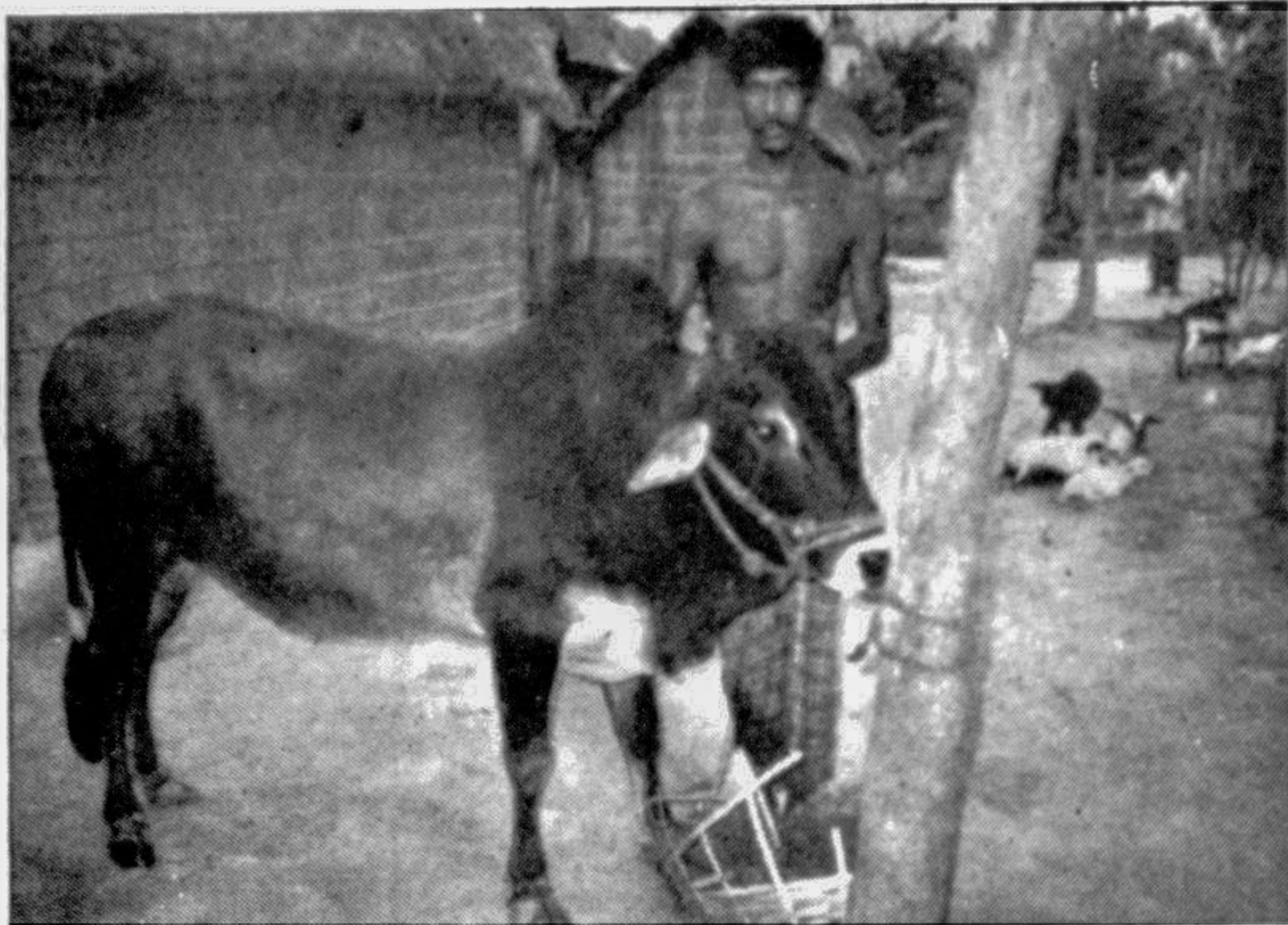


## Beef Fattening is Profitable

by Aloysius Milon Khan



Shahad Hossain with his cow.

"I have earned Tk 3,980 as net profit in only seven months time by beef fattening," said Sahadad Hossain "beef fattening is profitable." Sahadad is happy to sell his carefully reared big grown up cow that he bought for Tk 3,400 when it was two years old. The middleman offered him Tk 9,500 but he sold it himself for Tk 10,000 in the market last month during the Eid Festival. Sahadad was never so happy before. He bought gifts for everybody in the family for the festival using a portion of the profit and kept the rest for next project. "I was so poor and unhappy but now I find meaning in life" said Sahadad, a strong, energetic and promising young man of 30.

Shadad is married. They have two small children. His wife helps him in household work, especially feeding the cattle, cleaning the shade. Sahadad had never been to school but now can sign his name after joining the group. He does not have any permanent employment but is involved in seasonal business.

Sahadad belongs to Purbia Ayerkhama male group formed by RDRS in 1991. The group has 16 members. Eight of the took loan of Tk 39,000 for beef fattening project. Sahadad was one of them. He took a short term individual loan of Tk 4,900 under a package credit which included cost of the animal, its feed, its treatment and veterinary services. For rearing of the cattle during last seven months he actually spent Tk 6,276. This includes cost of the animal Tk 3,400, cost of shade repair Tk 300, cost of straw treatment pit Tk 220, cost of feed such as molasses block 54 kgs Tk 432, straw Tk 420, urea 21 kgs Tk 110, wheat/bran 250 kgs Tk 750, cost of treatment such as deworming, delousing twice Tk 38, vaccination one time Tk 10, Livestock Field Worker's visitation fees Tk 36, and payment of interest on credit of 9 months Tk 560. His total income of Tk 10,256 includes sale of the cattle Tk 10,000 + Tk 256 from sale of cow-

ding as manure. Therefore, his net profit stands at Tk 3,980 (10,256-6276). Sahadad received a 3 days training on beef fattening organised by RDRS for him and other beneficiaries.

The local Livestock Field Worker Ramjan Ali, a member of the group, visits them at least once a week to follow up. He trained them on feed resources such as straw treatment, green grass and other nutritious feed. He also provides advice on disease control and carry out routine preventive vaccination against killer and epidemic animal diseases, deworming, delousing and offer first aid for other ailments.

In addition, the LFW also conducts on-farm demonstrations about the benefit of inputs and the economics of improved productivity. The Livestock Field Workers are well-trained personnel to assess livestock situation in the area, constraints and specific needs in livestock production, appropriate livestock production technologies, livestock extension using the group approach, input mobilisation and handling to increase livestock productivity. The LFWs are equipped with first aid kits and deworming and other essential drugs, all at cost-price.

In the Boro Bari union of Lalmonirhat Sadar, along with the male group members, the female group members are becoming interested in beef fattening project. Recently RDRS provided such short term credit of Tk 926,000 for 189 individual projects among which there are 100 male and 89 female members. Beef fattening is increasingly becoming popular and viable in Lalmonirhat areas.

Group Members Households with good feed resources such as straw, green grass, surplus labour and a good understanding of seasonal prime beef marketing may choose this line of profitable cattle production using at least one animal under three project.

BANGLADESH had been one of the first countries (among a total of 36) to resort to the Structural Adjustment Facility (SAF) set up by the International Monetary Fund (IMF) in March 1986. Bangladesh was also among the forerunners (among a total of 29 countries) to make use of the Enhanced Structural Adjustment Facility (ESAF) which was launched by IMF in December 1987. Under the two sets of three successive annual programmes, during the last seven years (1986/87-1992/93), the country's economy was subordinated to the guidelines are targets laid down in the Policy Framework Paper (PFP) prepared by IMF and the World Bank.

### The Package and Sequencing

While discussing the experience of Bangladesh one should recall the distinctions between stabilization policies (geared to reduce short-term disequilibrium) and structural adjustment policies (concerned with reorientation of the structure of the economy based on greater efficiency in the medium term). Theoretically, in a country which does not suffer from systemic problems (e.g. former centrally planned economies) the structural adjustment initiatives are to be preceded by stabilization measures. In practice, however, these distinctions as well as their sequencing have become blurred in Bangladesh.

Although demand management policies form the cornerstone of the Fund sponsored adjustment exercise, review of the reform measures carried out in Bangladesh since early 1980s reveals that the focus of the policy changes was initially on switching or structural policies designed to secure more market-oriented economy. These policies included, inter alia, less restriction and segmentation, privatization, price decontrol, reduced subsidies, incorporation of flexibility in exchange and interest rates.

It is in the backdrop of the deteriorating overall economic situation in mid 1980s, the demand restraint measures manifested in tight monetary and fiscal policy started to figure more prominently. This change of emphasis in the package of adjustment measures was reflected in implementation of the directives provided under SAF and ESAF.

However, even during this period attempts to infuse competitiveness in the economy, particularly through trade liberalization and financial sector reform continued. In fact, the institutional reforms (e.g. increasing the efficiency of public enterprises, improved institutional capacity and legal framework to support the productive sectors) - considered to be another important area of adjustment - received least attention during the whole period.

### Target-Achievement

The SAF/ESAF programs provide for three major target figures respecting the national accounts: GDP growth rate, investment and national savings. On all these three counts, the annual achievements were below the targets. In the terminal year (1992/93) of the programmes, the realized GDP growth rate was 4.3% against 5% target in investment and national savings as % of GDP were 12.1% and 6.8% respec-

## Bangladesh's Experience with SAF and ESAF

by Debapriya Bhattacharya

tively vis-a-vis their targets of 13.7% and 9.2%. The low investment figures indicate the failure of the private investment to fill up the void created through cutback on public investment. The modest national savings figures conceal the precipitately low domestic savings rate of Bangladesh economy.

On the fiscal front, despite some initial faltering the revenue generation targets were more or less achieved in the terminal year - 11.4% of GDP. This was underwritten by the success in meeting the VAT collection targets (Tk 84.8 bn, 1992/93). The relative success in revenue generation was matched by attainments of public expenditure targets (18.2% of GDP, 1992/93). These two achievements contributed towards realizing the budget deficit targets 96.8% of GDP, 1992/93 and fall in external financing (6.5% of GDP, 1992/93). However, it needs to be pointed out that the total public expenditure figures were kept under control not by reducing the recurrent expenditure but by decreasing the allocations to investments in real economic sectors. This trend is re-

growth rate was almost exclusively predicated by remarkable growth in non-traditional exports. One should recall in this respect that this exceptional export growth performance was almost completely shouldered by the readymade garments sector and its performance is almost entirely guided by the external factors. On the other hand, the import growth rates in most of the years were much below the target rates. The low import rates may be safely attributed to fall in investment demand.

### Before-After

For a 'before and after' analysis we have compared the averages of the concerned variables registered during the SAF/ESAF period (1986/87-1992/93) with those of the seven preceding years (1979/80-1986/87). The figures show that between these two sets of period investment rate (as % of GDP) fell, while domestic savings rate, GDP and per capita GDP growth rates stagnated. However, improvements were recorded in domestic resource balance and inflation rate.

### The Outcomes

The three approaches pursued in our study to evaluate SAF/ESAF programmes in Bangladesh have yielded more or less similar results. The shortcomings of each of these approaches are well known, particularly the problem referred as the absence of a 'counterfactual' that would permit a detailed assessment of the adopted policy package in light of the alternative measures that could have been implemented. Nonetheless, the findings reinforce the five general trends observed in other developing countries regarding the outcomes of stabilization measures. These trends are (a) investment rate falls, (b) GDP growth rate usually stagnates, (c) savings rate does not show sign of increase, (d) current account deficit as well as domestic resource balance improve, (e) inflation remains under control and (f) the export sector do indicate some vibrancy during the stabilization phase.

One fundamental question still remains: why a large number of critical targets (forecasts) envisaged under the programmes were not realized. Does it reflect design deficiency? Or was it due to implementation failure? Or did this happen because of exogenous factors.

### The Need for Amendments

The record of the 1980s shows that policy reforms were needed in Bangladesh. But the policies being adopted were often too simplistic to achieve the difficult objective of combining efficiency of resource use with build-up of local capabilities.

Excessive emphasis on demand management and neglect of supply-side factors have led to a situation where, on the one hand, aggregate demand is depressed and, on the other, structural rigidities are not allowing supply-side responses to be unleashed. To benefit from the interface of macroeconomic policies and structural reforms, it is necessary to undertake domestic demand augmenting measures complemented by conscious steps to create human and technical capital for accelerated total factor productivity growth.

The writer is Research Fellow at BIDS.

*Excessive emphasis on demand management and neglect of supply-side factors have led to a situation where, on the one hand, aggregate demand is depressed and, on the other, structural rigidities are not allowing supply-side responses to be unleashed.*

lected in the decreasing targets of annual changes in Annual Development Plan (ADP) and their fulfillments.

One of the major setbacks of the SAF/ESAF programmes had been their inability to meet the domestic credit supply targets. Although with some annual variations, targets relating to net credit to government and other public sector institutions were met by the end of the programmes, credit to private sector all along remained significantly below the target indicating lack of dynamism in the sector. The credit squeeze was paralleled by a conservative money supply policy.

Incidentally, even those conservative money supply (M2) target were sometime not realized. These severe contractionary pressures contributed towards pushing down the inflation rate (consumers' price index, CPI) much below the targets (e.g. in 1992/93 the target was 5.5%, whereas the realized figure was only 1.3%). Obviously, the SAF/ESAF programmes in Bangladesh went for a monetary overkill.

Robust export growth is one of the major achievements of Bangladesh economy during the SAF/ESAF period. Despite annual variations, the export growth targets were systematically overfulfilled by a large margin (excepting in 1988/89). In 1992/93, Bangladesh experienced a export growth of 25.4% as against the ESAF target of 11.1%. The high total export

Analysis further revealed that total revenue increased from 8.6% of GDP to 9.5% from the pre-stabilization to stabilization periods. This increase was shared both by tax and non-tax revenues. Conversely, the total public expenditure decreased from 17.5% to 16.5%, budget deficit from 8.7% to 7.0% and external financing from 7.7% to 6.8%.

In comparison to the pre-stabilization period, during the implementation of SAF/ESAF export increased from 5.4% to 7% of GDP. The total export, particularly non-traditional export growth rates registered increase as well. In contrast, import fell over the two periods from 17.4% to 15.7% of GDP. The rate of growth of import, however, stagnated.

### Cross-Country Comparison

In the present day, world it is very difficult to find a 'non-adjusting control' for a country like Bangladesh. The fund and the Bank, however, quite often classify the developing economies as 'moderately adjusting' and 'vigorous adjusting' for the purpose of comparison. In the absence of relevant data on such countries we proceeded to compare the stabilization related performance indicators of Bangladesh with the averages of 'low-income developing economies' (LIDE). This comparison was done on the basis of the averages recorded by Bangladesh and LIDEs during 1986/87-1991/92. Such a comparison revealed that the

DESPITE the sweltering, relentless heat of the Bangladesh summer, eighteen participants from the four corners of the world came to Dhaka and ventured into the remote villages to have a firsthand experience of how the Grameen concept works in practice. They came from near and far, from Bolivia, El Salvador, Uganda, Tanzania, the Ivory Coast, Jamaica, Germany, the Philippines, Vietnam, Sri Lanka and India. They stayed for one week in the villages of Faridpur, Rajbari, Feni, Rangpur and other far flung districts and lived the lives of the ordinary rural people of Bangladesh - going without electricity, drank water from tubewells and ate at their tables under the shade of the "Krishnachura" trees in full bloom.

Organized jointly by the Grameen Trust and Grameen Bank, the 8th International Dialogue Programme aimed at involving representatives from world-wide rural development organisations in the actual working environment of its 'foot soldiers' - the bank workers of Grameen's countryside branches. These hardy visitors also interacted with the borrowers who are the "poorest of the poor" in Bangladesh.

Undeterred by the long, arduous journey from Bolivia, Shigueru Matsuzaki, Executive Director of the Rural Development Fund, came as he believes that "good things don't have distances to separate eager learners". He had heard of Grameen's unrivalled success in the field of uplifting the fate of the rural poor from colleagues who had seen Grameen Bank workers in action as well as from officers of the UNDP in Bolivia. He felt that he just had to come to see for himself.

Regarding the general situation of the two countries, he said: "The situation of Bangladesh and Bolivia is not comparable in many aspects. However, the women of Bolivia face similar problems in culture and economy to those of Bangladesh. It is a fact that Grameen Bank is working to improve the women's lot in life which makes it so special. This is one great lesson of my visit." Although the language barrier prevented free and easy access to the villagers of Feni, he felt that the hope and determination he detected in their eyes and the general air of confidence in their bearing were

## 8th Grameen International Dialogue

by Nancy Wong

unmistakable. While Matsuzaki (of Japanese origin) is not certain of replicating the Grameen concept in its entirety in the immediate future (the conditions of the two countries being somewhat different), he certainly envisages some areas in which replication is highly desirable.

Desmond Smith, Manager of Jamaica's National Development Foundation, spent one week in Rangpur - a week which helped him see his NGO's credit problems in a clearer perspective. Being in charge of the portfolio involving micro-enterprises, he found to his dismay that profits were falling and arrears rising. In addition, defaulters were

in Jamaica, he continued: "We are looking at how women can become more independent by getting involved with income-generating activities. We have always encouraged women to take loans for projects, although we do have rules regarding collateral. However, they're small and it is just to show them a sense of obligation to repay the loan. We also have initial training programmes so that they can learn something about marketing and related subjects."

On the topic of empowerment to women, Smith explained: "The status of women in Jamaica is not bad, as they have strong lobbies fighting for

concrete to report'.

The Philippines showed an interest in Grameen Trust's replication training programme way back in 1988 when the President of the Center of Agriculture and Rural Development, Aries Alip, attended a Dialogue meeting. So impressed was he with how the challenges of rural poverty were tackled, he discussed his experiences with its Executive Director, Dolores M Torres - an energetic, young woman of determination and boundless enthusiasm. Thus Dolores came to have a look for herself in November '89, on a trip jointly financed by Grameen Trust and CARD. She spent two weeks in the Manikganj village branch in the company



Delegates from different corners of the world participating in the 8th Grameen international dialogue

increasing and alarm bells were ringing. It was at this timely juncture that Smith, having heard of the mighty success of Grameen Bank's small ventures and its high repayment rate, decided to see for himself what the bank has to offer.

Speaking of his experiences in Feni where he had close contact with the bank's branch, its bank workers (who travel all over the area by foot or bicycle) and borrowers, Smith said: "My impressions of the whole concept are good - in fact I got more than what I had expected. Grameen Bank's principles are sound and I have learnt something about the working of small groups and their cohesiveness in taking responsibility for each other's actions."

Elaborating on the situation

their rights. There are also organisations which hold seminars giving business ideas, during which successful business women are invited to come forth to tell how they got started and where they received their initial capital from."

Having witnessed at firsthand how the groups of five borrowers interact and help each other, Smith has resolved to return to Jamaica to apply the same principles and separate the small projects from the big ones. "If we use the Grameen Bank model we can use women's contributions to the economy much more effectively," he concluded. Smith intends to recommend its replication and return to Bangladesh in two years time - hopefully with "something

of a bank worker on his rounds. She observed the working of rural banking at grass roots levels, learned all she could, and upon her return, launched a model of Grameen Bank in San Pablo, a poor town, 86 kms south of Manila.

The project received such popular support that five more branches were subsequently started. The repayment rate comes close to that of its "parent" model - 97%. As is the case with Grameen Bank, women borrowers proved to be the most reliable and bankworthy. To date, there are only 20 male members out of 2,900.

All the participants left with the feeling that they have undergone a unique experience in human resource development.

## The German Perspective A New World Order for the 21st century

by MN Hebbur

GIVEN the political turmoil in the various regions of the world on the one hand, and the recurring cycles of economic upturns and downturns in rather evolving patterns on the other, one may be forgiven for harbouring a desire to forge a clear and certain path towards an acceptable world order for the coming century, even if it is to seem Utopian in the present scheme of things. That the exercise, however, is as pertinent in the current circumstances as rational planning would otherwise be is being reflected in the German perspective that sees a universal order of peace and security, underpinned by the equity of a new international trade order and the leveling elements of a new, long term development policy.

How would one go about spelling out the elements of this desirable world order that would bestow peace, harmony and a sustainable environment for all mankind? A forum provided by IPS Third World News Agency and North-South Forum in Bonn to seek to crystallise the issues saw Prof Dr Winfried Pinger, Member of the "Bundestag" (German Parliament) and development policy spokesman for the CDU/CSU parliamentary party, announce some of the salient features.

Political crises such as in the Balkans, Somalia, Afghanistan and elsewhere call for nothing so much as clear-cut criteria universally applicable in their prevention as well as in the creation of conditions for peace. The controversy over when and where the United Nations should engage itself in civil wars of regional conflicts could well be laid to rest if only definitive policies existed that could be evoked. In other words, the creation of institutional conditions that prescribed an articulate policy towards a clear goal would be one of the aims to be reached in the twenty-first century, Prof Pinger stated.

A fair international trading system has necessarily to be a part of the world order. The recently concluded Uruguay Round of the General Agreement on Tariffs and

Trade (GATT) while giving the global trading system a decisive boost through removing some of the existing inequities, was a step forward but certainly not the end of the road. Protectionism had to be fought tooth and nail wherever it raised its head. There was agricultural dumping in west Africa, for instance, that had also to be sought to be prevented. "I'm for sharp forms of market openings where oligarchic monopolies exist", reiterated Prof Pinger, in a reference to the healthy influence of market economies on the global system in general.

The importance of a long term development policy can hardly be overstated. In the short term, the case for debt remission for some of the poorest countries is sound. There is scope for more to be done here, case by case, it was averred. However, debt remission by itself did not solve the problems of these countries. Broadly speaking, there was the need to focus on the promotion of private sector development, the advancement of women's welfare and the fight against poverty. The mobilisa-

tion of a country's own creative potential was, of course, thus necessary.

Development aid funds are geared to ensure that they benefited the poor directly. "The German citizens would gladly continue to contribute when they realise that the poor people in the developing countries realise tangible benefits from their spending", maintained Dr Pinger.

Was there a link between development aid and human rights? "Over a period of time, development assistance can positively contribute to a gradual improvement of the human rights situation in a given country", opined Dr Pinger. In order to be effective, development co-operation had to be consistent and strongly supportive of "help for self-help". India was cited as a good example where there was a coherent policy in this respect that enlisted the non-governmental organisations in active participation as well. Viewed intrinsically, German development policy was also a policy engendering solidarity among peoples. The "One World" that we were all striving for, a

world with better living conditions for all, cannot be realised without human rights, without freedom, and without the opportunities for the unfolding of individual potential. While development assistance did carry the economic aspects of the donor country, it has to be essentially seen as delivering the goods from the long term point of view.

The structural adjustments being undertaken by many developing countries on lines recommended by the International Monetary Fund (IMF) were no bar to German efforts at providing aid, Prof Pinger pointed out. "Were for supporting IMF measures here insofar as they help to remove social tensions or inequities among the public in the countries involved", he asserted.

The rule of law, market-oriented economies, pluralism, and a working democracy were the basic requisites for the successful functioning of development co-operation. An economically forward-moving international community, working under conditions of peace and security, in an ecologically conscious environment cannot be a tall order for the 21st century. It was agreed.



A "lecture-and-discussions" evening organised by the IPS Third World News Agency and the North-South Forum in Bonn saw Prof Dr Winfried Pinger, Member of the "Bundestag" and development policy spokesman for the CDU/CSU parliamentary party deliver a scintillating talk on "A New World Order for the 21st Century". Dr Pinger is seen here on the occasion with Ramesh Jaura (right) of the North-South Forum. Photo: IN/Danetaki