



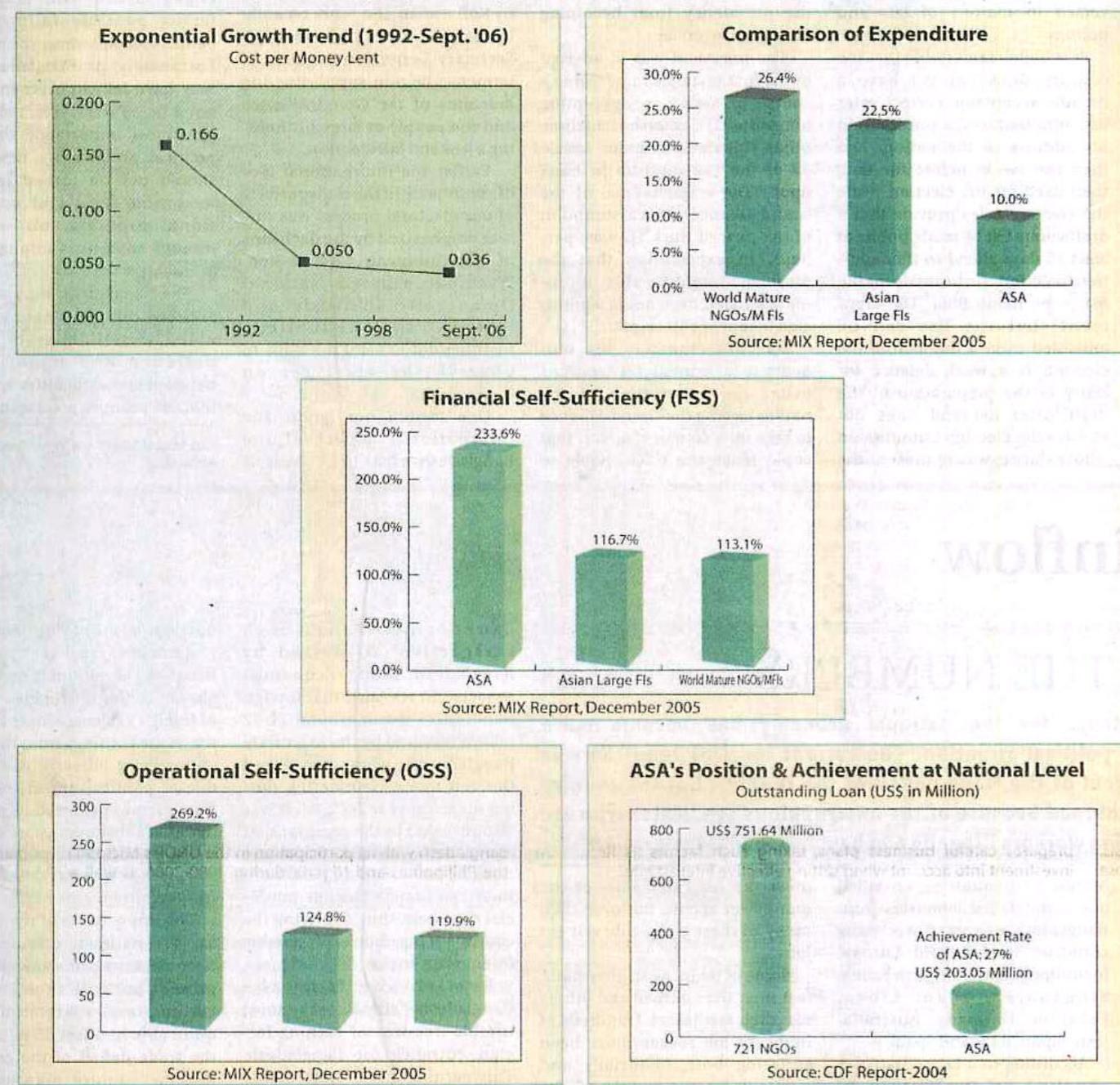
Target: Providing more at less cost

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Microcredit now has universal recognition as the most effective tool in poverty reduction. With its initiator and his institution winning the Nobel Peace Prize it requires no rhetoric on its success and credibility. It is now replicated world wide. The idea of extending collateral-free loan was wonderful. The inherent weight of trust worked. It paid off and encouraged. The operation multiplied and enkindled growth from

special programme of flexible loan to assist 0.19 million hardcore poor members. ASA has been placed as the best microcredit provider in the world by Microfinance Information eXchange (MIX). MIX is an international research institution on microcredit based in Washington, USA. It works on benchmarking, monitoring, infrastructure development, etc. of

Comparative graph analysis of ASA's achievement & success



individual to individual and also institution to institution. In the process emergence of ASA, among others, has been prominent after Grameen Bank.

The mission, apparently, is of helping the poor to change their lot, reducing poverty. Whatever, it involves some cost, even if it is kept at the minimum by standard, effortfully, to provide as much possible benefit to the other (receiver's) end. Here ASA went for innovating ways to reduce operation cost. It expanded its operation quite fast, faster than many others, across the country covering almost all districts. But it tried to keep the operation cost lower without affecting the quality of service, i.e. covering more members per field office, only necessary number of staff and minimum furniture to avoid any redundancy, lean structure reducing overhead cost, decentralization to branch level, simple and transparent account and record keeping but strong monitoring and supervision.

All this has not only effectively reduced operation cost increasing members benefit but also led to ASA's impressive success as the leading microcredit provider. It has been able to reach assistance to 6.39 million members through 2,579 branches by September 2006. As such, it has been able to distribute US\$ 5,427 million equivalent causing a US\$ 310 million equivalent outstanding with 99.93% recovery rate. It's a success story undoubtedly, whereby it is running a

microcredit throughout the world and publishes analyses, which are globally recognised.

By now several MFIs in different countries are replicating ASA model as it has been proved as the most successful one. ASA's simplicity, flexibility and cost-effectiveness are the keys to this success. ASA aims at providing more benefit at less cost.

Less cost more benefit: Key drivers

- Simple bookkeeping with single accountant-cashier,
- Lean structure reducing overhead cost,
- Almost costless recruitment and training (each one teach one),
- Decentralization delegating authority to branch level,
- Simple and short loan processing leading to less waiting time for borrower,
- Written manual for unambiguous following,
- Strong monitoring and supervision, simple and transparent system,
- Facilitative leadership, no grants dependency,
- All loan officers sit on one long table in one room, using one fan, one cupboard and all BM/LO use own bi-cycle,
- Low cost culture practicing from top to bottom and following strict discipline,
- Maximizing fund utilization,
- Continuous search for innovation ensuring both low cost and quality.

ASA: The Biography of an NGO

Stuart Rutherford

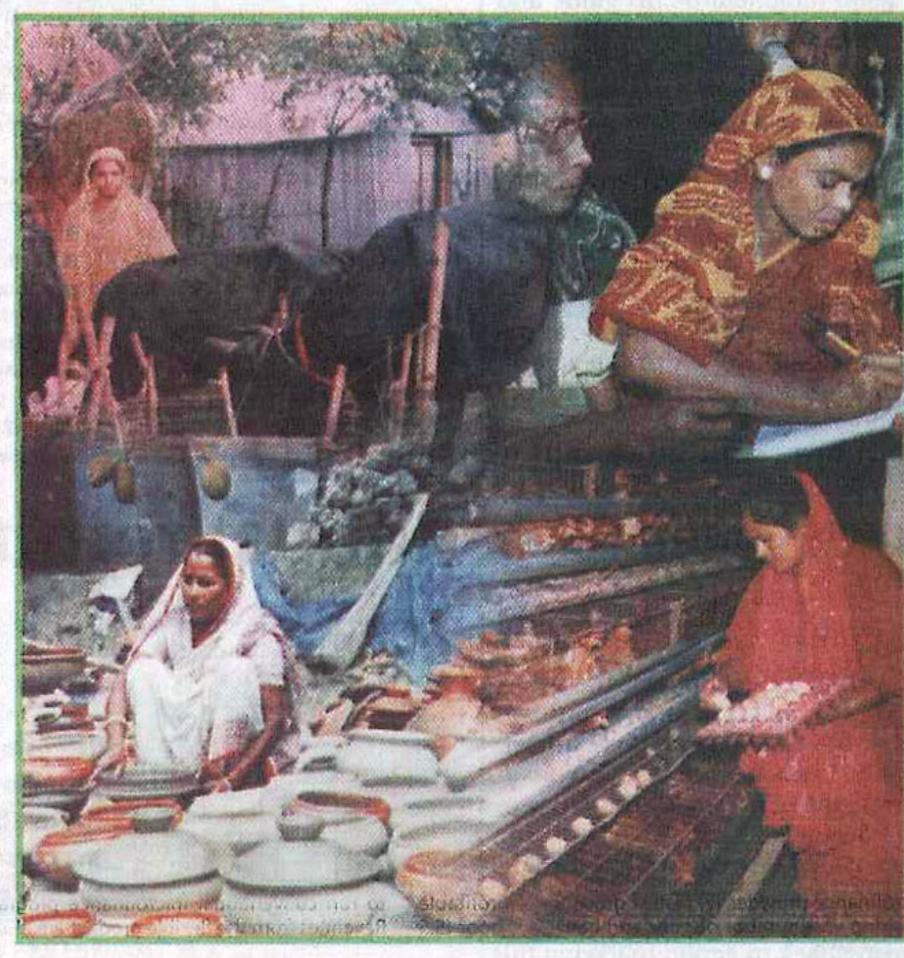
In March 1978 an unusual event occurred at a Rest House belonging to the Roads and Highways Department in Uttali. The nondescript building is just off the main road in Manikganj District, west of Dhaka, the Bangladesh capital. One hot dry night, well after midnight, seven silent but excited young men approached the building, then stopped in its garden. Each knelt and touched the earth with one hand, holding the other to his breast. They made a pledge, committing themselves to brotherhood and to a new form of organization to fight rural poverty. The short ritual marked the birth of ASA, the Association for Social Advancement (now ASA means hope). Then they made their way back to their lodgings. The training course that had brought them together had finished. The next day two of them returned to Dhaka, where they were trainees employed by the Bangladesh Rural Advancement Committee (BRAC), a private voluntary organization (or 'NGO').

Another, a government worker who had links to an underground left-wing political party, went back to his office nearby. Three more who worked for CCDB, the Christian Commission for Development in Bangladesh, also bused back to CCDB's headquarters in capital. The

seventh, Shafiqul Haque Chowdhury, stayed on in Manikganj, where he was posted as Programme Director for CCDB. The conversations which led to the night-time pledge had taken place in Shafiqul's room and he was the acknowledged leader of the group. The pledge was to develop an organization that would have its base in the countryside, would recruit and train ordinary villagers rather than rely on the educated minority for staff, and would enjoy a shared, non-hierarchical leadership structure. Its role would be to set off a process of rural change. ASA's emergence was a slow process. The seed was planted at a CCDB workshop in Barisal in late 1976 or 1977 when CCDB staffers Shafiqul and Golum Chowdhury talked to Harvey Perkins about how Bangladesh needed an 'NGO with a radical philosophy'. The definitive moment almost certainly came in March 1978 when the 'pledge' described in the prologue was made and the name 'ASA' was chosen. After that things moved quickly. The original 'pledgers' each put up ten taka and a bank account was opened in the name of ASA. Shafiqul and Golum Chowdhury, the fellow CCDB staff member who was closest to Shafiqul at the time, were the account signatories. By courtesy of Sushil Bhowmik, a professor of Bengali and a member of Shafiqul's contact group in Manikganj, a room in a local college was used as the ASA office from August 1978 and a signboard erected. ASA was registered formally as an NGO in 1979, but by late 1978 some volunteer workers had been recruited and sent into remote villages in Manikganj to start forming groups. Memories of those first groups are still alive among the now mostly middle-aged men who formed them. Mongol Sheikh's account of how he came to be a member is typical. He met a neighbor, a young local schoolmaster called Akhtar who had volunteered to work for ASA. Akhtar suggested he should join a Samity (a group).

"I asked, what would my benefit be? He told me unity of the poor will be increased, that they'll get a just wage, free treatment from government clinics, proper justice, and a chance to save. Without all this I would never be able to stand on my own feet," he said. The more poor people that join, the bigger the effect would be, and the poor could have their own leaders. Then the rich would be no longer able to interfere in our lives."

The change occurred in 1991, but the roots go back to 1987. ASA's experience with credit dates back to 1984, but 1987 was important because, as we have seen, some villagers who were given relief loans after the floods of that year surprised ASA's management by their willingness to repay. 1988 saw further floods and produced further evidence of a similar sort. At about this time the government's 'NGO Bureau', the body



that Ershad set up to regulate NGO activity, began to insist that NGOs spend a proportion of their budgets on credit schemes, and it became harder to get budgets approved unless they showed such allocations. Then in 1989 an ASA-wide staff conference gave overwhelming support to setting up a permanent loan scheme. It was also the year in which Shafiqul himself finally made up his mind in favour of credit.

The 1992 Report, Around the Year, is entirely new in its livelier presentation and in its content. Shafiqul's Foreword is about '...poverty reduction and improvement of the quality of life for poor women in particular.' There are no lists of social actions. ASA's overall objective is now to help the grassroots communities be self-reliant and make ASA as self-dependent organisation.

The shift to self-reliance for ASA itself is accompanied by a surprisingly frank admission that dependence on generous foreign donors has not always been a good thing for NGOs like ASA.

By late 1994 Shafiqul was presenting ASA (in ASA in Transition) almost entirely in terms of credit delivery and institutional sustainability. Thus whereas the 1993 Report, Across the Days, appears to hark back to ASA's early theories about group organization when it maintains that the individual capacity for self-reliance cannot be achieved without collective efforts the 1994 ASA in Transition mentions the organizing function of the samity only in terms of its convenience and its capacity to guarantee high recovery rates on loans through the use of peer pressure: Group leading among the poor is advantageous in many respects, such as group pressure, attending in one place regularly, lower cost of lending...

ASA's status as a loan-giving NGO represents just one of many ways in which poor people have been able to gain some access to banking services of one sort or another. We have already mentioned the mutual self-help schemes run by poor people themselves, such as the savings and

loan clubs found in many villages in Bangladesh and commonly used by bazaar traders who pool their savings to build up a fund that each can draw on for working capital or to expand his business. There is some evidence that the number and the reliability of such clubs is on the increase in Bangladesh, and their world-wide popularity certainly shows no sign of declining.

The president of its own Governing Body laments ASA's 'deep seated lack of philosophy', but ironically, this may prove its strength. Of the big four (NGO's), ASA is likely to be the first to accept that rural banking and political mobilization are two quite different things and to decide to concentrate on the former. If you are interested in the emergence of a new breed of private-sector financial services organization which will pioneer in the remainder of this decade a range of innovative products in savings, loans, and insurance, and will find extremely cost-effective ways of marketing them, keep your eye on ASA.

ASA Board members and staff at all levels believe that the samity-based savings credit programme will remain ASA's core activity and will go on growing. But there are differences of opinion about the potential of the samities, and these reflect different interpretations of the meaning of 'development' for the poor of Bangladesh. I have rather roughly carved up the opinions I heard within ASA into four 'views', which I call the educators, the empowerers, the instrumentalists and the development bankers. These labels cannot always be attached to individuals, since most people expressed sympathy with more than one of these 'views'; rather, they refer to four different strands of thinking that run through the organization as it contemplates its aims and objectives.

(Excerpts from the author's book 'ASA: The Biography of an NGO.' The author is an internationally reputed microfinance researcher and visiting fellow, Institute for Development Policies and Management, University of Manchester, UK.)

CONTEMPLATED PROJECTS

ASA Automation

In the recent years, ASA has brought significant changes in its operations and products nature. To manage these changes, using high end technology based solutions become inevitable. As a part of ASA's basic nature of utmost optimization of resource usage, it has drawn a 10-year IT Roadmap, which will cover present and future growth both within Bangladesh and its international operation through CMI.

Objectives: a) Complete process automation: Employees in every tier of ASA will perform their activities using this system. This will reduce the complexity of staff training, and overall workload. In one year time, everybody in ASA will be able to use this software, hence be computer literate. This will uplift the motivation of ASA employees and increase their social status, b) reducing the Digital Divide within ASA, c) creating village IT infrastructure: Once this huge task is done, ASA will be able to introduce value added services like providing computer training to its members, creating internet kiosk for information, enabling distance learning through ASA University.

ASA University Bangladesh (ASAUB)

In the modern times, universities have played a dual role in the society. Not only do they produce the manpower needed for society by providing appropriate training and skill development but also adding to the current knowledge base through research.

Traditionally, the public university system in Bangladesh has been the only provider of such training. But, as a growing number of young people receiving their HSC were queuing up to enroll in universities to receive their higher degrees the public university system was feeling the pressure. However, thanks to the foresightedness of the government, Private Universities Act: 1992 was enacted and soon after quite a number of Private Universities were set up to supplant the existing higher degree granting institutions.

In light of the above-mentioned situation in the arena of higher studies in Bangladesh, the ASA University Bangladesh (ASAUB) was formed in early 2006, which then decided to contribute to alleviate the status quo by setting up a university infrastructure.

Location of the main campus of the proposed university will be at ASA Tower, 23/3, Block-B, Khilji Road, Shyamoli, Mohammadpur, Dhaka-1207, Bangladesh. Before going to permanent

campus, ASAUB will function here using 37,500 sq. ft. area. It will also set up other campuses in and around Dhaka, which will be functioning within a very short time.

Mission of ASAUB is to offer timely and appropriate programs of study essential for the 21st century's demand, which are related to progressive activities directly contributing to the socio-economic uplift and empowerment of the people of the country who are mostly living under the poverty-line. Members of the ASA, the sponsor of ASAUB are experienced in the improvement of lifestyle of the people by some activities of practical nature. Poverty alleviation will be one of its main concerns to improve the life style of the poor deprived people in the country. The university will try to carry out qualitative educational, research and developmental programs targeting meritorious but needy students which will ultimately contribute to the development process of the country. ASAUB will give necessary efforts to empower young men and women and the poor-talented people and equip them with advanced knowledge, technologies, skill and new ideas and thoughts using modern British and American teaching methodologies.

ASA Foundation International

The foundation with its head office in New York, USA shall help implement ASA model of microfinance abroad mostly countries in Asia, Africa and Latin America. The fund will be contributed by donors in different countries, which will be spent mainly extending technical assistance to clients replicating ASA model abroad. The Foundation is managed by a Director as its head and a Board constituted with a president and three members.

ASA- International Technical services brightens image of the country worldwide

ASA was chosen by the UNDP as an International Technical Service Provider (ITSP) to help MFIs around the world improve their capacities in the Philippines and Nigeria. Initially, in 1995, the internationally renowned development organization Save the Children (USA) chose ASA as a consultant to replicate its cost-effective model in Tajikistan, Uzbekistan and Jordan. Later, in 1998-1999, the UNDP Micro Start Project (MSP) contacted ASA to work in the Philippines and in Nigeria. Even individual institutions ask ASA to provide consultancy i.e. KASHF in Pakistan, BENA SHADAYA in Indonesia, SIDBI in India, National Microfinance Foundation in Yemen.

Thousands of practitioners, researchers, educationists and visitors from international

organizations visit ASA every year to learn about its innovative model and to replicate it in their own institutions. Unlike other Bangladeshi MFIs which provide financial and technical support, ASA offers only consultancy and technical services.

The originality of ASA model leads to low cost operations and simplified overall system to reach a high outreach within a short span of time. Major areas of replication are: design of the overall system, simplified record keeping, low cost management, transparent MIS and strong monitoring and supervision which ensure a high portfolio quality.

ASA at a Glance

(Up to November 2006)

01	Total number of Branch Office	2,773
02	Total number of Villages	70,047
03	Total number of Upazila/Thana	514
04	Total number of Districts	64
05	Total number of Members	6.5 Million
06	Total number of Active Borrowers	4.9 Million
07	Security Fund	Tk. 3,500 Million
08	Loan Disbursed (Cumulative)	Tk. 19,127.0 Million
09	Loan Outstanding	Tk. 20,370 Million
10	Total number of Staff	18,090
11	Rate of Recovery	99.85%