete the plans and prepare the consolidated plan for the Upazila. The Project Coordinator checks the plan and approves it in the monthly coordination meeting. At the Upazila level a zonal workshop is held participated by TM extension officer, Assistant Project Coordinator and Project Coordinator. They formulate the sector wise plan of the project unit. At the Rangpur field office sector coordination meeting is held to finalize sectoral development plans. A review meeting of the Sector-Coordinators and Directors on the sectoral plans are held before submitting the same to the Management Committee. The Management Committee consists of all the RDRS staff from Project Coordinator/ Directors to the Executive Director. Management Committee finalizes the annual plan of RDRS and submits to the Board of Trustee for approval. Approved plan documents are printed and sent to each Upazila unit for implementation.

Upazila level RDRS unit is solely responsible for the implementation of the plan where organizing the target population into groups and managing the group activities provide the foundation for all the activities to be implemented by the Upazila units of RDRS. Hence in the program management of NGOs formation and management of groups are central to development efforts especially at the phase of program implementation. It has been identified that in NGOs' rural development efforts group formation is the most fundamental components which is considered as people's organization at the grassroots level.

Management of People's Organization RDRS

There are two types of group in RDRS, the *primary groups* and the *union federations* formed as per the bylaws of RDRS. The primary group consists of 15-25 members from the same geographical area. Only one person within the age group of 18-55 is allowed from one family to be the member of a group. Landholding and annual income of the group member's family must not be more 1.5 acre and Tk. 15,000 respectively. The objective of primary groups as specified by RDRS is to make people self-reliant through

productive activities and ensure sustainable development in their life. Group leader is the head of a group. There is also a three-member management committee in the group including the group leader, one secretary and one cashier who are elected for two years by the members of the group. Keeping the same under observation for a period of three months when the performance is found satisfactory a new by formed group receives formal recognition from RDRS authority and thus gets legal identity.

The group sits in weekly meetings and each member deposits their weekly savings. The Union Organizer attends the group meeting and collects the weekly group savings through collection sheet and deposit in the office. The proceedings of the group meetings are kept in the Resolution Book of the group. RDRS has set up some indicators ideal group. Among them the most important ones include regularity in group meeting, record keeping democratic election of group leader, absence of defaulter loanee in the group, active group management, group cohesiveness etc.

The *secondary groups* commonly known as *graduated groups* are the matured group with an age of five years that fulfill RDRS indicators of group performance. The indicators includes good records in a group management, credit repayments income-generating activities social advancement etc. Union Federation (UF) is the platform of the graduated primary groups and considered as the greater development institutions for the rural poor organized into primary groups. The objective of the UF as specified in the bylaws of Federation is to ensure the social, economic, rural and cultural development of the primary groups within the federation and the family members of the group members families (RDRS Union Federation Bylaws: 4) the Federation. The secondary groups are selected from among the Primary Groups (PGs) formed between 1988-94 after thorough evaluation. Later on when some of the secondary groups show unsatisfactory performance RDRS reorganize the groups in 1999 and transfer these to the Assistant Upazilla Manager for direct supervision and intensive support to make them capable of being member of the federation fully in future.

One Federation is formed in a union including all the graduated groups within the territory of the union. All the groups within the federation are to pay monthly membership fees of Tk. 15.00 other than Tk. 100.00 admission fees and Tk. 50.00 yearly renewal fees. There are two committees in the federation, the General Committee and the Executive Committee. The General Committee is formed including one representative from each group under the federation. The representatives of the groups are either selected or nominated by the members of the groups concerned. The Executive Committee consists of nine members directly elected by the members of the

general committee from among them with one chairman, one Vice-Chairman, one secretary, one cashier and five other members. The posts of Vice Chairman and two other executive members are reserved for the women. The women member of the General Committee also deserves the right to contest for the other posts in the Executive Committee. The Executive Committee is elected for a period of two years. Other than Annual General Meeting, two meetings of the federation are normally held in each month one is general meeting and the other is the executive committee meeting.

Federations are supported by extension staff especially the SODEO (Social Organization and Development Education Officer) who is assisted by a federation volunteer. They are responsible for developing skill and confidence of the members to manage federations affairs, conduct meetings, control budgets, and running income-generating activities. "Federation are considered by RDRS to be its partners in the fight against poverty and ignorance".¹ The Federations as the real and effective representatives of the poor engage in advocacy and networking activities, and also sit in meeting with influential persons. Some federations have grain stores, which general income from buying, storing and selling of crops. Some federations have pisciculture, slab latrine making, rickshaw leasing and tree planting projects. Some of the federations are successfully running some cultural activities like popular theatre, village based plays dancing etc.

Since 1999 federations have been collecting credit repayments from the secondary groups for which they receive 2% of 15% interest. This system has been devised by RDRS "partly to reduce its own involvement and partly to provide federations with experience, a little income and an incentive."²

Credit Operation of RDRS

RDRS groups member become eligible for getting loan 5 months after the formation of the group if the groups show a satisfactory level of performance. The track record of performance is considered satisfactory when group members attend group meeting and deposit weekly savings regularly, do not have any outstanding loan with any other NGO and Bank, and has not become a willful defaulter in previous loan. Moreover, for getting loan group member should have required percentage of saving deposit specified by RDRS.

RDRS provides three types of credit to its group members, but the operational mechanism of all sorts of credit are almost similar. *Normal credit*

¹ RDRS. RDRS Manual 1999, p-11

² Ibid, p-12

is disbursed first which is followed by other types of credit under some conditions. No member is allowed to apply and receive two loans at a time. Except housing loan the highest ceiling of other loan is Tk. 11,000.

The main objective of RDRS credit is productive income and employment generation, but for the purposes of improving living standard and fulfilling the basic needs of the group members RDRS also provide other type of credit. The most important types of RDRS credit can be classified as follows:

- i. Normal Credit
- ii. Seasonal Credit
- iii. Housing Loan
- iv. Special Credit (Seri-culture & Leprosy credit)
- v. Federation Credit (Seed money credit and grain store credit)

The first three constitute the general framework of RDRS credit but the rest two are special in nature and the RDRS system of credit management for poverty reduction and rural development becomes evident from the operational mechanism of the former three types of credits. All these types of credits have some characteristic features in terms of purpose, mode of repayment, rate of service charge and conditionalities, which are presented in the following table.

Table-33 Conditionalities Related to the Different Types of RDRS Loans

No.	Category loan	Conditionalities related to credit
1.	Normal Credit	<ul style="list-style-type: none"> – Group discipline must be fulfilled for sanctioning loan – A group having seasonal credit overdue will not be allowed normal credit – Feasibility study of at least 15%-20% loan proposals of off-farm IGA must be / done by the CEDO
2.	Seasonal Credit	<ul style="list-style-type: none"> – The installment of the normal credit be up-dated/ – Regular group will not be allowed to take seasonal credit and normal credit at a time – After issuing normal credit a seasonal credit may be offered later on as per need of the group – Members having skill/training will be given preference in seasonal credit – Feasibility study of 100% seasonal loan proposals must be done by respective sectoral extension officer
3.	Housing Loan	<ul style="list-style-type: none"> – Initially this loan is issued to caretakers of RSTP schemes only later on if the funds are available from any source it is extended to other homeless GMHs. – Group member should possess ownership of the land where the houses are constructed (at least 3 decimal) – This loan is issued in cash. The group member has the option to take loan either Tk. 10,000 or Tk. 16,000 as per her choice. But the Upazilla officials justify the credit worthiness of the group members.

In the case of normal loan there is loan ceiling and against the volume of loan, the group members seeking loan must have certain volume of savings. The amount of loan at different phases and corresponding percentages of savings are shown in the following table:

Table- 34 Percentage of Savings needed against the Volume of Loan Required

No.	Phase	Volume of Loan (Tk.)	Savings as % of Loan
1.	First	4,500	5%
2.	Second	6,000	10%
3.	Third	8,000	15%
4.	Forth	11,000	20%

Source : RDRS Credit Manual.

Loan Disbursement System

The system of loan disbursement includes quite a good number of activities both at the group and RDRS office level. The group level activities start from group meeting and ends with the forwarding of applications to disburse loan after appraising the loan proposals of group members. However, all the important activities related to credit operations in RDRS are given below:

a. Group Resolution

The group makes plan for loan required by its members one month in advance. The group takes decision in favour of receiving loan in the meeting where at least 2/3 of the members are present in presence of the Union Organizer. The decision is recorded in the resolution book of the group highlighting the following points:

- i. Group consensus for taking the loan
- ii. Name of members, amount of loan and purpose of loan
- iii. Authorization of group chairman and secretary/cashier to deal with the credit issue.

b. Loan Application

After the resolution is passed the group submits loan application in the prescribed form with the help of Union Organizer (UO). UO carefully verifies the loan application form.

c. Joint Liability Agreement

There is a provision of signing the Joint Liability Agreement (JLA), a legal document in support of the credit confirming groups undertaking of joint

responsibility for the credit. To make the JLA a legal document it is executed on non-judicial stamp of Tk. 50.00. The borrower pays the cost of JLA. The JLA needs to be signed at least 80% of the group members including all the loanee members.

d. Loan Recommendation by the Upazilla Level Staff

After receiving the loan application from the group through union organizer, the concerned assistant physically visits the group to justify the eligibility of credit. If everything is OK he/she submits the application to the Upazilla Manager with his/her recommendations and in case of dissatisfaction Upazilla Manager, likewise, after scrutiny submits the same to the District Coordinator with recommendations. Before submission to the District Coordinator Upazilla Manager check at least 20% of the loan proposals through field visit.

e. Loan Approval by Unit Officer

At the unit office, after scrutinizing and checking at least 10% of the loan proposals through spot verification, the Assistant District Coordinator (ADC), recommends for loan. Credit officer assists ADC in scrutinizing the loan proposal. ADC in the project unit does all the credit related functions, often the administrative officer helps him in his work. The Sectoral Extension Officers appraise 15% to 20% loan proposals in their respective sectors, while CEDO appraises 15% to 20% applications of off farm activities. On the other hand, SODEO 15% to 20% of the federation credit. District Coordinator finally approves the loan proposal.

f. Final Approval of Loan

After the approval of loan four copies of the approval sheets are signed by District Coordinator. The original copy is sent to the respective Upazilla Office, one copy to Accounts Manager/Accountants, one copy is sent to Micro-Banker and the last one is kept with project unit as office copy. The Upazilla Office preserves the same until the full recovery of the loan.

Since RDRS runs a computer monitoring system it uses different codes like loan code, sector code, unit code, Upazilla code, union code, etc. in preparing the loan approval sheet. All the code numbers are supplied by Micro-Banker.

g. Time Schedule for loan Appraisal, Sanctioning and Disbursement

The steps taken in appraisal, sanctioning and disbursement of a loan proposal are shown briefly in the following table. Approximate time to be required at each step is also mentioned in the chart.

Table – 35 Time Schedule for loan Appraisal

Group	Takes decision in a group meeting. Submit loan application to union organizer at least 2 days before actual utilization of credit money.	
Union Organizer	Attend group meeting when decision of taking loan is made. Assist group to complete LAF and recommend application	2 days
Asstt. Upazilla Manager	Visit Group, verifies the information's & makes recommendation through 100% group checking	3 days
Upazilla Manager	Verifies loan proposal at least 20% through sport visit & recommended loan proposal	2 days
Asstt. Dist. Coordinator	Scrutinizes loan proposal at least 20% through spot check in & make recommendation. Also help DC in approving loan proposal.	3 days
District Coordinator	Approves loan & send loan approval sheet with loan application form to TM and loan cheque through accounts officer	2 days
Upazilla Manager	Preparation of disbursement schedule makes disbursement at Upazilla office to every loanee in presence of ATM, ATM (credit) & UO.	3 days
Total		15 days

Loan Disbursement at Upazila Office

The TM makes a schedule of loan disbursement after getting loan approval from the unit office, and accordingly inform the group through Union Organizers. On the scheduled date disbursement is made at RDRS Upazilla Office by RDRS staff in presence of UO/concerned ATM and ATM (credit) where every loanee member must attend and put their signature to Disbursement Register on Tk. 4 revenue stamps as an acknowledgement of loan received. Group leaders also sign in the loan disbursement statement as an acknowledgement of Cheque. Before disbursement of credit, orientation on credit is compulsorily being given to all the loanee members by RDRS staff specially by TM/CO/ATM.

a. Disbursement by bearer Cheque

Bearer cheque is issued in the name of the group for disbursement of loan. To avoid the chance of misappropriation and to make the disbursement transparent and accountable a specimen signature register of the group leaders (chairman and secretary) is maintained in the upazilla office. On the back page of the cheque signatures of the group leaders must be attested by the TM Bank is requested. Without attestation of the TM, no loan cheque of RDRS is honoured. Hand over of cheque and disbursement of loan to the

group members are completed on the same day at the upazilla office in the presence of UO/ATM/TM. In the loan disbursement register UO/ATM/TM certify that loans are disbursed in their presence. UO identifies the signature of the group members in writing in the loan disbursement register.

b. Preparation of Loan Disbursement Statement

While making disbursement a payment memorandum called loan disbursement statement is prepared in a format. At the time of handing over the cheque, the group chairman and the group secretary jointly sign the statement. The date of handing over the cheque is treated as the date of disbursement of the credit. Date of disbursement is considered as the basis of preparing repayment schedule, calculation of interest and other related issues.

The disbursement statement is prepared in triplicate-original copy to be sent to Micro-banker, 2nd copy to project Unit & 3rd Copy to be retained at upazilla office. Disbursement statement is submitted to MB weekly basis. Each disbursement statement is given a serial number starting from one so that the statement may be easily pointed out just by mentioning its serial number. The disbursement statement must contain, among other things, Loan code sector code & GIS code for necessary computer entries at Micro-banker. On getting the disbursement statement micro-banker makes ledger entries in the name of the group.

c. Loan disbursement Register

To ensure disbursement to each loanee a register called loan disbursement register is maintained at each upazilla office at the time of disbursement of loan by ATM (Credit) and is preserved for future auditing/ verification. The register contains loanees detail information like, name of IGA, Signature of the loanee etc.

Realization of Loan

The realization of loan includes some interrelated activities such as collection of installment from the group, preparation of all relevant documents, deposit of the repayment at bank. Besides, the first one the rest of the activities are very simple routine works. There are always risks and tensions in the loan recovery process. Measures are taken in a very calculate way in realizing the default loan.

Union organizer collects the installments of all loan and savings in the weekly meeting of the groups within his/her jurisdiction through collection sheets. The amount of loan realized is posted in the group record book, group loan and savings pass book and in the individual loan and savings passbook.

All these books help group members help see their individual and group loan position and deposits. Assistant Upazilla Manager (ATM) receives the same after signing the collection sheet. ATM deposits the same to ATM (credit) on the same day. ATM prepares four copies one for the group, one for the Micro-Back at project unit office, one is the office copy and the 4th copy remains in the receipt book for audit verification. The amount is then deposited to the Upazilla level RDRS bank accounts on the same day. If bank hour is over the amount must be deposited the next day.

At the end of the day a loan recovery sheet is prepared showing total receiving of the day. A copy of the recovery sheet is sent to Micro Banker along with copies of money receipts and photocopy of bank deposit slips within three days. Bank balance and cash in hand are also shown in the recovery sheet. The Upazilla office of RDRS also maintains cash book, general ledger and loan ledger, group savings ledger. All transactions are regularly posted in the cashbook and ledgers. There is also a system of monthly balancing of all the ledgers by ATM (credit)/credit coordinator. Category wise the total balance of the outstanding loans are allied with the general ledger balance and outstanding balances shown by the credit coordinating unit in the monthly report. If balances of the different sources do not concile, the mistakes are searched to make correction. After balancing TM/ATM (credit) sign on the balancing register.

Recovery of Default Loan

For the recovery of the default loan calculated steps are taken. RDRS generally takes two types of steps. Active follow up and rescheduling of credit. There is a provision of bad debt reserve fund to uphold the continuity of credit activities in undisturbed manner. In case of default loan the manager visits the group to identify the cause of default and takes caution in the form of persuasion, special meeting, exerting pressure etc. to recover the loan. The Project Coordinator. If TM fails to recover, the long the project coordinators takes necessary action. He issues notice to the group and adopts other measures in consultation with CCU. There is also provision of penal interest and legal measures after through investigation.

Rescheduling of loan is made when assets purchased and/ or created by the loan are destroyed or stolen or died due to causes outside the control of the borrower. RDRS also reschedules the loan at the time of natural disaster if the loanees are unable to repay the loan.

Supervision and Monitoring system of RDRS

All the credit staff from Credit Coordinator to Union Organizers has direct role in running the credit program with the help of other program staff.

Upazilla Manager is responsible for overall credit program including disbursement and recovery of credit as per the target. He makes recommendations for loan, regular visit to the field to supervise and monitor credit performance and special drive for problematic cases. He discharges these responsibilities with the help of other upazilla level staff such as Assistant Upazilla Manager, Assistant Upazilla Manager (Credit) and Union Organizers.

ATM at the time of loan disbursement gives orientation to the group members on credit discipline before disbursement of loan and bears responsibility for disbursement and recovery of credit as per target for his area. He ensures loan utilization and checks loan utilization certificate. Union organizer regularly supervises loan utilization and loan assets and makes assessment of the credit performance of the group. He is primarily responsible for loan disbursement and realization.

Credit officer from the Comprehensive Project Unit checks credit related books and records of each upazilla office at least twice in a month. He visit group to check records and monitor loan utilization and assist in default loan realization process. Before loan disbursement he/she has to check at least 15% of the loan application. He also conducts training for staff and group members on credit. Sector Manager, besides conducting training courses for staff and federation leaders supervises the credit activities under his jurisdiction and also gives special drive for solving problems at the group or federation level.

District coordinator, the final authority to approve loan proposals under his / her unit oversees credit activities of the unit, suggests credit coordinating units regarding credit policy and management and provides instructions to upazilla offices about properly disbursement and recovery of loans and visits problematic groups. District Coordinator is assisted by Assistant District Coordinator (ADC). ADC pays visit to 15% to 20% loan proposals and recommends the loan proposal after sruting. He also checks books and records of each upazilla at least twice in a month.

Credit Coordinator, the head of the credit program is responsible for framing credit policy and approves loan proposal of the federations. He visits field offices and groups to supervise credit activities and to meet credit staff for orientation, clarification and training on credit issues. He keeps higher management informed regarding overall credit situation. Group visit by different RDRS staff is the most important mechanism in credit operation. The staff involved in credit activities visit the group as per the following schedule.

Table- 36 Routine Procedures for Credit Operation

No.	Designation of staff	Frequency of group visit per month
1.	Union Organizer	All loanee groups must be attended t lest once in week
2.	Asstt. upazilla Manager	Minimum 15 days to loanee groups. All loanee groups at least once in a month
3.	upazilla Manager	At least 10 days to loanee groups. As much groups as possible with priority to problematic group. Visit all sub-office within a month
4.	Assistant Project Coordinator	5 days to loanee groups. To cover as much loanee groups as possible.
5.	Project Coordinator	5 days to loanee groups. To cover as much loanee groups as possible.
6.	Credit Officer	10-12 days field visits. At least 2 problem groups per day. Intensive checking of group/ upazilla credit documents
7.	Extension Manager (credit)	10 days field visits. At least one default/ problematic loanee group per day.
8.	Asstt. Credit Coordinator	13-14 days for extensive field visits. At least 10 default groups / federations.
9.	Credit Coordinator	7-8 days field visits. At least 5 problematic groups / federations.

Development Planning of BRAC

BRAC the worlds largest NGO, working with rural development programs has earned international reputation. Based on its capability and performance it has been able to form a donor's consortium and government has also come forward to implement some of the development activities in collaboration with BRAC. DFID (UK), European Community, NOVIB, DGIS, KFW, Path Finder International, Aga Khan Foundation, CIDA, UNICEF, DANIDA, Royal Tropical Institute, Ford Foundation, OXFAM, SDC, UNFPA, NORAD, Aus-Aid, German Embassy etc. along with the government of Bangladesh have been regularly providing support to BRAC in implementing its program activities. BRAC has a strong support base for formulating plan for its different program activities.

In the meeting of its donor consortium BRAC presents its requirement for running program activities after getting commitment from donors, it finalizes the projects to be funded by donors. It also maintains regular contact with the prospective donors. Plans for bilateral projects are is formulated by the government. BRAC makes the implementation plan of the task assigned to it. Planning of the program activities under the approved projects is done annually, though the duration of the projects may be more than a year as for example, the present phase of RDP project covers a period of 5 years (1996-2000). This plan is made to achieve the targeted outputs of different projects in the year. In the process of making annual plan of activities almost all the staff of BRAC are involved from head office to the area office. This plan is made on the basis of the need of the target population in the field and need of

the program. The Program Organizers (POs) and other field staff as per the direction of the central authority initiate the process. They assess the need within his/her jurisdiction and submit to the manager of the Area office. Area Manager after compilation of the need of the all field staff sends it to the Regional Manager. For making the draft activity plan of the region, Regional Manager sits in a review meeting with the Area Managers within his region. In this meeting regional draft plan is made with justifications showing the target of each area office.

A regional workshop is held on the regional draft plan, which is attended by the Directors, Program Coordinator, Regional Manager and Area Managers. The objective of this workshop is to evaluate the facts related to the region and BRAC's program activities and to finalize the draft plan. The final draft plan is approved by the directors in the meeting held in the head office of BRAC. Based on the approved annual plan, each of the directorates makes the target profile for each area office and sends it to the area offices for implementation and MIS department for monitoring the achievement.

BRAC Management of People's Organization

In the program management process for rural development, organizing rural people, involving them in the program activities the supply of different types of inputs play an important role. Coping with the functional objectives of rural development, poverty alleviation and empowerment of the poor, the development intervention strategy of BRAC puts first emphasis on organizing the target population. The target population of BRAC are the rural poor who do not have cultivable land more than 0.5 acre and who, sells their labour at least 100 days is resident of the locality (or have been living in the locality permanently during last five years) within age group 16.54 having included in the voter list. No person involved in the labour union of any industry or factory is eligible for membership in the beneficiary group of BRAC.

The grassroots organization of BRAC is called Village Organization. BRAC forms Village Organization (VO) in the villages within the 10-12 Km surrounding from the area office. In forming village organization the staff of BRAC's area office performs some activities in sequential manner including survey, selection of village, identifying target population, personal contact, small group discussion and village level meetings. The village survey is conducted by using prescribed form in the new village to collect information regarding the number and socio-economic condition of the target population, employment income generation and education scope.

Based on the information received through the concerned BRAC staff personally contacts with the potential target population, establishes personal relationship and shares ideas regarding their problems and BRAC's program. Through personal contact identify more specifically the persons to be

included in the group which is followed up in the small group discussion. After making the different small groups convinced in the formation of group, BRAC arranges a village level formal meeting inviting the persons interested in forming village organization. Through meeting a list of the interested persons is prepared. Upon the receipt of formal application in the prescribed form and admission fees the membership of a person is approved in the VO. Each member has to participate in the orientation course. No sooner has been the VO member, he/she is supplied with passbook. Each of the VO member has to renew her/his membership every year. BRAC aims at including 70% of the target population within the jurisdiction of its area office into village organization. The targeted number of village organization under an area office is 160 and in each village there must be a VO consisting of 35-45.

The VO has a 7-9 member Executive Committee for a period of two years with one President, one Secretary and one Cashier, elected or selected by the VO members. Some small groups consisting of 5 members based on the liking of the members divide each VO but the close relatives are not allowed to be the number of the same small group. The small group is headed by a leader selected through discussion by the concerned members. The leaders of the small groups are ex-officio members of the executive committee of the village organization. The village organization sits in weekly and monthly meetings, conducts non-formal education program, ensures deposit of weekly savings, proper utilization of loan and regular repayment of installments, group also participate in other socio-economic activities. The small groups within the village organization is responsible for bringing its member in the weekly group meeting, maintaining all records of the members properly and realizing loan from small group members. The small group provides scope for wider participation in the group activities and helps in leadership development. If any group member becomes default loanee, none of the small group member can get loan before the realization of the default loan.

BRAC has designed an orientation course on different issues related to organizational and credit discipline. This course covers 30 issues, which are offered to group members within 6 weeks through one weekly sitting in each week. The objective of this course is to make the group member aware about the provisions of the organization and credit operations as well to increase their capability in their own effort of development.

The VO sits in the weekly and monthly group meeting and maintains the resolution book. BRAC has introduced 18 promises for the group members to read and to work for materializing the promises in their personal, family and social life. Group member read the promises in the beginning of the meeting. The Program Organizer of BRAC who attends meeting help members

understands the meaning and necessity of each promise. In the weekly meeting emphasis is given on savings, loan and loan proposal. The PO collects weekly savings and loan repayment installment in the meeting. A PO attends 3 VO meeting in each day. The monthly meeting focuses on different organizational and social issues. Recently BRAC has recognized this meeting as a part of RDPs social development program. The staff of the area office of BRAC selects the issues to be discussed in the monthly meeting. The Program Organizer has to prepare monthly report on issue meeting.

For group management BRAC has detailed rules of business. If any member crosses the age limit of 55 year or becomes physically sick and disabled and leaves the locality, they become unfit for VO membership.

Micro-credit Operation of BRAC

The area office of BRAC run credit activities, through Village Organizations with a basic objective of evolving a self sustaining credit operation along with generation of income and employment for poverty alleviation of the target population. There are some preconditions for getting loans from BRAC. Only the VO members with good records in group activities such as attendance of group meeting deposit of weekly savings etc. eligible for getting loan. She must not have membership of other NGOs and current loan from any other organization and the group should have enough cohesiveness. Eight weeks after getting membership a group member can apply for loan if she is regular in attending group meeting.

After the loan proposal of any group member is approved in the group meeting, the concerned group member applies for loan in the prescribed form to the area office of BRAC. The concerned Program Organizer of BRAC helps the applicant fill up the form. The application must be recommended by the president/secretary of VO and the small group leaders. The PO makes scrutiny of the loan application thoroughly. He is instructed to approve the loan application forms of those members who, will be able to repay the loan from the existing earning of the family and not from the earning of the project to be run by the money borrowed from BRAC.³ He submits the application to the PO accounts in the office to verify the statement produced in the application form with the office records. After the completion of all these formalities, if everything is found satisfactory, application is submitted to the Area Manager for approval. A member who has previously taken loan can apply for new loan one week after the total repayment of the previous loan.

Approval of Loan

A meeting is held in the area office of BRAC to discuss on the loan applications received through program organizers before final approval. Area

³ BRAC. BRAC Manual 1995, p-97

managers after thorough screening approves the loan applications requesting for loan amounting taka 10,000/-, which will be repaid within a year. If the amount of loan is more than taka 10,000/- and the repayment will be made by more than 50 consecutive weekly installment, the loan applications are approved by the Regional Manager. Normally, the group members can draw Tk. 4,000, 6,000 and 10,000 in the first second, and third time respectively. This ceiling can not be crossed without the approval of the Regional Manager.

Loan Disbursement

Loan is disbursed from the area office when fund is available to meet the demand of the group members, Area Manager fixes the date of loan disbursement. At the time of loan disbursement the president / secretary and the leader of small group must attend to sign as witness in the contact paper. The group member at the time of receiving loan brings with savings and loan passbook. Before receiving loan she/he must sign on guarantee bond and loan disbursement sheet. The Program Organizer helps the group member in his/her work in the office and examines all the documents including the passbook, and loan realization sheet of the group member to ensure proper documentation. At the time of loan disbursement 5% of the loan is kept as forced saving of the borrower which is deposited to his/her savings fund. It reduces the risk of the organization if the borrower fails to repay the loan since it is easy to adjust the default loan with the savings of the defaulter. On the other hand it also strengthen the economic base of the loanee. Except housing loan the rate of interest of all loan is 15% on the face value. The rate of interest of the housing loan is 10% per year.

Realization of Loan

Each loan is realized in the weekly group meeting. General income generating loan is realized within 52 weeks by 46 weekly installment. For the loan of taka each thousand the volume of installment with interest to be refunded in each week is Tk. 25. The small group leaders help BRAC worker to ensure regular repayment of loan from the group members. The BRAC worker has to fill up the loan recovery sheets as well as the passbook of the individual member or any group members. For regular realization of loan BRAC always gives emphasis on the disciplined behaviour of the group members regular attendance in the weekly meeting and regular savings deposit. There is a provision that if any group member fails to pay the installment in a week he/she will receive the next loan one month after the schedule time. The other disadvantages related to irregular repayments of loan such as payment of more interest and loss in economic development are also informed to the group members for regular repayment of loan.

Realization of Default Loan

BRAC has its own mechanism to realize the default loan of the group members. It makes categorization of the default loan and calculate the default rate. The loan may be late loan when the loanee is unable to pay any installment. In such case the PO takes immediate measures. If any member fails to repay the installment in time PO tries to get it by exerting pressure through the president, secretary and leader of the small group, if fails take suggestion from the Branch Manager and other POs. After ward BRAC staff in a body go to the group for loan realization and take assistance from local influential persons and local government bodies.

BRAC provides three types of loan, general loan, project loan and loan for housing, latrine and tube-well. The general loan is sanctioned for individually involving the group members in some special sectors such as animal rearing, small trading, husking, rickshaw pulling, wearing etc. The project loan is given against particular project of the group member, which is run with the assistance of BRAC's project specialist. The sectors of project loan include deep tube-well, fisheries in big ponds, sericulture, hatchery etc. Housing loan is given to the group members those who have not house with tin roof.

The involvement of BRAC staff in the disbursement of loan is shown in the following chart.

Worker involved	
1. Loan Proposal and decision in the meeting →	PO 4 PO- 1
2. Loan Application of loanee →	PO- 4 PO- 1 PO Area Area Manager
3. Loan Approval →	Area Manager Regional Manager Zonal Manager
4. Loan disbursement →	PO PO PO Accounts

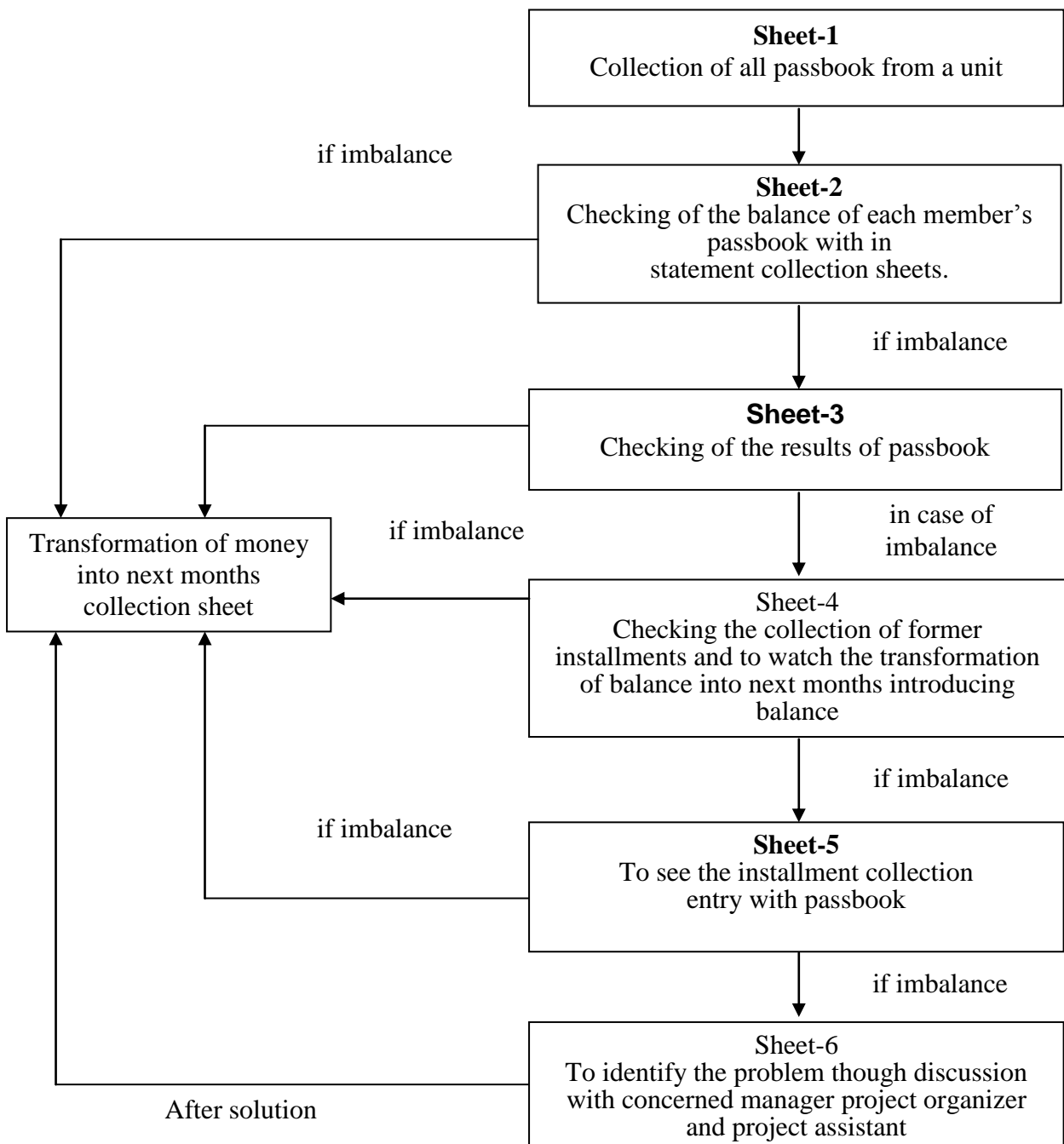
Supervision and Monitoring system of BRAC

The Branch Manager directly supervises and monitors the credit activities in his branches. Related to credit he has to perform the following activities.

- i. Prepare yearly disbursement plan
- ii. Recommend loan proposal for approval
- ii. Feasibility study of asset type activities
- iv. Ensure the approval of loan scheme
- v. Provide financial support for loan disbursement

- vi. Loan disbursement
- vii. Ensure 100% loan realization
- viii. Plan for overdue and NYT realization
- ix. Ensure reconciliation of individual passbook versus collection sheet various subsidiary
- x. Supervise and monitor the loan scheme
- xi. Analyze Branch performance report and take collective measures
- xii. Analyze repayment flow of loans.
- xiii. Prepare monthly report
- xiv. Special assignment as and when asked by Regional Manager

A majority of the functions are related to supervision and monitoring of the credit activities. The realization process is shown in the following chart.



Basic Characteristic Features of Program

Management of RDRS and BRAC

Planning in the system of NGO's development management is quite different from that of the government. NGOs makes plan based on the need of its target population, on going program and commitment of donor's followed by the clearance of NGO affairs Bureau of the government. In the planning of the program activities of NGOs that could not be financed from own fund, the most important and proven input is the confirmed availability of donor's fund. To make donor's fund available the NGOs have to interact with donors, convey the concept of development programs, submit the concept paper in brief and lastly submit the projects to the donors, for funding. Hence, in the system of planning the program activities the project proposal of the NGOs acts as the foundation. Planning in NGO efforts functionally means preparation of the project proposal and making plan of activities to generate outputs as designed in the project proposal considering realities lying with the organization, program concerned and the target population. Program is implemented as per the plan of program activities formulated by the functionaries of NGOs working at different level of the organization. In the implementation process, supervision, monitoring coordination, controlling evaluation etc. play important roles.

The program management systems of RDRS and BRAC, micro-credit programs is are institutionalized. The functions of their organizational structure range from the centre to the grassroots level and the well regulated practices are carried out by trained up manpower. The program management system of both the organizations are regulated by rules and regulations specified by the policy papers and manuals. The very sensitive nature of micro-credit program practically compels both the organization to develop a systematic and dynamic program system capable of successfully running micro-credit program. In running the group activities RDRS is more participate than BRAC which becomes clear from the formation of federation, regular, structure of the federation with gender balance, regular meeting of the executive committee and general committee of the federation of efforts for the financial sustainability, etc. indicate to advisement participative, character of the people's organization of RDRS. RDRS Federation of group has emerged as a popular democratic institution in the locality among RDRS group members. The federation leaders also act as linking pins between the society social leaders and RDRS group member. Having a profitable involvement in the Realization of the credit given to the group members and provisions of getting 2% of the service charge has provided equal benefit both for RDRS and the federation. Through these

opportunistic the Federation can turn into a popular people's institution in future. From this type of group management the persuasive efforts of RDRS with positive attitude towards its group members regarding their ability to develop themselves becomes quite clear.

On the other hand in the program management system of BRAC attempts for the development of group as peoples institution is quite absent. The group members get membership of the group only for one year, each year they are to renew their membership which works readily in integrating the group members with the group. There is no attempt to make the group sustainable within the BRAC's program management system. Eventually the group members do not have sense of ownership with the group. In RDRS, primary groups have the objective to transform themselves into secondary groups within a specific period of time .The group members also want to be the leader of Union Federation because it carries some sort of social prestige and authority.

In managing credit operation the role of both the organizations contradicts with development change. BRAC follows a strict principle in disbursing loan. It does not sanction loan to any body who will not be able to repay the loan from his/ her existing earning. It necessarily restricts the hardcore poor who constitute 30% of the poor people to be and remain as NGOs group members. For the regular realization of loan in installments there is no alternative to adopt this policy. This policy is equally applicable in the case of RDRS due to the very nature of credit management. The provision of taking forced saving from the group members at the time of loan disbursement helps in maintaining a higher rate of loan realization by the NGO. When a group member becomes a loan defaulter, the default loan is recovered by adjusting with the generated savings and forced savings clearly shows significant increase of the role of interest that is to be paid by the group members. This system of micro-credit primarily is directed towards a result orientation, i.e., is 100% realization of loan from the loyalties to the people or their development.

In disbursing loan, RDRS follows a complicated bureaucratic process. All group members repeatedly have to sign the Joint Liability Agreement on the Revenue Stamp Paper of taka 50.00 when any member of the group takes loan from the organization. The borrowers/groups do not receive the loan in cash. They are given cheques from the local office to draw the money from the particular Bank accounts of RDRS. It is quite a hazardous process. Practically local level RDRS staff draw the money from the bank against the

cheques officially issued to the group and hand over the cash to the borrowers.

The high realization rate of loan both in BRAC and RDRS indicates the capability and competence of NGOs supported by their strong supervision, monitoring and evaluation system. But there is hardly any meaningful indicator used by BRAC and RDRS for measuring the impact of the micro-credit program in respects of poverty alleviation and capital formation. This in fact implies a negative attitude of the NGO authority regarding their group members in general and the developmental role of micro-credit program in particular in Bangladesh. Both the organizations are found to be very capable in making organizational change and development during the last decades. But their failure in developing indicators to assess the impact of micro-credit program produces a big question regarding the public acceptance of the program and participation of people in benefit sharing, though both the NGOs have been able to evolve a very capable program management system for their own interest.

Chapter – 8

An Analysis of NGOs' Role in Rural Development

RDRS and BRAC have extensive involvement in rural development activities where micro-credit program occupies the central position. Both the organizations experience a wide range of functional differentiation with a number of activities following correspondingly systematic development of organization and management system. They have institutionalized training system for human resource development and accordingly have been able to develop enough professional skills too. Now all the activities are implemented within the framework of well-planned and well-designed project proposals. Associated with strong monitoring provision, field oriented, technically competent and capable management system has also been developed to implement their activities. The development of management system endowed with modern technologies in the NGOs efforts is clearly discernable in both the organizations. Due to this organizational and management strength they are successful to reach the poor of the remote rural areas, organize them into groups and run voluminous co-lateral free micro-credit program with extremely high realization rate.

How far NGOs have been able to emerge as development institutions and contribute to the development of target population within environmental supra system need to be examined to draw any conclusion and/or suggest alternative measures. This chapter makes a critical look into the NGOs' rural development efforts with particular reference to RDRS and BRAC. Though this has been primarily done from developmental perspective using our conceptual framework focused on continuous interplay of program activities, organizational management of the two NGOs under the study but the broader and most visible consequences of the efforts such as productive employment for positive change and capital formation to reduce dependency as well as maintaining organic solidarity for dynamic equilibrium have been pointed out in a very generalized manner based on the findings of the study.

Goal Structure of NGO's Rural Development Efforts

The goal structure of NGOs mainly comprises increasing productivity and growth accompanied by distributive justice, positive change in the rural system stat maintaining organic solidarity. It is difficult to isolate and increase in production and economic growth as well as the maintenance of distributive justice and organic solidarity form the goal structure of rural

development efforts. NGOs are running the micro-credit program to ensure income and employment generation for the rural poor within the objective of poverty alleviation. People without having any productive assets have a long standing credit need for their own capital formation and gaining capability to interact with market for procuring the necessities of life breaking the current vicious cycle of poverty. In NGOs' development efforts credit program has potential role to play enabling them to involve in productive employment and move towards multidimensional development. From the perspective of rural development it may be expected that through the positive outcome of credit program poor people will be economically empowered and able to overcome the historical legacy prevalent in rural areas, and combat the policies disabling social structure, that according to Misra, are responsible for rural underdevelopment. But effectiveness of credit in ensuring growth and poverty alleviation, the fundamental goal of rural development primarily depends on the sectors of investment of the loan and the system of credit management including the credit policy and the mode of repayment along with the characteristics of NGOs as development institutions.

Sectors of Investment

NGOs' micro credit program does not include economic growth through productivity increase in general so far agricultural production is concerned though almost all the target people of NGOs under micro credit program are from farming families who are either, landless or have cultivable land less than 0.5 acre. NGOs prefer off farm activities as sectors of investment. But it development have any hardly direct impact on economic growth. In fact, micro-credit operated over the past decades did not have production orientation from the beginning both at micro and macro levels. It abstains itself from involving in agricultural activities whereas; about 80% of the total population are traditionally engaged in agricultural sector, which contributes lions share of GDP (approx. 42%). RDRS from the beginning of its inception put enough emphasis on agricultural sectors and has developed some popular technologies like treadle pump, compost fertilizer, natural pesticide etc. that are found to be very useful so far farm production is concerned. It does not provide credit to the farmer for agricultural activities. In the year 1999 out of the total volume of credit disbursed to the group members 71.4% are for off farm activities, 12.1% in livestock sector, 3.3% in pisci-culture and only 13.3% of the total loan have been disbursed for running farm production activities. On the other hand BRAC under its agriculture program confines its activities in extension work, sells seeds and plants and mainly concentrates in vegetable production under its vegetable export program in the market of Europe and East Asia. Both the organizations provides credit support for livestock, seri-culture, fish-culture, vegetable gardening etc. which fall outside the mainstream of agricultural activities but due to mode of

repayment the borrowers are always in constraints to repay the loan if they really invest the credit in the said sectors.

In an agrarian rural society like Bangladesh, almost all the poor people are basically from landless farming families. Though now they possess little cultivable land, but still traditionally they have enough agricultural knowledge and attachment to agricultural activities and above all they are practically also involved in one or other type of agricultural activities. Since the land owning families, in most of the cases are away from directly involving in agricultural activities, the poor farming families have the scope to utilize their expertise and attachment to agriculture by hiring the lands of the others. Profitability of this involvement depends on the proper supply of agricultural inputs, including *modern knowledge*, higher *variety of seeds*, and technology as well as marketing outlet of their products. But NGOs do not provide loan to agricultural sector.

Micro-credit program of NGOs hardly can make any direct contribution to the sector of agricultural production and thereby to the GDP increase in the country. Moreover, it has negative impact on the overall agriculture productivity. It withdraws the target population from agricultural sector by engaging them in different sectors other than agriculture for subsistence earning. It results in the termination of generation of agricultural and knowledge and attachment for agriculture in the rural society along with the withdrawal human resources needed for the proper utilization of agricultural development.

System of Credit Management

Micro-credit programs of NGOs in Bangladesh have some common and universal characteristics. These are: (1) NGOs first form groups of the target population, who are poor and landless. (2) Group members need to sit in weekly meeting and deposit their weekly savings to NGO worker concerned present in the meeting. (3) After certain period and formation of certain volume of group savings, small loans are disbursed to group members. (4) The loan is realized in 45-50 weekly installments with service charge/interest within a period of one year. (5) When group member is unable to refund the loan, it is adjusted with his/her savings and after that she/he is dropped from the group.

The underlying assumption that becomes apparent from this existing credit mechanism is that poor people have enough capability to invest the fund instantly, which can generate profits within a period of one week. They can also refund installment of loan with service charges to the NGOs at the end of the week. It possesses the notion that the poor people of rural Bangladesh

who do not have access to education, resources, authority are the best entrepreneurs in the country. Above all, this type of credit management is not suitable for agricultural productivity or investment in any other sector that takes time longer than a week to generate income from investment. If NGOs' micro-credit is really meant for economic growth the existing system of credit operation should be changed. From this perspective the micro credit management system of NGOs' could not have assumed the characteristics of development management.

Change in the Rural System

The ultimate objective of rural development efforts of NGOs is to facilitate positive changes in the system-state by influencing the different constituents of the system. It is to mention here that NGO of efforts are not directly related to the change in the rural social system, but their intervention in any of the rural sectors has corresponding influence on the rural system. Since development is a planned change process and proceeds with changes in desirable direction it is necessary to examine the nature of changes brought about by the NGO at different levels. These are conceptual level, program activities level, organizational level, program management level, group members level and at the level of rural economy, the praxis of NGOs' development efforts. In the following sections change orientation in the group members' life in general and particularly in the life of women group members have been analyzed elaborately along with their effects in the total rural social system.

a. General Change Orientation among Group Members

During the past decades, though coverage of NGO's micro-credit program has been able to include a large number of landless poor people, but along with other functional constraints, due to cultural in-congruence of credit mechanism with the belief system of the common people it could not gain popular support base. Interest-based credit system practiced by the NGOs which is not only unacceptable to Muslim people from religions point of view but also disliked by the community in general from cultural point of view. It limits the popular acceptance of NGOs micro-credit program in the society. Moreover, due to maximum concentration on disbursement and realization of credit with high rate of interest NGOs program management system does not show any *loyalty to people* and possess any *positive and persuasive altitude*.

The higher rate of effective interest than the declared one in essence has established an unseen mechanism of surplus extraction and has brought the borrowers under the 'vicious cycle of credit' along with the vicious cycle of poverty.

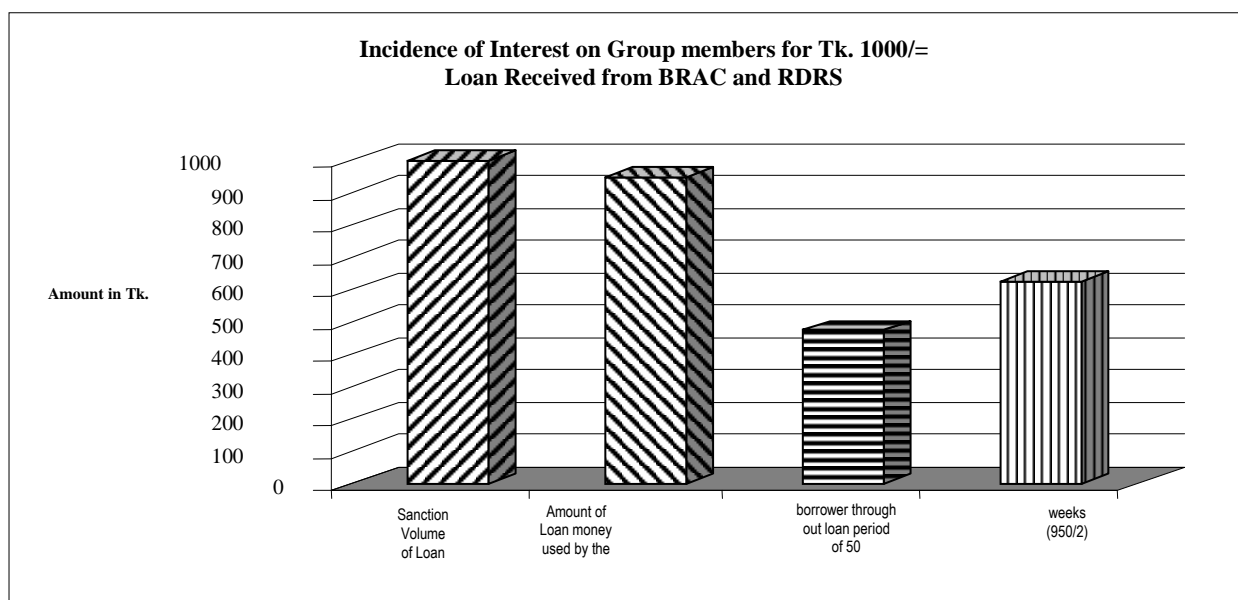
There is a great paradox in the calculation of interest. BRAC provides loan to the group members at 15% rate of interest. (5% of the loaned money is kept at the time of disbursement as forced savings from the group members.) The group members in 46 consecutive weekly installments within a year refund the loan. As for example, if a group member takes a loan from BRAC office of taka 1000/= milligram the interest he/she will refund taka 1150 in 46 weekly installment, each installment amounting taka 25/=. Due to the very nature of repayment the loanee can use the 50% of the money amounting Tk. 500/= throughout the year. But against this amount he/she will have to pay taka 650 (1150-500) as effective interest for a period of one year. In this situation the rate of interest stands as 146.96%. The borrowers always remain under the severe pressure of this high rate of interest, though very often they cannot feel the incidence of this interest burden. By the micro-credit program of NGOs, the group members are exploited in two ways: (i) by getting minimum interest (6%) against their savings deposited to NGOs and (ii) by giving high rate of interest against the loan taken from the NGOs.

Table- 37 Incidence of Interest on Group members for Tk. 1000/= Loan Received from BRAC and RDRS

No.	Particulars	Position
1.	Sanction Volume of Loan	Tk. 1000
2.	Amount of Loan money used by the borrower through out loan period of 52 weeks (1000/2)	Tk. 475
3.	Extra amount paid by the group member as Interest (1150 - 500)	Tk. 650
4.	Rate of interest calculated on amount of fund functionally used by group member throughout the year	146%

Source: Calculated from the mode of credit operation of RDRS and BRAC.

Graph- 18



Under the Micro Credit program the organized group members deposit a certain amount of weekly savings to the NGOs concerned during the time of weekly group meeting, but this fund is transferred to the urban centres. It produces a negative multiplier effect in the rural economy. The volume of savings and services charges/interest extracted by NGOs in running micro-credit program is more than the volume of credit provided by them to rural poor.

b. Specific Change Orientation among Female Group Members

The reasons behind organizing women are many folds. Women are in the most vulnerable position in many respects in Bangladesh. In the society like Bangladesh, where land is traditionally the most fundamental object of labor, land-man relationship determines and/or influences other social relationships. In the farming families who have some plots of land to supply this subsistence for the family members women play multiple role and are involved in crop processing activities such as parboiling drying and husking paddy/wheat, storing and preserving seeds and crops. They participate together with men in preparing seedbeds and seedlings, transplanting, weeding and stripping and retting jute stalks. Besides these women are extensively engaged in homestead production, which include land preparation, sowing, fertilizer application, irrigating and harvesting the homestead produce. Not only that they are also responsible rearing and product on of livestock and poultry. In particular cases they make and repair fishing nets and process fishes. Along with these production centred activities women are also engaged in some gender-based subsistence and house-works.

Since the size of cultivable land of the farming families are being reduced gradually and huge number of household have become totally landless, the traditional employment pattern eventually becomes seriously disturbed. In absence of cultivable land in the families the women's cycle of activities centering round agriculture has broken down. Women lost their productive employment, which was, in the farming families, recognized by all. The male members of the landless families have scope of outside employment as day laborer, though in limited scale, but the women's role in the situation of landlessness becomes confined in *subsistence works* and *houseworks* within the boundary of their houses. But traditionally these are considered as non-contributing phenomena to the family and national economy.

However, landlessness not only detaches women from productive agricultural activities breaking down the centuries old gender based agrarian division of work it results in partial unemployment and non-contributing role in the family from economic perspective but also delimits the involvement of

women in the traditional subsistence and house works as well as weakens their position in the family and society. It appears as earthquake for the farming family and negatively influences all other sectors of life. It pushes the family enriched with traditional agricultural know how to economic crisis. To face the crisis farming families are to sale their livestock and poultry and even whole or part of homestead land, uprooting women from popularly recognized direct economic activities.

After being landless the male members of the family some how engage them some where as wage laborers. But it is not possible on the part of the women of most of the poor landless families due to cultural and other constraints. Culturally women are thought normally to stay within their homestead to perform the works available in the home boundary. This religio-cultural outlook had solid economic foundation while families had enough land to supply the requirements of subsistence earning. But the most fundamental paradox is that cultivable land has gone away but the previous circumstantial religio-cultural worldview of the rural societies in Bangladesh stays on. The most helpless victims of this paradox are the women of the landless and land poor families.

Moreover, rural women traditionally have only some knowledge related specific homebound agricultural activities. They do not have expertise to compete with the male labor force in outside manual works, where there is also disguise unemployment. Agricultural laborer are always under waged due to presence of excess manpower and employment is always influenced by the seasonal variations. They do not have work throughout the whole year. In such a situation the poor families are to base on the income of the male wage earners, which is inadequate to face the minimum need of the families. This economic crisis encircled by the vicious cycle of poverty brings women in a neglected position in the family. Often their husbands being unable to earn subsistence for the families by selling labor torture them. All these create an objective situation for NGOs to organize women into groups for their different program intervention including micro-credit program.

On the other hand, there is a built in structural limitations in organizing male members of the poor rural families because of the fact that for the purpose of subsistence earning male remains in the working field outside their houses almost throughout the whole day. There are difficulties in organizing them, conducting meeting with them and realizing credit from them. Due to these difficulties NGOs organize the poor women for their micro-credit and poverty alleviation program. Moreover, for excellent credit behaviour in terms of attending group meeting, depositing weekly savings and refunding installment of credit, NGOs always prefer to run micro-credit program through the organized rural women.

It is clearly evident that the micro-credit program has been able to ensure remarkable changes in the life of the organized female group members by offering them access to capital, knowledge, organizational strength and increased job opportunity. Under this program, a woman receives collateral free loan; she has to attend group meetings, which help develop her knowledge and at the same time, she gets an opportunity to interact with other fellow group members and become both economically and mentally empowered. All these have brought positive changes in the work schedule of women, in their thinking capability, social mobility and interaction with the community and their acceptance in the community.

Daily Time Schedule of Work : Before credit intervention being detached from agricultural activities caused by landlessness, rural women would mainly confine themselves to some household activities including cooking, feeding, entertainment etc. and spend most of their time in accomplishing these activities. But involvement in micro-credit program has changed their daily time allocation in the traditional house hold activities as well as in some new activities conducted with the help of micro-credit (Annexure – VII). Changes taken place in their daily time schedule is shown in the table.

Table-38 Responses of the Women Regarding the Duration of Their Involvement in Daily family Activities before and after Joining in the Micro credit Program

Different Types of Daily Activities	Involvement in hours Before/After	0 hrs.	2 hrs.	4 hrs.	6 hrs. +	Total Number of Women Respondent
House hold activities	Before	0	38	59	3	100
	After	4	64	29	3	100
Cooking activities	Before	2	80	17	1	100
	After	4	94	2	0	100
Serving food and hosting guest	Before	8	87	2	3	100
	After	16	84	0	0	100
Group activities	Before	94	6	0	0	100
	After	0	89	9	2	100
Business by loan utilization	Before	91	8	1	0	100
	After	10	83	5	2	100

Source: Information provided by the respondents at the field level

The above table side by side shows the daily time spending of 100 female respondents before and after their involvement in micro-credit program. Before micro-credit intervention 59% women would spend 4 hours for house hold activities. 29% spend same period of time in cooking and 17% for feeding children and other family members. But after their involvement in activities with the help of micro-credit program the percentages in these fields in respect of time involvement stand only 29%, 2% and 0% respectively.

Micro-credit involves them in group activities and income generating activities. 94% women did not engage in any collective activities before credit intervention but after intervention 100% of them in-group activities and 90% of them directly involved in different income generating activities by utilizing loan from the NGOs.

It is evident that credit intervention has heavily changed the daily life style of the rural women (Annexure-VII). But it is to mention here that involvement in credit activities has reduced their time in doing the traditional family activities but there is no change in their burden of daily work. Further more, now they are to complete their previous activities within lesser time, which has obviously increased burden on them.

Changes in Knowledge and Mobility: Besides changes in their work involvement and income generation, MCP greatly influences the level of understanding and knowledge of group members in different sectors, through group meetings and training. For attending in the weekly group meetings women come outside the family and interact with other women in the groups and the NGO workers. It increases mobility of women, socializes them, and integrates them with a broader outlook. Their acceptance in the community has been also increased in general, though a group of people criticizes women under micro-credit program for their increased mobility and active role in the group activities.

Based on the knowledge and outlook gained through NGOs micro-credit intervention, the group members themselves identify some areas where they experienced have remarkable development. These are presented in the table below:

Table- 39 Responses of the Female Respondent Regarding the Positive Changes They have Experienced in Different Areas after Involving in MCP

No.	Areas of Change	Number of women respondents
1.	Education	50
2.	Cultural	11
3.	Social	45
4.	Leadership	29
5.	Investment of money in economic activities	50
6.	Environment knowledge	24
7.	Health & treatment	37
8.	Family discipline	24
9.	Family bondage	51

Source: Information provided by the respondents at the field level

Besides the development in the areas mentioned in the table most of the women also point out that level of community acceptance and respect for them and their access to the community have been increased due to this development. It becomes clear from the following table:

Table-40 Responses of the Female Respondents Regarding Relative Position of Respect and Acceptance They Received from the Community People before and after Their Involvement in the MCP

No.	Level of respect and acceptance	Number of Women respondents
1.	Below than before	1
2.	Like before	5
3.	Few improvement	51
4.	Very good improvement	43
Total		100

Source: Information provided by the respondents at the field level

Analysis of all the forementioned changes clearly highlights that the efforts have been able to bring about some changes regarding women's position from developmental perspective. The micro-credit program of NGOs could not create the situation of self-reliance for the poor. NGOs do not have also any data regarding phased out group members who have been able to breakdown the poverty chain by dint of their micro-credit program. Practically the group members are now under the credit chain of NGOs replacing that of traditional moneylenders. Every year, they receive loan and refund the same with high rate of effective interest. This has become an inevitable and never-ending process of their life. By NGOs credit intervention, they have been free from the exploitation of money lenders, but could not enter into any productive activities that can ensure formation of their own capital to free themselves from NGO's credit chain and thereby bring positive change in the system state.

Organic Solidarity

Development efforts in the ultimate analysis strive for positive changes in the system-state but it should not be at the cost of organic solidarity, dynamic equilibrium must be maintained in the social system. NGO intervention in general and the micro-credit program in specific have some inherent limitations that threaten the organic solidarity of the social system.

a. Target Group Approach

The NGOs understudy, RDRS and BRAC, follow target group approach in their intervention for rural development through micro-credit program (MCP). All the groups of BRAC are primary groups. But the groups have got

more institutionalized form in RDRS through the formation of group federations. While development refers to *system change* the target group approach practically poses some limitations related to the underlying assumptions of the approach as well as the practical operation of the approach that have some dysfunctional effects in the rural social system in Bangladesh.

The target group approach of the NGOs is based on the consideration or assumption that poor people are underdeveloped and the rich are developed. Poverty is equated with underdevelopment, often as cause of underdevelopment. NGOs micro-credit program is based on this consideration. But, practically it is not the cause but the effect of underdevelopment that results from the exploitative relationship among the community members and from the inability of the poor to fulfill their requirements. NGOs target group comprises only the poor people (land-less or land holding below 0.5 acre) and they do not include marginal farmers who are moving to become land-less whereas, this group comprises the most potential productive force engaged in activities contributing to GDP, they are also large in number.

Though under this approach the poor people are organized mainly for running credit program, where group acts as security and replace collateral for the credit giving NGOs but it isolates them from the mainstream of the society. It enhances social disintegration, very often generates social conflicts and threatens its organic solidarity. In the existing social structures poor people are in vulnerable condition but they are the integral part of the society. Their position can be alleviated through their rightful integration with the total social system not by making them isolated from others.

b. Emphasis only on Women Creating Imbalances at Family and Social Level

One of the most characteristic features of micro-credit program is its highest concentration on women as group members, though rural poor people fall within its general coverage. Emphasis on women and organizing women into group also create some dis-equilibrium in the family and social system. Through systematic interaction in the group meetings and in the other discussion meeting and training programs organized by the NGOs rural women have wider access to information and knowledge which results in changing their behavioral pattern and outlook while their male counterparts do not have such opportunity .It produces contradictions both in the family and in the society. Since their husbands remain outside NGOs intervention these often generate gap between the level of understanding of women and man that create contradictions and confrontations inside the family are often extended upto social level. The traditional authoritarian out look of the husband is also responsible for this contradictions and conflicts. It is also seen

that husband and wife jointly implement the project with the help of NGOs loan, which have been able to set new roles for man and women in production activities replacing the traditional ones.

The women understudy pointed out that they occasionally face problems for their involvement in micro-credit program, which often create imbalance situation in the families. The reasons for contradictions as per their assessments are shown in the following table.

Table- 41 Responses of the Female Group Members Regarding the Causes of Imbalance Situation Faced by Them

No.	Causes of Imbalance	Number of Women Respondents
1.	Traditional outlook	83
2.	Less time for the housework	14
3.	Unemployment of husband	39
4.	Controversial Role of NGO	31

Source: Information provided by the respondents at the field level

83% of the women point out that the traditional outlook of husband can not accept their free movement though most of them have gladly accepted their access to capital in the form of loan. According to 14 women, their lesser time allocation in housework also creates contradiction but the joblessness of husband (39%) and controversial role of some NGOs (31%) also creates problems in the family.

In a traditional society based on agrarian mode of production women were culturally confined within the family, which help them to be actively involved in household agricultural activities. This mode of production related confinement of women within the homestead is often equated as religious obligation in the name of Purdah (veil) in muslim society, which is not actually the same as is understood. But, out of ignorance, confinement of women in the home is considered fundamental a religious provision, which opposes the new attachment of women with new job and their mobility outside their homes.

Society is an organic whole and, as such, women's employment cannot be analyzed isolated from the total process of development of the society. For sustainability and effectiveness, women employment must have cultural congruence with society but, usually, micro-credit operational mechanism ignores this aspect rather, very often contradicts with this. Moreover, NGOs' overemphasis on the women is working as a threat to the family system in Bangladesh which creates social dis-equilibrium. The crude behaviour of NGOs in realizing loan from the defaulters produces negative social attitude to the NGOs and their micro credit program and reduces their acceptability in the community.

c. Sustainability of the Group Member with Their New Work

Regardless of all other considerations sustainability of group members with their new sectors of work perhaps is an important issue of investigation. Amidst the contradictions discussed in the foregoing sections, a question generally is raised regarding who are the beneficiaries of micro-credit program. The expected output of NGOs efforts through micro-credit is poverty alleviation and thereby rural development program. Thus, while micro credit program has become a universal phenomenon in Bangladesh, is there any improvement in poverty situation? It is a burning question in Bangladesh in respect of NGOs' microcredit program..

Some of the group members have got employment in some off farm sectors, and have also been able to generate income to some extent, but they could not surpass the poverty time. Moreover, they have been incited by the credit chain of NGOs. In the foregoing sections it has been analyzed that NGOs have not been able to ensure gainful and sustainable work for the poor women. Rather the poor women have been brought under credit chain.

NGOs offer new employment opportunity for women but it is within the framework of credit dependency chain involving taking credit, repaying installments and again taking loan without capital formation. This is very close to centre-periphery relationship as explained in the development dependency theories. Besides, borrowers do not have access to effective training facilities, nor marketing outlet, which essentials this gives rise to a vicious cycle of credit borrowers have humbly any scope to over through it..

The group members involved in different activities with the help of micro-credit program also realize the vulnerability in their new job assignment and instability lying with the same. For sustainability in their new works they need some extra support from the NGOs which are presented in the following table.

Table- 42 Responses of the Female Respondents Regarding the Support Needed by Them from NGOs

No.	Name of Supports	Number of Group Members (Among 100 pers.)
1.	Higher Amount of Capital support convenient for production	62
2.	Material support	10
3.	Technical Training	66
4.	Marketing support	62

Source: Information provided by the respondents at the field level

For the gainful sustainability of their new work, 62% of the group members demand for more capital with congenial repayment schedule. It is to mention here that the average loan ceiling of NGOs in Bangladesh is Tk. 6,000 per group member. This amount is too minimum to conduct any profitable venture even at very micro level. Those who have involvement in handicrafts work they (10%) need undisturbed supply of raw materials. 66% of the borrower express their opinion to have more training. 62% of the seriously need for marketing facilities for their products. But the micro-credit giving NGOs do not provide technical training and marketing facilities to the group members. BRAC has marketing outlet (Arong) of some of the handicrafts of rural women having international market. But by this the group members are not benefited because they are given very low price for their products. Regardless of low profitably only few women can be engaged in this work.

Groups are organized for running credit program, where group acts as security and replace collateral for the credit giving NGOs, but these could not emerge as sustainable people organizations. When credit program is withdrawn, the groups do not exist any more. This is equally applicable in the case of BRAC groups and primary groups of RDRS. So, credit is not the solution, it can act as one of the temporary means to development. Unfortunately, it has emerged as an end in itself on the part of the NGOs and central to their rural development efforts.

For all these limitations the NGOs development efforts have no scope to maintain organic solidarity in the society, ensure positive change and capital formation for the people. Despite all these limitations NGOs have been able to make people aware, organize into group and activate for work.

Institutional and Operational Issues

Organizational Development

Over the period of time both RDRS and BRAC experience remarkable change and development in their organization and management system complying with their involvement in multidimensional sectors ranging from micro-credit to business operations. This development is evident from the changes in the organization structure and processes introduced by the NGOs time to time. Both the organizations follow clear path of organization design covering departmentalization, creation of monitoring evaluation, research and training divisions along with other functional divisions and formulation of rules, regulations manual etc. needed for program implementation. All these help the NGOs efficiently undertake and run different program activities following own courses of action and develop *standardized ways* of doing

things. Complying with the nature of program intervention, environmental dynamics and overall objectives both RDRS and BRAC employ their best efforts to develop their organization and management system. Consequently in most of the cases based on experts recommendations the NGOs have made necessary changes in respects of structure, technology, rules regulations, resource management and other organizational practices for developing *organizational capabilities* needed for sustaining activities in the changed situation. Government's recognition of NGOs as its development partners is essentially for their organizational efficiency and effectiveness.

Along with modern technology both the organizations have been able to develop systematic organization methods and procedures to run their program activities with capability and competence. These organizations have been able to mobilize *operating resources* from donors and group member sources, but still have not become self-reliant reduce my *dependency relationship* with funding/donor agencies. From the viewpoint of development of management, both RDRS and BRAC have evolved sophisticated system of credit management but could not make the groups as participatory and sustainable people's institutions so that they can survive after the withdrawal of NGOs.

Analyses of the organizational strength and capabilities of program management as well as the outputs produced by the NGOs in the form of inclusion of large number poor people in the group, disbursement of voluminous loan, and regular realization of the same, savings mobilization, earning large amount of service charges etc. show that NGOs are capable institutions at least from organizational perspective. They have monitoring and evaluation cell along with continuous feedback mechanism for proper implementation of their program activities, but it has hardly any linkage with result orientation and impact assessment from the perspective of rural development and poverty alleviation. Organization and management of RDRS and BRAC have experienced changes but how far the change orientation has been able to bring development change in the life of the target population has not been assessed by the NGOs following any measurable set of indicators.

Moreover, changes in the organization and management system of NGOs are quite visible, but no such remarkable change in any form, qualitative and quantitative is visible in organizing people in group and group management. In BRAC no substantive effort has been made to make the group self-reliant and sustainable though sustainability or self-reliance of the micro-credit program under Area Office always remains under active consideration. The group is more vulnerable in terms of institutionalization. As a result, the group could not emerge as popular institution rather these are considered as

the platform of getting loan. In 1999 out of 431 area offices of BRAC 300 were self-reliant. These self-reliant offices are called as the Rural Credit Program [RCP] Offices. At the end of 2001 out of 475 Area Offices of BRAC 433 attained the status of RCP Offices. They run credit program with the help of service charges and savings received from the group members without taking any financial support from the central office. The area offices that need financial support from the central office to run MCP among the group members within their jurisdiction are called as Rural Development Program [RDP] Offices. It is to mention here that by the end of 2000 all the Area Offices of BRAC earned the status of RCP offices. It reveals the fact that the micro credit program of BRAC is now self-reliant but in the case of group member the picture in this respect is totally opposite. As for example, BRAC has been running micro-credit program since the last two decades, but still the volume of average loan for each borrower is not more than taka 4500/=. It indicates the inability of BRAC's group member to receive larger volume of loan and repay the same by increasing their income.

Participation in Designing and Implementing Program Activities

For ensuring NGOs commitment to development efforts for rural people as well as for enhancing people's participation in general, NGOs should conduct their development programs as far as feasible in collaboration with government and local government bodies at the grassroots level following the existing government legal framework in this regard. Both RDRS and BRAC receive foreign fund with the permission of NGO Affairs Bureau. But the role of the Bureau can not ensure NGOs' loyalties to the target population since it can not practically make any pre and post approval evaluation of the foreign funded projects. On the other hand the micro-credit program, the largest program of NGOs in Bangladesh is funded by PKSF which, is beyond the functional jurisdiction of NGOs Affairs Bureau. PKSF itself monitors the activities of the credit program but it mainly emphasizes on the proper disbursement and realization of its loan fund given to the NGOs concerned. The issues like loyalties to people and people's participation are absent in the PKSF monitoring system.

Several government agencies working in rural Bangladesh at the grassroots level with developmental objectives. There are also local government bodies to represent the will of the local people, though none of the organizations could reach the common people and entertain their problems. The dominant bureaucratic culture of maintaining distance from the people always appears as a major hindrance to the government development efforts. Lack of co-ordination and interdepartmental conflicts also negatively affect the role of government agencies. Likewise, local

government functionaries, due to dependency on bureaucracy still could not assume effective developmental role. In such a situation NGOs are implementing different programs in the rural areas for benefiting the poor following a segmented perspective. There always exists a patron-client relationship between NGOs and their target people, which is clearly evident from the terminology "beneficiaries" used by the NGOs to refer to the organized group members.

However, although the focus of the activities of government agencies, local government authorities and NGOs is development, and they have the same single locus, i.e., the community, they do not have grassroots level cooperation in designing need-based plan and implementing the same. Moreover, NGOs are found to avoid the issue of collaboration very carefully. Although government has declared NGOs as its development partners, but it still could not develop any organizational framework for partnership in discharging the development functions at the grassroots level involving the community. If these four forces, i.e., government agency, local government bodies, NGOs and local community work together in a planned manner obviously, the development process will assume new and accelerated momentum. Institutional strength of all these organizations will also be increased.

Self-reliance, Sustainability and Displacement versus Commitment

NGOs start their program activities with foreign fund and for running these establish build up organizations with formal structure employing a large number of people. The reality is that donors can not provide fund to any organization for an indefinite period for practical reasons. Foreign fund flow will be stopped after certain time but NGOs as institutions having multifarious socio-economic relationships with large number of employees can not abolish their existence. So in the third and development generation the issue of *institutional sustainability* appears as one of the focal points of NGOs' attention. It causes a clear shift in NGOs' commitment from *volunteerism to profit making* primarily rooted in MCP since the fund mobilized through this program helps NGOs to undertake commercial and other income generating ventures. RDRS except MCP could not enter into business ventures while BRAC has quite a large number of business ventures and also proved its capability by run my it profitably. The number of such ventures is increasing day by day.

The massive involvement of NGOs in profit making activities as found in the case of BRAC, contradicts with the norms of NGOs and NGOs' developmental role. BRAC has a lot of profit generating enterprises including BRAC cold

storage, BRAC printers, Arong, BRAC Dairy and Food project, Delta-BRAC Housing Finance Corporation Ltd., BRAC Information Technology Institute, BRAC Internet Services, Vegetable Export Programs etc. which are absolutely commercial in nature and configure BRAC as a business organization. BRAC has to employ much of its time, energy and fund to run these enterprises. Of course to reduce its dependency on donor fund and to make the organization economically self-reliant and sustainable these initiatives are contributing a lot. According to BRAC report now BRAC needs only 25% of its total expenditure from donor sources. But for create self reliance it has compromised with the non-profit character of NGOs and opened a new frontier in the business sector. The realities show that the micro-credit program of NGOs itself is a commercial program from which NGOs' return is very high. All these identify NGOs as a profit generating business and commercial organization, remaining beyond the legal bindings of business organizations. According to the legal provisions now existing in the country all business enterprises and commercial banks are to pay taxes. Though BRAC in running its profit generating activities along with the business organizations of allied sectors, it enjoys tax exemption facilities, because it is registered as an NGO. This situation creates dis-equilibrium in the business and commercial sectors with negative impact on the economy.

RDRS is found to strictly maintain the NGO norms characterized by voluntarism and did not pay any attention to financial self-reliance and sustainability for a long period because of its guaranteed availability of donor funds and direct involvement of foreigners in RDRS even at the grassroots level. The highest authority of RDRS consisting of expatriates employed on contract basis did not feel any urge for this. RDRS' main emphasis on holistic development of the target population and its intervention strategy also assume the character of development efforts. But it bypasses the sustainability issue both in respects of program and organization.

Gradual involvement of RDRS in micro-credit program in fact got momentum when the LWF authority moved towards the policy of handing over RDRS to the Bangladeshi citizen. Due to its late involvement in micro-credit sector it has neither been able to institutionalize its credit program nor generate sufficient income for its own. Only a minimum percentage of its expenditure is generated from internal sources including fund for micro-credit program. RDRS has a well-established infrastructure, human resource development system, system of work procedures and above all popular support base in the locality. But after nationalization and withdrawal of expatriates from the direct involvement in program implementation, the staff of RDRS are confused regarding the future status of the organization when donor fund will not be available after 5 years of nationalization. If within this period for any reason flow of donors fund is handicapped than RDRS will

obviously face severe crises with its mission and activities. Because of financial weakness, the capacities and capabilities of the organization will not suffice to ensure the sustainability of the organization. The realities with RDRS in fact, some how justify massive involvement of BRAC in business and commercial sectors. Moreover, there was always a compulsive situation for the supreme authority of BRAC to base the organization on a sound financial foundation of its own for the sustainability of the organization which is also linked up with its own sustainability in Bangladesh. Both the objective factors and urges of RDRS and BRAC authority are quite different that lead the two organizations to develop in two different ways. BRAC follows the business line deviating from the conceptual framework of NGOs for attaining financial self-reliance. It, in fact, demands re-conceptualization and redefinition of the NGO phenomenon in developing countries like Bangladesh.

In such circumstances the differences in the context of NGOs in the North and South need to be analyzed. The fund of NGOs in Europe and America come from three important sources such as (1) church fund (based on the donation of the people), (2) government allocation and (3) contribution from individuals and organizations. The NGOs in the economically backward countries, due to absence of such internal sources in their own countries, are dependent on different donor agencies for fund. But donors cannot provide support to any foreign organization for an indefinite period. They have their own priorities and constraints too. If the country can attain a certain level of economic development and possess the financial strength to support the potential local NGOs by replacing the foreign donor agencies to conduct different developmental and welfare activities in a sustainable manner, then NGOs like BRAC need not engage in business and commercial activities. The micro-credit program of NGOs can also ensure productive employment for the poor people and macro-level economic growth in the country. It is to be noted here that one of the primary urges behind NGOs' involvement in micro-credit programs manifested with a high rate of interest is to ensure their own income generation. The savings of the group members and service charges received through MCP are also two important sources for the business capital of NGOs. When the negative sides of the programs become evident to NGOs themselves then they put emphasis on other business and commercial sectors, though these sectors are less profitable compared to the micro-credit programs. The leading NGOs like BRAC first realize the limitations of MCP and also engage in business and commercial sectors. The income generation of NGOs in fact primarily begins with MCP and afterward proceeds towards involvement in business and commercial sectors. From this context when RDRS enters into income generation BRAC has crossed a long way along this continuum. But

this generation takes the NGOs away from its spirit and throws them into a conceptual bankruptcy, produces question regarding NGOs' role in the field of rural development and decreasing acceptance of the people.

In running efforts for rural development NGOs have been able to develop capable organization and management system and rightly have undertaken micro-credit programs along with other but it could not assume the character of development management and achieve the goal of development through poverty alleviation. NGOs could not emerge as people's institution. However, compared to any other organization NGOs are more systematic and institutionalized. This ensures their own development in multidimensional ways. They have also insured positive changes made by NGOs intervention among the poor people are as follows:

- i. The poor people have been mobilized and organized as well as acquainted with the organizational system within group structure
- ii. The credit culture of the NGOs makes them understand the dynamics of the market economy along with their position in the economic system.
- iii. Mobility of women and their position in the family and society have been increased. Moreover the attitudes of the people regarding the role of women in development and social affairs have also changed in a positive direction.
- iv. Savings habit has developed among them due to compulsive precondition for getting loan and
- v. The pressure for the repayment of loan in weekly installment has activated them and abstained then from sitting idle.

The above positive changes can substantially contribute to the achievement of the goal of NGOs' rural development efforts. But for this purpose capable people's institutions complying with environmental dynamics need to be developed and the loan given to the group members should be invested in the productive sectors. Further more the traditional voluntary spirit needs to be matched with the market economy as well as business and customership attitude needs to be developed among all concerned in respect of development efforts. People should have ownership in their own development institutions and capacity to purchase the services from the development oriented NGOs to ensure their productive employment for poverty alleviation and growth. These social institutions should emerge as the main actors of development where the NGOs should provide supportive services in a cost-effective manner upholding a positive and persuasive attitude endowed with professional commitment.

Subtracting Resources from the Rural Economy

The Micro-credit Program of NGOs instead of following development approach practically follows a banking approach engulfed with the spirit of modern finance capitalism. This approach has undoubtedly benefited the NGOs and lending organizations. It is the most secured sector of investment for the NGOs with a higher rate of return. Realization rate is about hundred percent, since MCP is a highly profit generating program and fund is also easily available for the NGOs in Bangladesh. Besides BRAC and RDRS, many NGOs are running credit program in rural areas. It results in overlapping and creating scope for women to simultaneously take loan from more than one NGO. This practice makes them unable to refund the loan in time which is quite evident in the program areas of RDRS and BRAC. One cultural trait by this time has developed among the borrowers that they very often take loan from one NGO to refund the loan to another NGO and through this practice they land themselves in a complicated situation.

Due to the universal involvement of NGOs in MCP in Bangladesh, to rural people, NGOs and micro-credit somehow carry same meaning. NGOs organize target people into group to run MCP in which the role of group member basically is the role of a borrower confined in a loan receiving and refunding process. By running credit program among the group members both RDRS and BRAC have earned a huge amount of interest/service charge but the group members hardly have any share in it. The union Federations of RDRS gets 2% of the service charges paid by the group members in the case of 100% recovery rate. Consequently any practical and real sense of institutional ownership of the group members is yet to develop in the NGOs micro credit program and the groups still could not emerge as sustainable people's institution for their economic uplift.

The above realities become more clear from the analysis of the positions of BRAC's volume of group members savings, service charges/interest and the loan outstanding during the period 1997-2001 presented in the Table – 43.

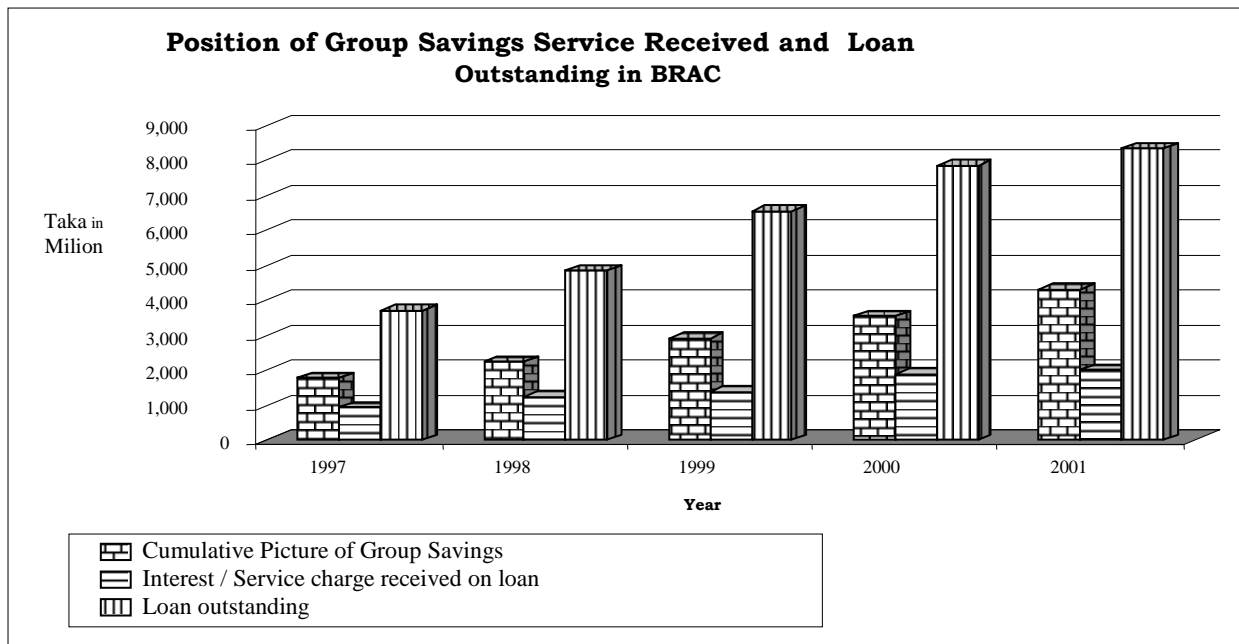
Table- 43 Position of Group Savings Service Received and Loan Outstanding in BRAC

Year	Cumulative Picture of Group Savings (Tk. in Million)	Interest/Service charge received on loan (Tk. in Million)	Loan outstanding (Tk. in Million)
1997	1,777	924	3,697
1998	2,248	1,238	4,854
1999	2,903	1,379	6,550
2000	3,550	1,893	7,855
2001	4,305	2,004	8,346

Source: Compiled from the different reports of BRAC

Total volume of interest received from the group members by BRAC against loan since 1997 stands as 7,438 million. If the group savings added the volume of fund accumulated from the group member is Tk. 11,743 million which is remarkably higher than the loan outstanding of Tk. 8,346 million of BRAC. In fact the credit program of BRAC is totally now funded by the group members. But the crude reality is that against their loan BRAC is receiving in an average 24% of interest while the group members get only 6% interest for their savings deposited to the NGO. In this situation BRAC can easily invest the rest of the fund accumulated in the form of savings and interest in commercial and business sectors. The picture of rural capital extraction in the form of savings and interest is shown in the following graph.

Graph- 19



According to reports BRAC is running the credit program of 400 area offices out of 431 with the savings of group members and the service charges received from them against loan. Since the major portion of capital invested in the credit program is contributed by the group member’s savings, they should proportionately have a higher share in service charge earning. But practically they are being deprived of getting the same.

From another analysis the picture that becomes evident is more alarming. In the situation of a wide range of unemployment and poverty more circulation of money is needed in a planned manner. The functional objective of micro-credit program is to inject money in the rural economy and thereby ensure access of poor people to capital for running profitable ventures. Circulation of money has a multiplier impact in the economy. But how far the micro-credit program has been able to ensure supply of more money in the rural economy is a big question. While loan giving is a money injection process in the rural economy on the one hand, on the other mobilization of

money in the form of savings and service charge is a money process extraction from the rural economy. If the existing savings of BRACs group members and amount of service charge received by BRAC, only in the last three years are taken into consideration, it is surprisingly found that the extracted volume of money is higher than the volume of loan outstanding of BRAC. If the service charges of the previous years are added, this picture becomes terribly alarming. The MCP has institutionally established a process of subtracting resources from the rural economy in Bangladesh.

In the first years loan outstanding was much higher than the volume of savings and service charges collected from the group members. But in the course of time it becomes lesser which has a negative multiplier effect in the rural economy leading towards pauperization. Through this system of micro-credit programs NGOs gain a lot with increasing economic strength but the underlying process of deprivation and pauperization refers to crude disloyalties to the people, the object of all development efforts. Absence of commitment to people's development, again contradicts with the norms of voluntary organization. Following a long process of genesis micro-credit emerged, as the central issue of NGO intervention but it could not have been endowed with the *voluntary spirit* of NGOs upholding a non-profit making philosophy. Moreover this program does not put emphasis on growth in agricultural and industrial sectors. NGOs are generally dependent on the donors' fund for running their program activities. Through the Credit program they have been able to mobilize local resources in the form of savings and service charges and reduce their dependency on foreign fund to a great extent. But there is no change in the dependency relationship of the group members for loan with the credit giving NGOs during the last few decades. The efforts of the NGOs, in fact, are not based on any approach accommodating the institutional characteristics of NGOs and system of development management. Moreover, the NGOs hardly feel the need for any approach and generally undertake their program activities based on surrounding realities, previous experiences and their ability to implement the same.

Chapter 9

Concluding Remarks

In Bangladesh, development efforts should be viewed from the holistic perspective of development and development management regardless of whether it is government or non-government based. NGOs efforts for rural development through micro-credit program also need to be designed and implemented from the same perspective but it must be within the basic norms and values of NGOs as nonpolitical and nonprofit making voluntary organizations. Rural development is a comprehensive program related to the continuous process of planned change. Comprehensive and coordinated efforts of different actors are needed to effectively and efficiently bring about development changes in a sustainable manner. In the process of multidimensional development coherently in individual and social life, the economic capabilities of persons/societies concerned obviously occupy the central position when the market economy dominates socio political realities. It is more prominent in an economically backward agrarian society having a vast majority of landless population living below poverty line without minimum scope of income generation and access to capital for productive employment. In such a situation the landless people need capital for generating resourceful output by utilizing their time, energy, intellect and commitment based on their own organizational strength. Since credit is the most important input for this purpose, the necessity of credit support can not be denied for their economic development and NGOs' MCP has significant role to play to this end. Accordingly NGOs appeared with the large-scale micro-credit program with international exposure. But for making the program effective the existing system needs to be replaced by an alternative system which will change the current trends in pauperizing the rural economy, investing in non-productive sectors and keeping the hardcore poor outside the program intervention. Investment in the productive sectors contributing to GDP increase, participation of group in the MCP capital and earning from capital investment also need to be ensured by the NGOs from a comprehensive perspective following a mixed scanning approach. The total community needs to be addressed in general in one another way. However, the disadvantaged group should be specially focused as they are now being treated under the existing target group approach. In the whole process people are the actors of their own development and NGOs can play only a facilitating role. But without the ownership of group members in the capital and involvement in the development process they can not emerge as actors of development.

The scenarios of MCP revealed in the study are no doubt frustrating but it cannot necessarily be assumed that credit is not needed for the economically backward group of people. Moreover it is needed for undertaking productive ventures until they have been able to develop sufficient capital of their own. For this, the existing perspective, institutional characteristics of NGOs system and efforts with credit program directed to rural development should be changed so that the aforementioned problems can be solved.

Government in the modern nation state is constitutionally responsible to bring about developmental change, as well as to design the policy framework regarding the institutions and mechanisms for ensuring this change. NGOs efforts for rural development also fall within the jurisdiction of government's legal and policy frameworks in all respects. It is accepted that NGOs can play a supplementary role in the government development efforts individually or in a collaborative manner. NGOs have to prioritize its sector of intervention giving emphasis to people's own capability, government's policy priorities and other developmental and social realities in their planning and policy framework for rural development.

It is also to be taken into consideration that the society is a total system with an organic character having a complex relationship of multiple elements. All of its constituting components are interrelated and interdependent. Likely, the poor target people of NGOs along with their families are also an inseparable part of the total society. Development intervention for them must be within the framework of the total social system giving due emphasis on the development of the total family of the target population since the families act as the basic units in society. So instead of the present target group approach, alternative approach with corresponding operational mechanisms need to be designed so that a convenient system of relationship at the individual, family and social levels can be established which will ensure empowerment and development of the rural poor. It should also be noted that society as an organic entity has some sort of built in capacity to solve its own problems. This potential could not effectively become operative due to historical and other reasons. External intervention is required to revitalize the inherent capability of the society and help to procure necessary inputs and discharge outputs. In this respect NGOs can play a facilitating role to evolve development efforts from within the society based on the rational calculation of the sustainability of efforts in the context of social realities of Bangladesh.

It demands a participatory community institution and internal resource mobilization. In the current MCP, in spite of regular interaction between the group of target population and NGOs for credit and other purposes the group could not emerge as people's institution and people did not have any sense of

ownership. It is the inevitable result of the current mode of NGOs operation. NGOs seem to be very much bureaucratic in approach rather than participatory in their credit management. For the institutional sustainability of the NGOs along with their development efforts the present nature of the NGOs should be changed. Both the institutional system of NGOs and the nature of intervention must be non- bureaucratic, participatory and culture friendly. This can be ensured by using and integrating the social values and institutions with development potential in development efforts.

In all the efforts of NGOs, the group of target population occupies the central position, which particularly provides the basic foundation of NGOs development management, but despite of all sorts of development at the organizational level of NGOs, the group could not be developed in an institutionalized manner. Besides having the scope for taking loan, there is hardly any other motivating factor for the group member behind their involvement in the group activities. Since it is difficult to engage in productive activities with loan provided by the NGOs, the system of the conventional procedures of MCP should be changed with a view to facilitating capital formation for the group members at the micro-level and simultaneously contributing to GDP increase at the macro-level. The changes in the system of group activities and credit mechanism should also be made by providing room for the hardcore poor and vulnerable groups in the community. For the sustainability of the group, it must acquire capability to satisfy the needs of group members objectively and group members must also participate spontaneously in group activities. These demand a holistic approach for integrating the community in the social development process. Instead of the existing provider-beneficiary relationship between NGOs and the group members, a partnership relationship should be established.

It also needs to be taken into consideration that complying with the overall development need of the country the government has designed its own system of development management by establishing agencies with qualified expert manpower and specific development programs at the grassroots level. Due to un-institutionalized local government system and other limitations existing with government institutions and socio-political authority, developmental interactive relationship between government system of development efforts and the target people of development could not be established. The MCP can effectively contribute to the process of rural development if the available services of governments are integrated with NGOs' efforts.

Alternative Intervention Strategy

Against this backdrop an alternative model need to be developed which should include the following strategic issues:

- i. Making community people both as main actors and beneficiaries of development efforts.
- ii. Mobilization of community resources for community development
- iii. Development of community institution for running development activities in a sustainable manner
- iv. Ensuring sustainability of organization (NGOs) in conjunction with the sustainable development of group members by changing the existing mode of credit operation and credit management.

All the issues related to profitable and sustainable investment of funds have to be integrated in the MCP activities for making it an effective tool for rural development. Here fund is not only the input to be given to the incumbents, the other inputs which are inevitable for goal achievement such as continuous training, supervision, monitoring, marketing outlet and other support services required for undisturbed production functions have to be included in the package of inputs in the micro-credit program. However, the characteristic features of the alternative project model of NGOs efforts for rural development through micro-credit program are as follows:

Institutional Arrangement for Community Participation

The institutional arrangement need to be based on a mixed scanning approach that will involve the community people in general and the poor people in particular. The NGOs concerned should organize the community into two groups under the collective leadership of a Community Development Committee [CDC]. The economically disadvantaged section of the community will be organized into special Primary Groups to provide them credit facilities for productive employment. The group members should be involved in weekly savings activities and their savings should be disbursed as loan among the group members. Other than the Primary Groups there should be another group namely Social Saving Group [SSG]. Any community member willing to save certain amount of money in each month for investing in the micro credit program run by the members of the Primary Groups should be eligible for becoming the member of the Social Savings Group. Along with the savings of the Primary Groups the savings received from the SSG will be one of the effective sources of capital needed for running micro credit program among the target population for poverty alleviation.

Committee Development Committee (CDC) is the overall community level forum which is represented by the members of different community level institutions such as local government body, primary / high school, religious institutions and so on. Representatives of Primary Groups, Social Savings Group, Women members of the community, Families having disabled person, landless farmers, etc. should be included in the Community

Development Committee (CDC), which will be responsible for taking community level development plan and implement the plan activities with the help of GOs and NGOs functionaries.

Partnership between NGOs and Group Members

There are two levels of partnership, one at *capital level partnership* and the other is at the *project level partnership*. NGOs and the group will jointly run Micro-credit program with the help of group savings and NGOs fund. The capital level partnership aims at changing the existing lender borrower relationship between NGO and group members and establishing share of the group members in the capital which they receive as loan by merging group savings into loan capital as its parts and it will get equal status of NGO capital in respect of earning service charge. It will tremendously increase the volume of return of the savings of the group members leading to their own capital formation.

The project level partnership refers to the involvement of NGO and group members at any level of the cycle of project funded under partnership capital support program. NGOs may establish its partnership in any event of the project cycle such as: (i) organizing the project (ii) training for skill development (iii) Providing fund (iv) supervision and monitoring and (v) providing marketing outlet. While the group savings/fund becomes sufficient enough to provide fund for their group members to undertake projects NGOs will confine in the project level partnership along with managerial support needed for running credit activities.

It is envisaged that through this type of partnership arrangement, collective managerial responsibility among group members will increase since they are the owners of the system and the group will emerge as sustainable participatory institution for funding productive activities contributing to GDP increase. The local resources without being drained will be utilized in the locality and thereby the economy will be revitalized with multiplier effect.

Repayment Schedule as per the Nature of the Projects

In the micro-credit program NGO and group members jointly fund the project, the terms and condition including the return from the fund in the form of profit/cost of service and capital as well as the mode of financing will be determined jointly by NGOs and group members. The fund may be refunded by installment or at a time based on the nature of the project. The return from the investment will be divided into two categories as (i) the service charge of management support of NGO and (ii) service charge of the capital. Since group members and NGO have share in the capital, they will proportionately share the service charge of capital according to their share in

capital. In this program the NGO staff will also have a partnership role being merely paid employee of NGO. They will have a share of the service charges after meeting all management expenses of NGO to be calculated once in a year. This will help develop their entrepreneurial capacity.

Investment in Productive Sectors

The program should aim at micro-level income and employment generation as well as macro level economic growth for poverty alleviation and development. Sectors of investment will include those that ensure economic growth and productivity suitable for optimum utilization of the potentials of the group members. These cover trading and production-oriented activities including agriculture and non-agricultural sectors, Shop keeping, Small business, Business of fish, vegetable and milk, Food grain, Vegetable gardening, Cattle rearing, Poultry, Dairy, Fishing, Handicraft and Food preservation and processing etc.

Enhancing Professional and Facilitating Role of NGOs

The role of NGOs under this strategy will enhance managerial capability of the community and provide other support services with a view to transforming the groups and the community as sustainable, productive and development institutions. The NGOs concerned will render their professional services related to group formation, group meeting, consciousness raising, capital mobilization, credit management, project designing, training, supervision monitoring and evaluating project activities, supply of inputs, marketing of the project output, linking group with the government institutions and other service giving agencies and so on.

Skill training both at community level and office level by utilizing available government and other resource persons for making the project effective should be taken as the integral part of the program activities since it is inevitable for enterprise development.

- Before initiating the program massive training program should be arranged for the field level staff of NGO to develop them to meet the demand of the new program initiatives. Before inclusion into program, the group members should be given sufficient training on different issues of the new system of capital support or credit program as well the pattern of benefit they are supposed to get from it should clearly be analyzed for their understanding and motivation.
- Necessary marketing outlet for the products of the projects under the program needs to be established directly by NGOs or with the help of others.

- The present savings of the groups will be transferred to the group account for disbursement of loan to the project of group members. The extra fund needed by the group members for their projects other than their savings will be supplied by NGOs concerned in the form of loan. NGOs must manage the extra amount of fund from other sources until it can manage the same by its own fund or the volume of the group members’ savings is able to finance their projects. Group members will be encouraged to involve in a increased amount of regular savings and special savings.
- Due to evolving a sustainable system in funding projects of the group member, fixed interest on capital will be avoided since it contradicts with the socio-religious value of the people and often enhances exploitation. Instead, an alternative mode of financing should be followed based on the sectors of investment in possible cases. The following table - 44 shows the different possible mode of financing in different sectors which are very much in line with development objectives and though which people can get rid of exploitative credit chain.

Table – 44 Different Mode of Financing and Repayment

No.	Nature of Investment	Name of the Trade	Profit Calculation	Grace Period	Mode of Repayment
1.	Sale on Credit	1. Shop-keeping and small business 2. Food grain production 3. Vegetable production 4. Cattle rearing 5. Fishery 6. Handicrafts production 7. Food preservation and processing	On the basis of experience of previous one year, price will be calculated and it will be finalized in consultation with the member.	1. One month for running business 2. Equal to the gestation period for production project	1. Monthly for running business 2. One time for production project.
2.	Partnership	1. Business of fish, Vegetables, Milk 2. Food grain production	Profit will be calculated on the basis of accounts maintained by the members and supervised by the NGO concerned.	1. May vary in running business 2. Equal to the gestation period for the production projects.	1. One time for running business 2. One time for production projects
3.	Advanced Purchase of Project Outputs	1. Poultry-dairy Production 2. Handicrafts Production 3. Food grain Production	The purchasing price will be determined by consultation with the borrower and the group. Price may vary on the basis of duration of investment	Depend on the time required for starting of production	Depend on the nature of the commodity. In the perishable goods like eggs, Milk daily repayment system might be introduced.

Sustainability Issue

Since donor's support is rationally meant for a particular period, namely for take off period and cannot flow to the organization for an indefinite time,

calculation of sustainability is an important consideration in the formulation model program. Sustainability of the program need to be calculated and based on key issues such as community acceptance, capacity of the organization and the availability of resources/fund to bear the program expenses. The following sections make a brief focus on these issues:

Acceptance

The very work approach of NGOs includes people of all section of the society, Grassroots level government, local government functionaries, will act as instruments to establish an all-encompassing support base. Through this approach the organized group and community members will involve in production and will contribute to social development, which will obviously enhance development as well as strengthen the acceptance of NGOs.

Moreover, the congruence of the nature of the efforts with social values of the people will increase the acceptability of the program in the community. Furthermore, since the people have ownership both in the field of capital and profit, the level of their acceptance for this program as well as for the NGOs will be higher.

Financial Sustainability

Financial sustainability needs to be calculated at two levels, one is group level and the other organizational level. In group level, by mobilizing their own saving and getting increasing portion of the profit of capital invested in the group funded project, the group will emerge as a financially self-reliant micro-credit organization.

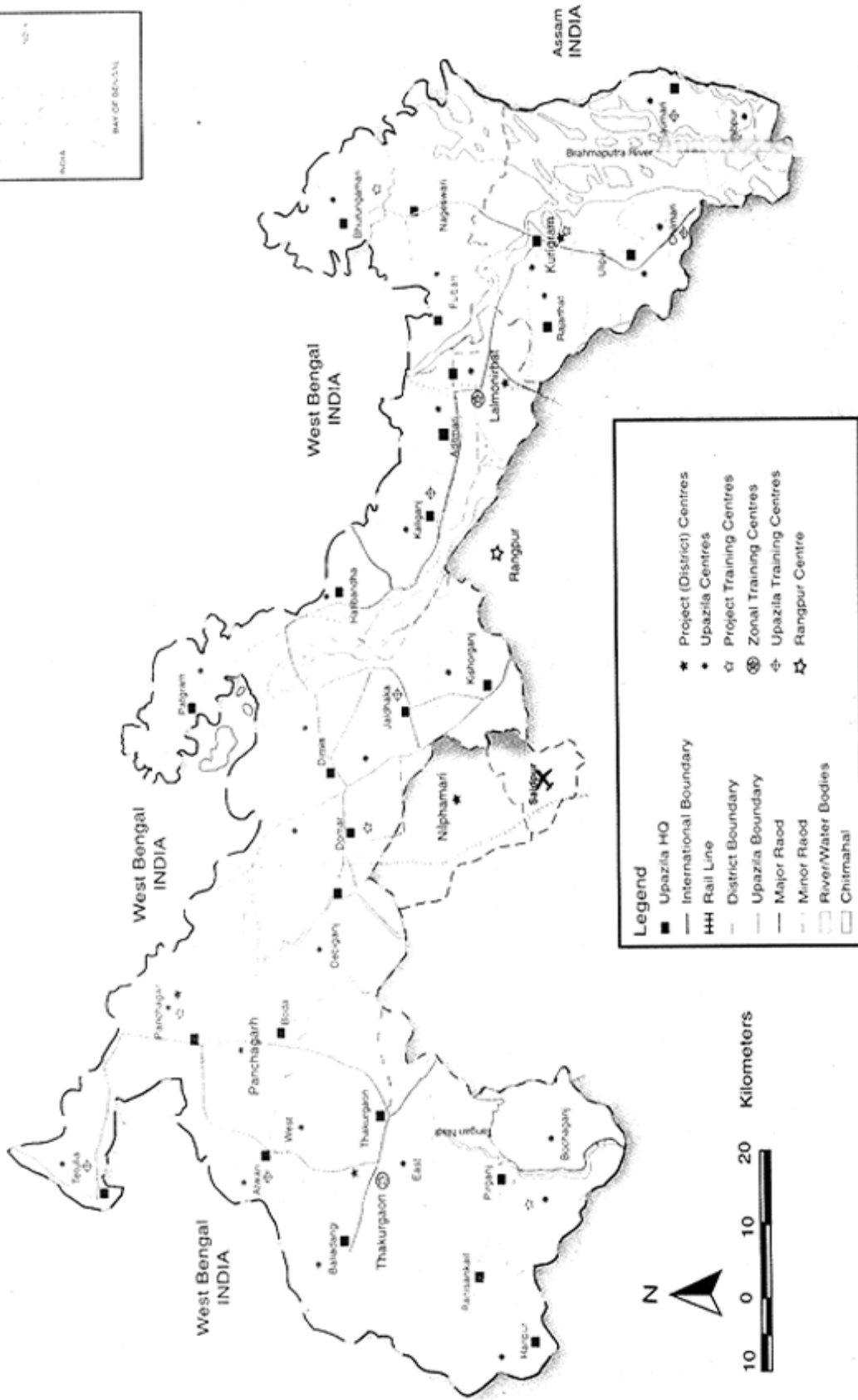
In NGO efforts for rural development one reality must be taken into consideration that NGOs role in the field of development is supplementary to government efforts. Government is constitutionally committed with political obligation to do the same, which is quite opposite to NGOs voluntary spirit. Of course, how far volunteerism can play the role of activating force behind NGOs efforts in the market economy need to be seriously analyzed. However, as development partners of the government NGOs should establish institutional and functional relationship with different government agencies working at grassroots level for national development. These agencies have qualified human resources and sufficient establishment that may effectively contribute to the development change in collaboration with the NGOs and community institutions. For making the efforts more participative and loyal to people NGOs should develop linkage with the local government bodies. This will enhance the growth of civil society at the grassroots level. All these demand drastic changes in the perspective of NGOs involvement in development efforts.

NGOs started functioning, primarily with voluntary spirit, but due to change in involvement from philanthropic to the development sector, the voluntary spirit could not cope with the needs of development involving desirable socio-economic changes and thus encountering contradictions. Government runs its program based on political commitment or political considerations and the businessmen run their enterprises for making profit, but what should be the basis of NGOs' commitment for participating in development efforts where primary religious and humanitarian spirit have disappeared at the advent of market economy should be clear to all concerned. At present NGOs engage in wide-scale business either for earning self-reliance reducing donor dependency or for earning profit. This trend of NGOs practically removes the differences between NGOs and business organizations.

NGOs for sustainability need to have secured sources of income and engage in income generating activities, which will reduce dependency on donors. However, some issues should be taken into active consideration in doing so. Firstly, NGOs must uphold the spirit of voluntarism along with financial sustainability complying with the market forces, secondly while NGOs engage in business and commercial activities it must have linkages with the economic benefit of the target population and finally some provisions applicable to private business and commercial activities should be applicable to NGOs when they involve in such activities. This is necessary to ensure dynamic equilibrium in the economic activities in the country. Development is a culture bound phenomenon, and for the sustainability of development efforts NGOs must have the capability to effectively address of the needs of the people in a participatory and culture friendly environment.

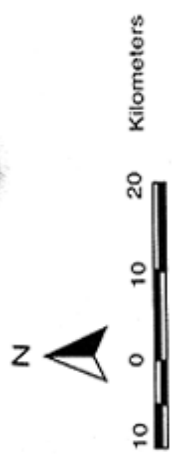
No doubt in the present rural development efforts of NGOs there are many limitations. With the provisions of proper policy framework and institutional mechanism, non-governmental efforts can assume a significant developmental role in Bangladesh rural society, as they played a positive role in the past in education, agriculture, industry, settlement of disputes, and other sectors and helped the emergence of a self-reliant village system. But efforts should be generated with voluntary commitment and professional skill in a holistic manner predominantly from within and not from without.

RDRS Working Area Map



Legend

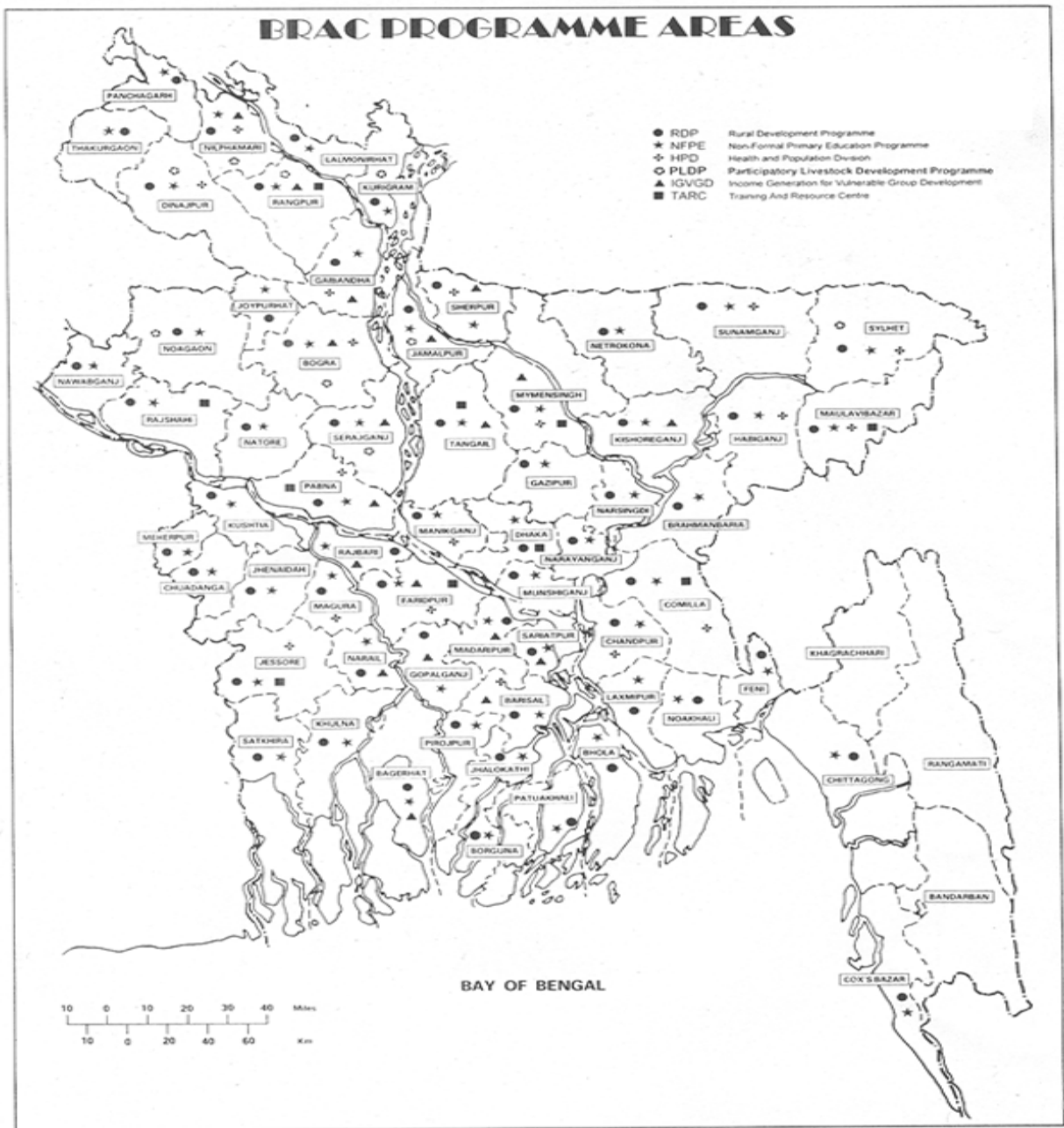
- Upazila HO
- International Boundary
- == Rail Line
- - - District Boundary
- ... Upazila Boundary
- Major Road
- - - Minor Road
- ▭ River/Water Bodies
- Chitmahal
- ★ Project (District) Centres
- Upazila Centres
- ◻ Project Training Centres
- ◻ Zonal Training Centres
- ◻ Upazila Training Centres
- ★ Rangpur Centre



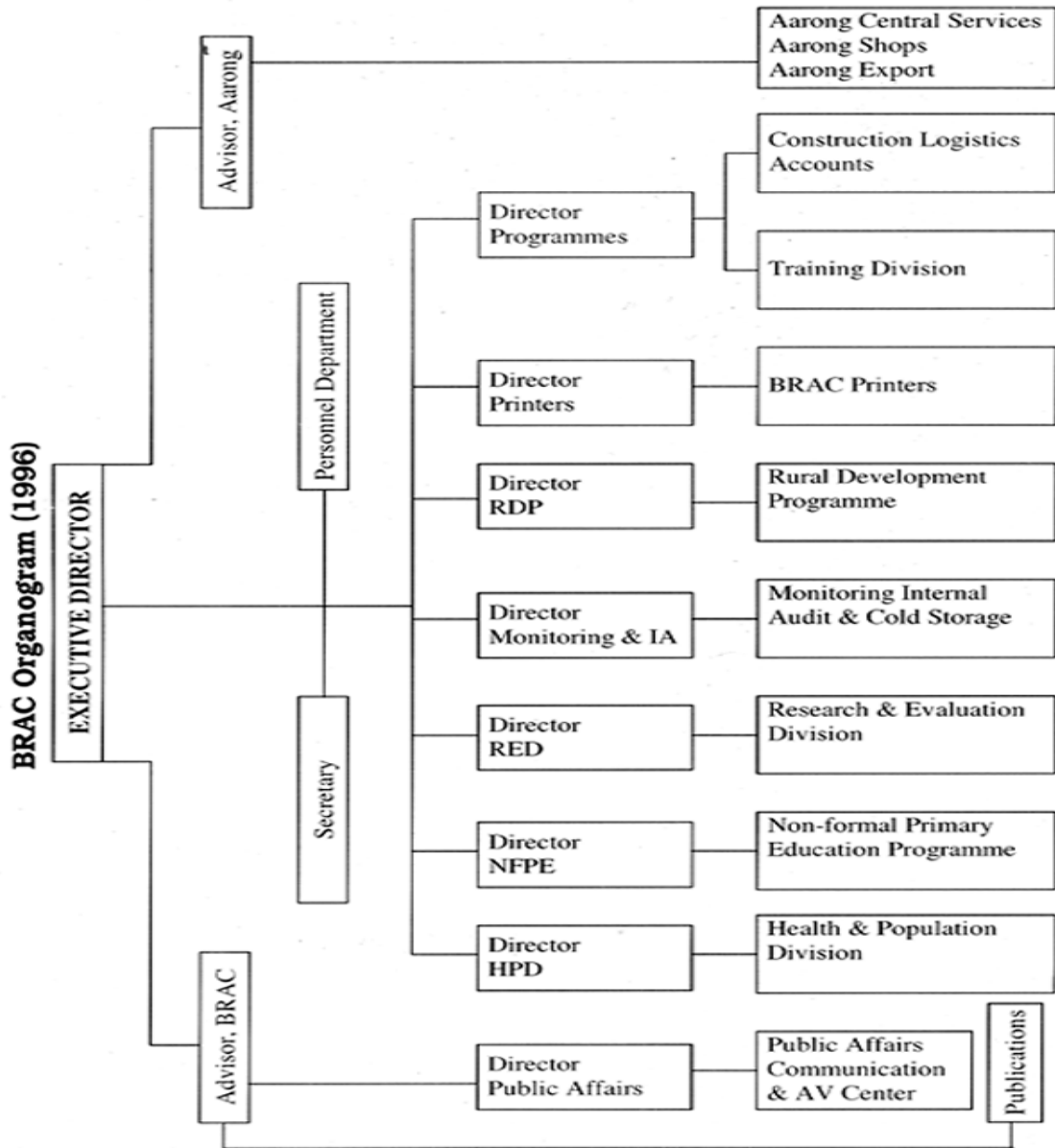
Annexture- II**List of RDRS's Donor**

No.	RDRS Donors	1997	1998	1999
1.	Lutherhjaelpen (Church of Sweden Aid)	√	√	√
2.	DanChurchAid (DCA/DANIDA)	√	√	√
3.	Interchurch Organisation for Development Coopn (ICCO)	√	√	√
4.	Norwegian Church Aid (NCA)	√	√	√
5.	Finnchurchaid (FCA)	√	√	√
6.	Evangelical Lutheran Church in America (ELCA)	√	√	√
7.	Canadian Lutheran Church in America (CLWR)	√	√	√
8.	Japan Evangelical Lutheran Church (JELC/LLT)	√	√	√
9.	Lutheran Life Together, Japan	√	√	√
10.	Stromme Memorial Foundation, Norway	√	√	√
11.	CORDAID (MEMISA), Netherlands	√	√	√
12.	ECHO / DCA			√
13.	EU/DCA			√
14.	Palli Karma-Shahayak Foundation (PKSF)	√	√	√
15.	World Food Programme (WFP)	√	√	√
16.	Helen Keller International (HKI)	√	√	√
17.	European Union, Food Security Unit	√	√	√
18.	European Union, Commission	√	√	√
19.	DFID		√	√
20.	IFADEP	√	√	√
21.	The Asia Foundation /USAID		√	√
22.	Swiss Agency for Development & Cooperation (SDC)		√	√
23.	DNFE/GOB		√	√
24.	Government of Bangladesh	√	√	√
25.	ASSP/Development of Agriculture Extension	√	√	√
26.	KFW			√
27.	DANIDA/PLDP			√
28.	Embassy of Ireland			√
29.	ILO/IPEC	√	√	√
30.	WARPO			√
31.	AVRDC			√
32.	Action Aid, Bangladesh			√
33.	NGO Forum			√
34.	GTZ	√	√	√
35.	Action by Churches Together (ACT)		√	√
36.	ASSP (DFID/UK)		√	√
37.	CONCERN/GTP		√	√
38.	CARE / USAID		√	√
39.	CARITAS / MEMISA		√	√
40.	WFP / SDC		√	√
41.	Evangelische Zentralstelle fur Entwicklungshilfe (EZE)	√	√	
42.	ILO – Japan	√		
43.	Canada fund for Local Initiative, CIDA	√		

Annexture- III-a

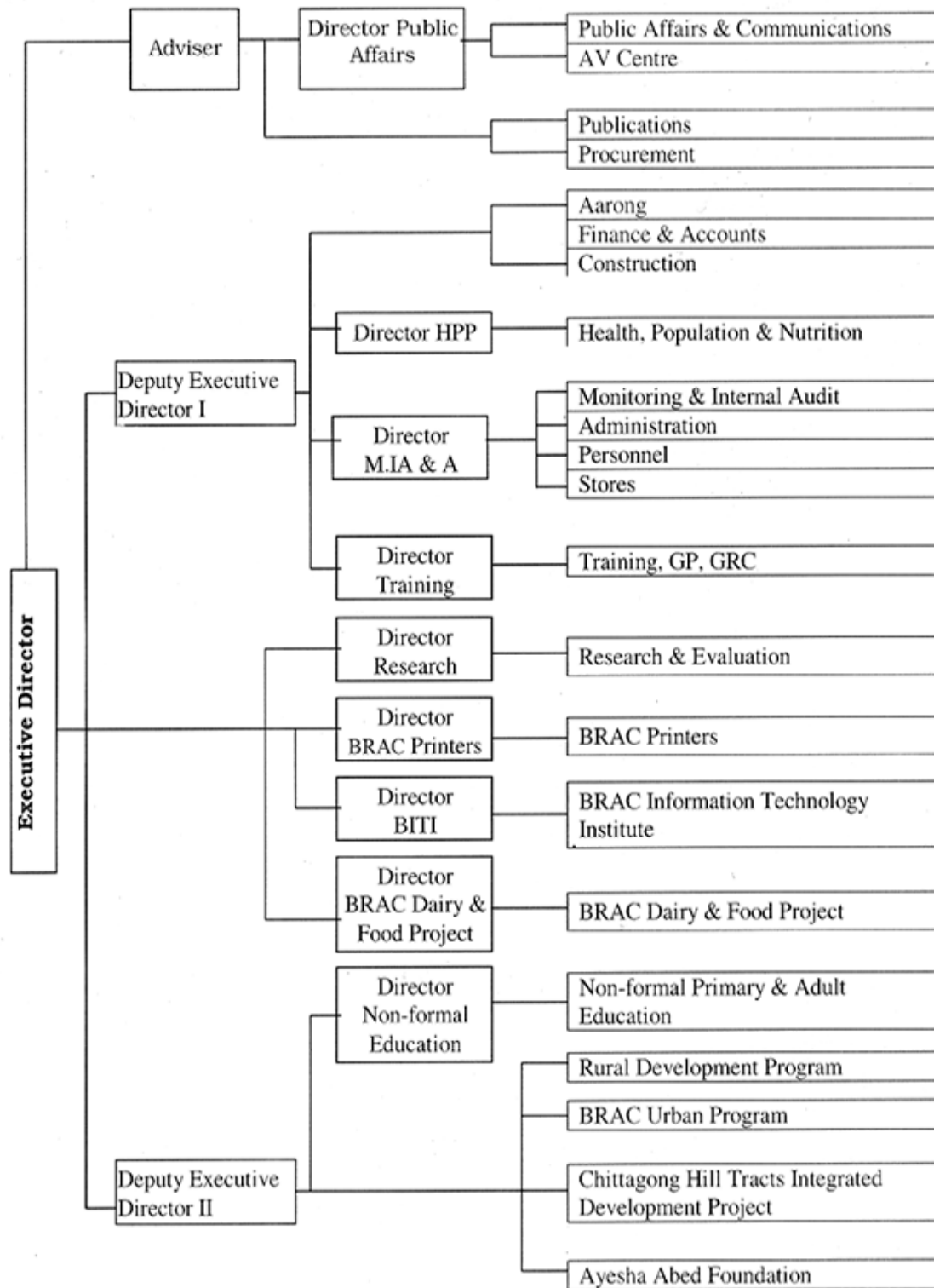


Annexture- III-b



Annexture- III-c

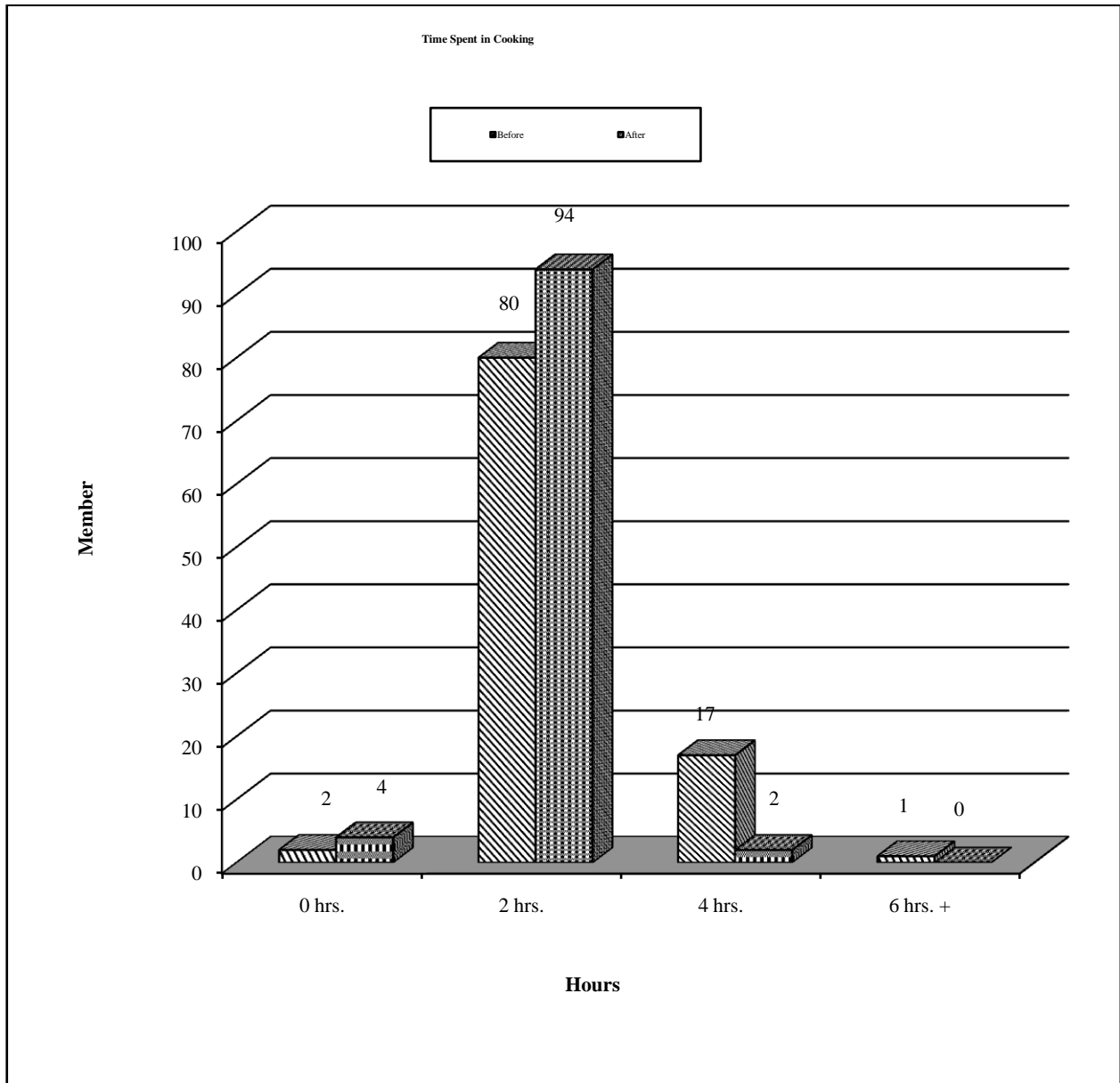
BRAC Organogram (1998)



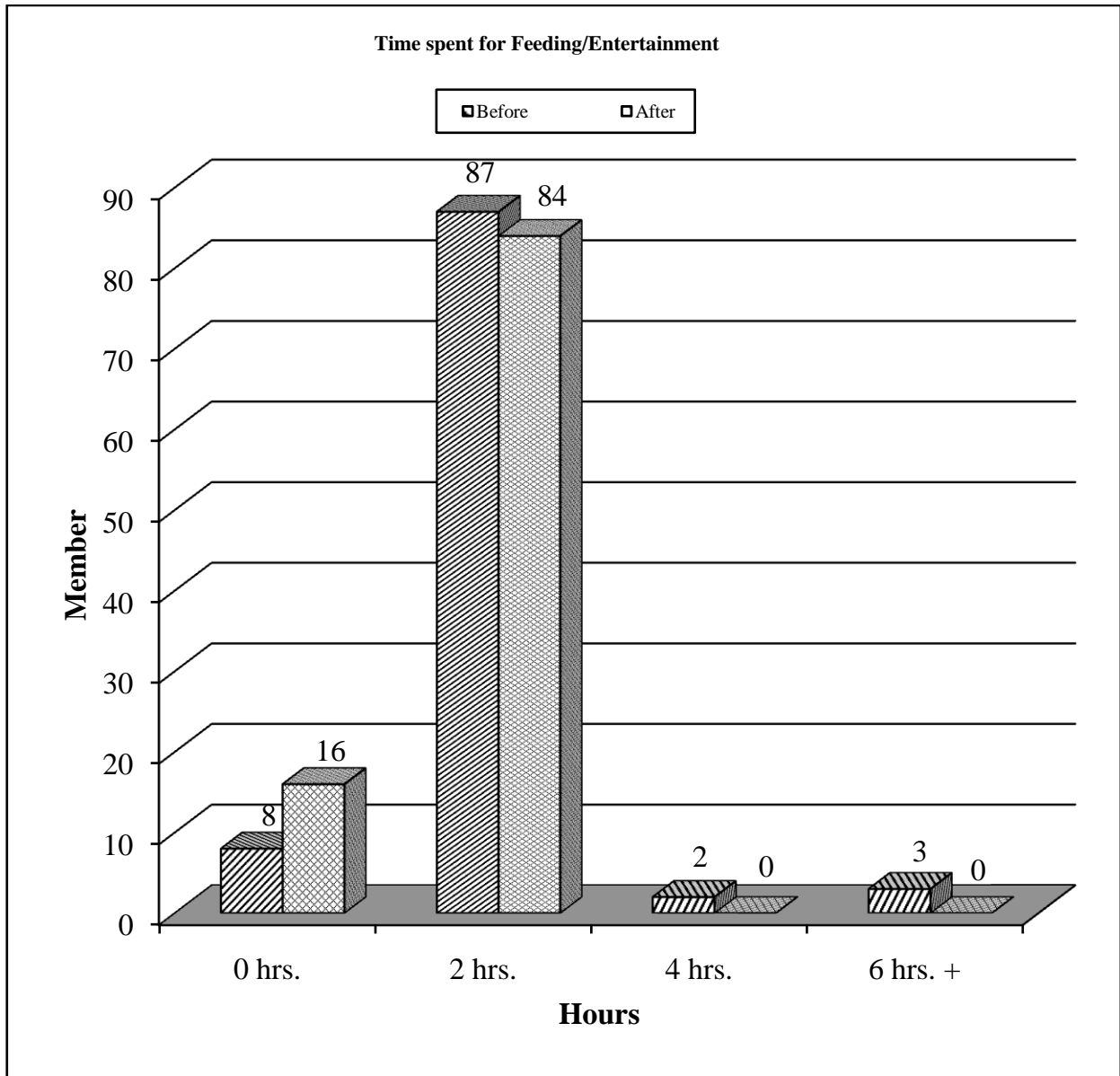
Annexure- IV-a**List of BRAC's Donor**

No.	Name of Donors	Year		
		1997	1998	1999
1.	European Community	√	√	√
2.	DFID, UK	√	√	√
3.	Govt. of Bangladesh	√	√	√
4.	AKF / CIDA	√	√	√
5.	Pathfinder International/USAID	√	√	√
6.	KEW, Germany	√	√	√
7.	DANDIA, Denmark	√	√	√
8.	UNICEF	√	√	√
9.	NOVIB	√		
10.	NOVIB / DGIS, Netherlands		√	√
11.	DGIS, Netherlands	√		
12.	SIDA, Sweden	√		√
13.	World Food Programme			√
14.	AUSAID		√	
15.	CESVI		√	
16.	CIDA, Canada	√	√	
17.	NORAD		√	
18.	OXFAM America	√	√	
19.	German Embassy		√	
20.	Local Donors		√	√
21.	Royal Tropical Institute	√		
22.	Ford Foundation	√		

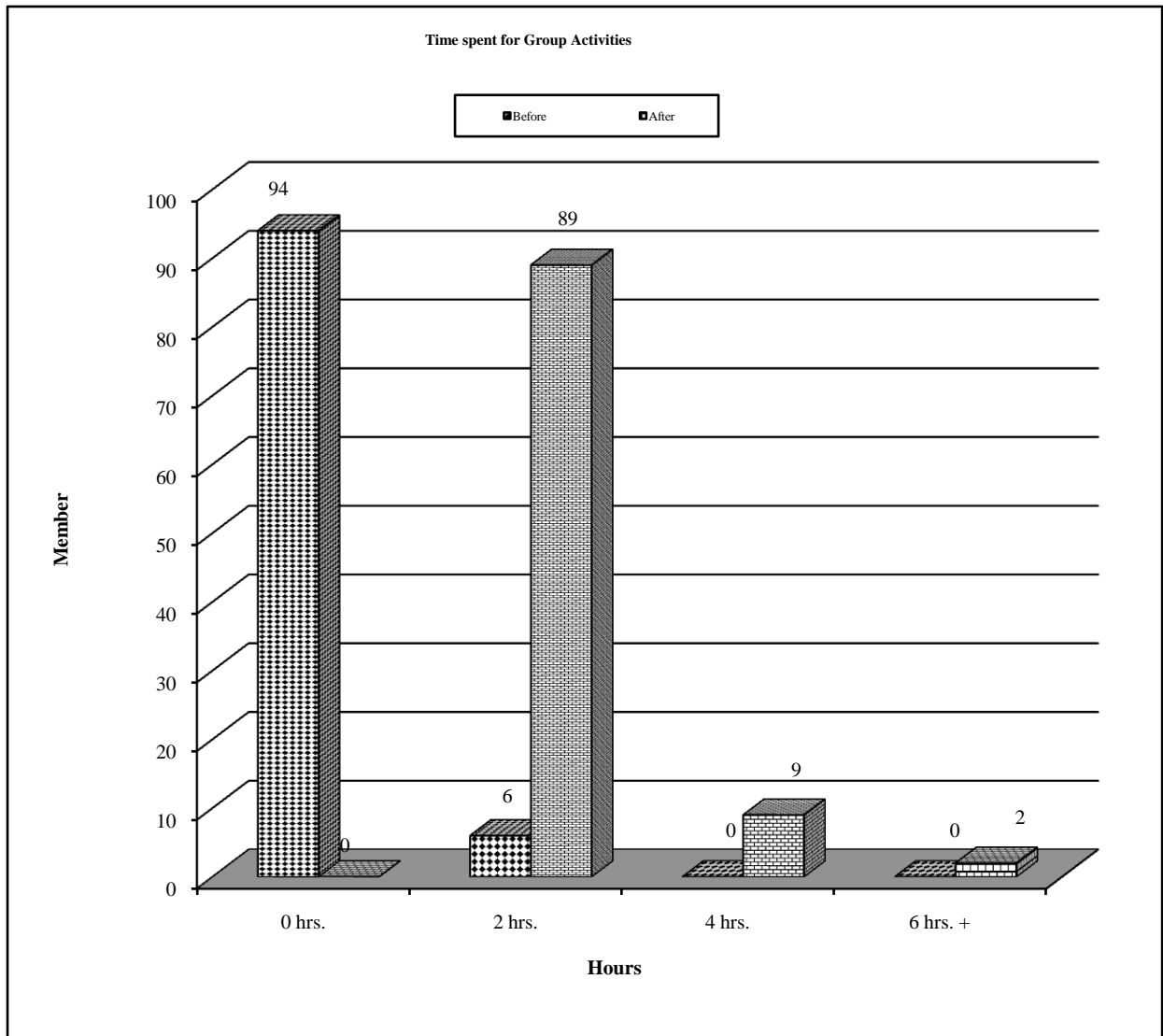
Annexture – IV -b



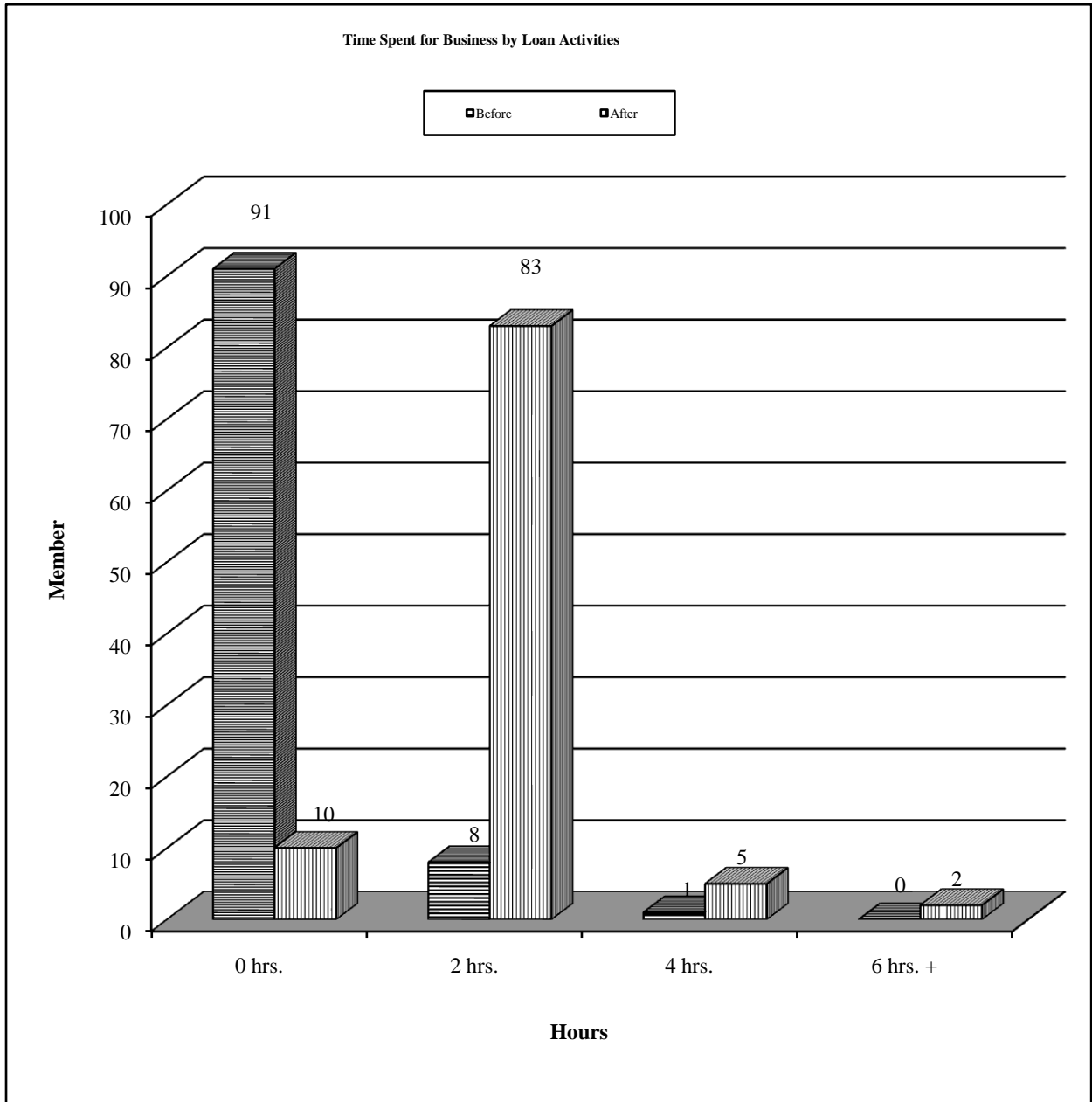
Annexure – IV -c



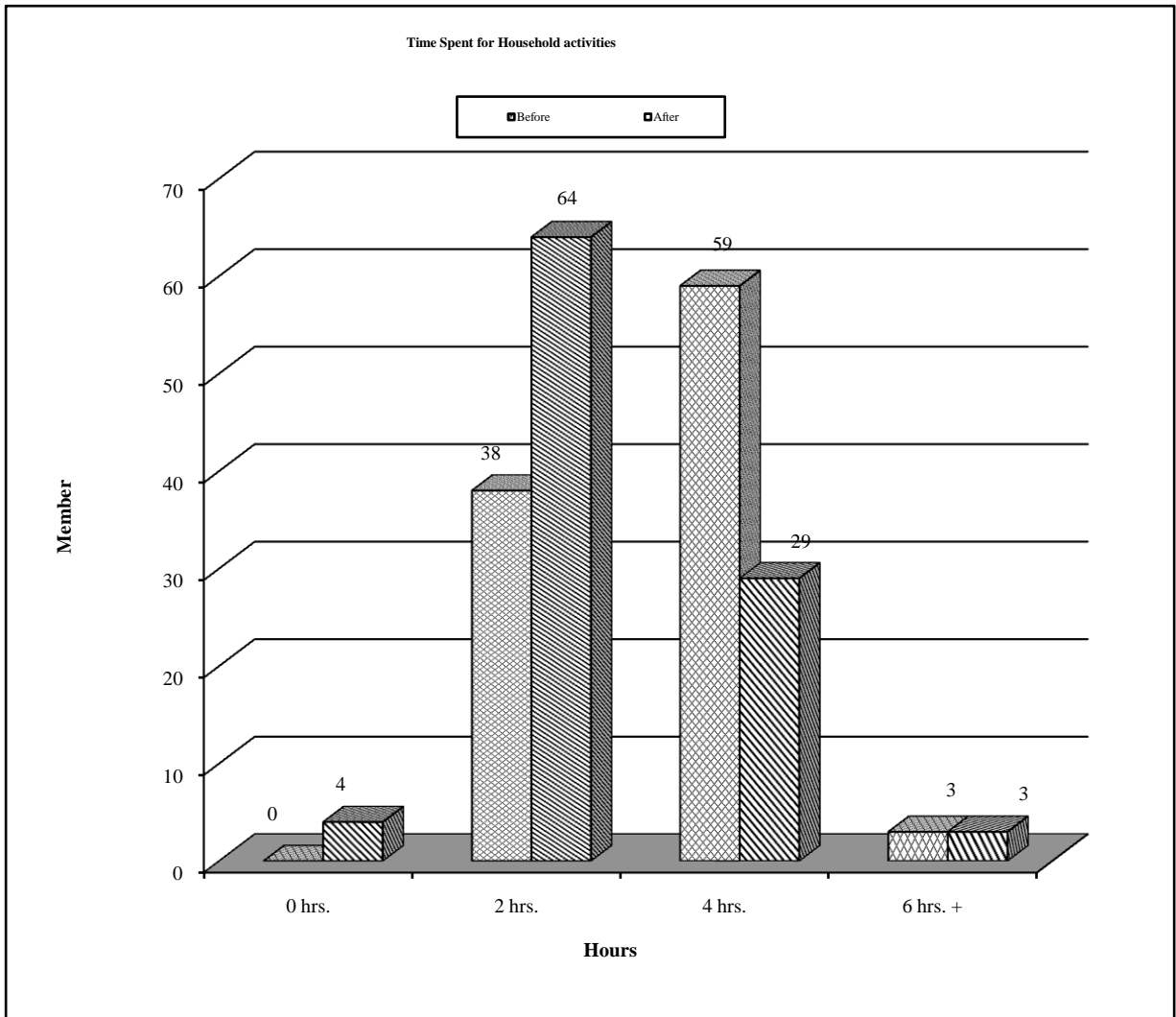
Annexture – IV -d



Annetxure – IV -e



Annexture – IV -f



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