

A Quiet Revolution

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rural demand which discourages the establishment of other business activities, particularly in the rural areas.

More than 16 million people (excluding farmers' families) still work in agriculture as farmers, tenants or labourers, while fewer than a million work in formal sector industry.

Proshika's work is above all directed towards supporting the poor in activities which, even in small ways, challenge and undermine the inequitable structures of society. "Poverty is caused not because poor people want to remain passive about their situation", says Dr Faruque, "but because the structure of society, based on dominance and dependence, is such that the cards are stacked against them and the traditional trickle-down development process has left them in the cold. The people are poor because they are in chains. Proshika is unshackling the chains by empowering the poor, by increasing their participation in their development process."

Forging unity and strength

"Alone we are helpless, but together we are powerful." This is the realisation of Nazran Banu of Singair Thana. "My samity has united the landless poor... and has given us the strength to challenge the evil mathbars in the village."

Dr Faruque explains that Proshika sees an important link between the local unity of the poor and "activities that, in providing a degree of material independence, assist the poor in counteracting the structures responsible for their poverty." In this sense, Proshika's activities are mutually reinforcing. These activities include group formation, conscientisation through informal processes of development education, and social action on issues such as just wages, and access to common resources.

Samity members contribute a certain sum of money of the group fund every week. "My samity has 15 members," says Shukur Jan of Mollapara Mahila Samity in Azimpur village, Singair. "We contribute 3 Taka [7.5 US cents] every week. In two

months... we managed savings of 150 Taka [US\$3.75]. In another six to seven months, we will take loans from Proshika."

It takes a group nine months of active existence to qualify for loans. To apply, a group must have about 20% of the loan amount as savings. Individual or collective projects can be financed. In the case of individually implemented activities such as cattle fattening, rice husking, small trading, vegetable gardening and poultry rearing, the loans are distributed by the groups to the individual members. Collectively implemented projects include fish culture, irrigation and rural industries.

"My group received a 30,000 Taka [US\$750] loan for a cow-fattening project," says Aklima Khatun of Madhya Chargram. "Five of us purchased cows with the money and reared them for three months. Then we sold the cows and made a profit of 12,000 Taka [US\$300]. Half this profit went to the samity's fund and the other half was divided between the five of us."

Suffering from a stomach ulcer and unable to work in the fields, Bazlur Rashid of Madhya Chargram in Singair despaired of finding a suitable job. Today, with a 3,000 Taka [US\$75] Proshika loan, he is happily running his own sericulture (silkworm-rearing) business. "I can earn about 6,000 Taka [US\$150] a year," says Rashid. "My business is still small. Next year, I will double my investment."

Democracy from the base

Group members themselves do all the planning for their future programmes. These may be for employment - and income generating projects or for social development activities. The latter can include setting up primary schools and adult literacy centres, increasing children's enrolment in schools or campaigning against practices such as payment of dowry or for rights over public resources.

The samity comes to a consensus about future projects which it then presents to the Village Coordination Committee (VCC). This body discusses all the projects, checks the funds needed to

implement them and then sends the proposals on to the Union Coordination Committee (UCC) which consists of representatives of all the VCCs in a Union. After further refinement, the projects then go to the Thana Coordination Committee (TCC) which meets once a year, coordinates all the plans from different groups and finally forwards these to the Proshika head office for funding.

The head office disburses the funds required to the regional Proshika offices which provide them as loans to the groups. "We never quarrel over who is to get loans first," says Abdul Hussain of Panchadas village, Bogra. "We always take the decision together in the group meetings and everybody knows that anyone who doesn't get a loan this time, will get it soon."

"This is a unique situation even in the national context where the uneducated poor, always used as a vote bank by the local politicians, are

practising democracy," says Dr Faruque. "Through such practices, they become conscious of their rights and, as a result, the often refuse to vote for money in the national elections. This has a good and far-reaching impact on both politics and development, because the politicians then realise that if they want to win over the people, money alone will not do. They have to work for the development of the poor."

"Proshika directs loans to the poor through the groups because this also ensures repayment of the money," says Abedin of Proshika's Singair office. "The group members always remain alert, so that no one defaults. If one member defaults, the group compensates from their savings."

"This really acts like magic," says Dr Faruque. "Look at the national figures - 40% of all loans turn into bad debt. But our loan recovery rate is 96%."

The Mahila Samity of Char Nayadingi village once had to repay Proshika's loan from its own fund. "We had taken out a 75,000 Taka [US\$ 1,875]

loan from Proshika for a cow-fattening project," says Insan Bibi. "We could have made a good profit from the project, but one of our members, Jamila, lost her money in the cattle market. So, in the end, we had a repay this money from the samity's fund."

The government and opposition parties have encouraged this loan default culture in the past, trying to muster votes by promising to waive loans. The present Bangladesh Nationalist Party (BNP) government, after coming to power, declared a waiver on agricultural loans of up to 5,000 Taka [US\$125].

"Such steps corrupt the rural poor," says an official of the Bangladesh Rural Development Board (BRDB), the state-owned organisation that also works among the rural poor. "They take it for granted that loans will always be waived. Even my organisation is facing problems with retrieving loans from the poor, who say that since BRDB is a government organisation operating among the poor, their loans should also be waived in keeping with the government's decision."

For Proshika samities, money does not come free. Every Taka they take from Proshika, they have to pay back with interest. "We pay 14% interest on loans for buying vegetable seeds," says Khorshed Alam of Madhya Chargram, "and 5% for housing loans. We really don't mind the interest rate because we used to have to take loans at much higher rates than this from the mahajans [moneylenders]." These can be as high as 120%.

Anwara Begum took a 5,000 Taka [US\$125] loan for a cow-fattening project at 10% interest. "I paid another 5% as an insurance premium so that if the cow dies, I will not lose the money. Proshika will bear the loss."

Impact on the labour market

More widespread and successful self-employment also has an important effect on the employment market.

A year ago, the landless of Char Nayadingi village in Singair Union, were lucky if they could get 10 Taka (25 US cents) and a meal for a day's work in the crop fields. Today they feel no temptation to take jobs paying 50 Taka [US\$1.25] plus a meal.

"There were few jobs in the village and too many landless grappling to get work," says Abu Kaiser. "The mahajans and jotdars used to take advantage of this situation and offered us anything for working from dawn to dusk. We had no choice. If we asked for more, they would say: 'If it does not suit, then you can go. There is no shortage of workers.'"

The downtrodden people vied with each other to be hired for the entire harvesting season, because a harvesting contract meant two months' assured work. "Sometimes we were forced to work for the jotdars because we owed them money," says Ismail of Bogra. "Any loan... was tied to forced work during the harvesting season, and in such cases, our wages were even lower."

Harun-ur-Rashid of Damgara village, Shipur Union, recalls: "The jotdars used to contract us months before the harvesting season began and fixed our wages in rice, not in money, when the commodity was at its peak price. But after the harvest, the rice price would drop, but we were still paid the same quantity of rice. So we were deprived of our just wages."

But things started changing after the landless united in samities. With loans from Proshika, members found new activities of their own, such as trading, cow fattening or vegetable gardening. "When we had enough work in our hands, we no longer needed to work for others. We have our own jobs," Rashed Mia says. "So, the jotdars and mahajans started finding it hard to get labourers at 10 Taka a day."

The wage now varies between 50 and 70 Taka a day [US\$1.25-1.75] depending on the demand for labour, but few people are interested even in these higher rates.

"The mahajans now come and request us to work in their fields," says Bablu Mondol of Bogra. "Sometimes, we work for them just out of mercy, sometimes out of good neighbourly feelings. But I tell you, their days of exploitation are over."

Even local governments in these areas face a shortage of funds of their development work because of higher wage levels. "Labour costs have gone up here," says Dewan Mzharul Haq, chairman of Singair Union. "The government's allocation for wages is five kilos of wheat a day, which is equivalent to 25 Taka [62.5 US cents]. But the minimum wage a worker now demands is as high as 50 Taka [US\$1.25] plus a meal. Now I will be facing problems

if the government does not increase its fund allocation. Many of my development projects like road construction are lying half-done..."

Sustaining the process

The crucial question facing Proshika is whether the activities of the samities are sustainable. In particular, are group members sufficiently motivated to continue their efforts independently of Proshika's intervention? Sirajul Islam, Proshika's principal programme coordinator, explains that this is Proshika's aim. "Once groups become self-sustaining and independent", he says, "the task of poverty reduction will become easier."

Ten years ago, 22 landless poor set up the Purba Jahangirabad Bhumihin Samity in Bogra with no savings at all. Today, the samity has 175,000 Taka [US\$4,375] in cash, and assets of 180 rickshaws, 1,500 high-value trees in a social forestry project, a half-hectare banana

plantation and a large house for the samity. The group has paid off all its loans and aims to undertake more employment-generating projects.

"Our first project of potato seed preservation started with a loan of 70,000 Taka [US\$1,750] from Proshika," explains Ismail Hossain, Secretary of the samity. "Within a year, we paid off the loan and took fresh loans for buying rickshaw vans and starting rice-husking projects. Our last loan was for small business development. Today, we do not owe a single Taka to Proshika of anyone. We will not be taking any fresh loans because the existing projects can support the group members very well." Each member can now earn 2,000 Taka [US\$50] a month from the projects.

Maddha Jahangirabad Bhumihin Samity has savings of 50,000 Taka [US\$1,250]. "We do not need loans any more," says samity member Mohammed Abdul Hossain. "Even if Proshika now with-

draws from the village, we will be taking on new projects from our own funds."

Saleh is a member of Madhya Chargram Mahila Samity in Singair. "I took a 5,000 Taka [US\$125] loan for a cow-fattening project and sold the cow for 8,000 Taka [US\$200]. The profit I gave to my husband for business. He is now engaged in a bamboo business and since his income is good, I haven't taken out any further loans."

Anwara Begum of Singair says: "We have learnt from Proshika how to form groups, how to keep groups together and how to invest in project for employment. Even if Proshika were no longer here, we would carry on the task for our own sake. Because without the group, there is not strength for us."

In Shibganj Union alone there are 50 groups with savings of over 20,000 Taka [US\$500] and seven groups with savings of 60,000 Taka

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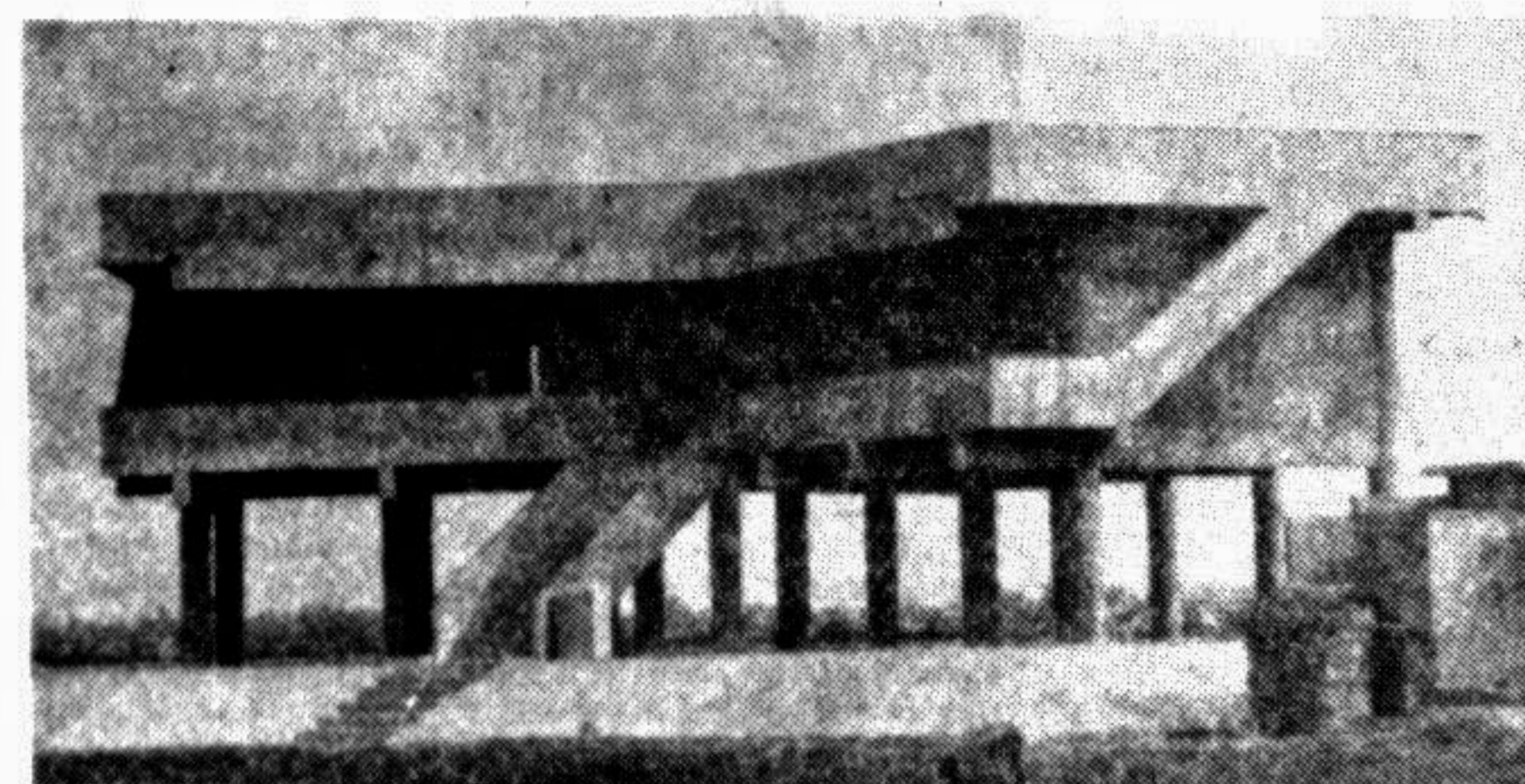
Working in the tree nursery started by her samity: Social forestry becoming increasingly popular.

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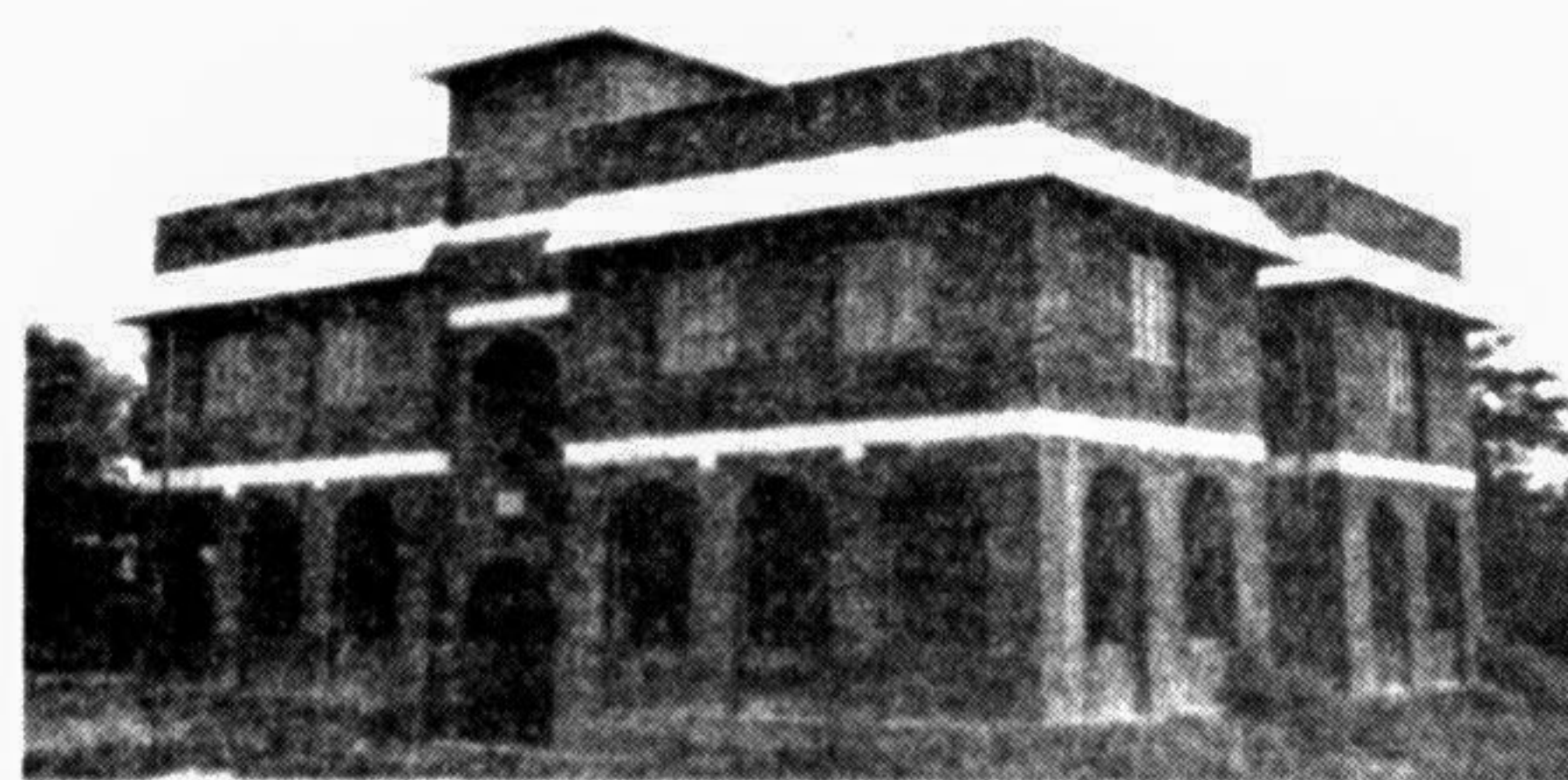
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