

Job Opportunities and Business Support Program (JOBS)

Cooperative Agreement number 568-A-00-97-00013-00

---

# JOBS/IRIS Project

Quarterly Report  
April 2001 – June 2001  
(Quarter #3 - FY 2001)

---

QUARTERLY REPORT NUMBER 18

April – June 2001  
(Quarter #3 - FY 2001)

## JOBS

A USAID FUNDED INITIATIVE  
ASSISTING ENTERPRISES TO  
CREATE EMPLOYMENT

House # 1-5, Road # 23  
Goshan-1, Dhaka - 1212  
info@jobsit.dhaka-bd.net

---

Table of Contents

**Job Opportunities and Business Support Program (JOBS)**

**Cooperative Agreement number 388-A-00-97-00013-00**

---

<b>Implementing Agency</b>	United States Agency for International Development/Bangladesh	3
<b>Coordinating GOB Agency</b>	Ministry of Industries	7
<b>Coordinating GOB Entities</b>	Ministry of Planning Bureau of NGO Affairs Palli Karma-Sahayak Foundation Economic Relations Division, Ministry of Finance	8 10 10 11
<b>Implementing Contractor</b>	IRIS Center of University Research Corporation International University of Maryland	11 12

---

**QUARTERLY REPORT NUMBER 15**

**April – June 2001  
(Quarter #3 – FY2001)**

**IRIS Center  
University Research Corporation (URCI)  
Bangladesh JOBS Project  
House # 1-A, Road # 23  
Gulshan-1, Dhaka – 1212  
info@jobsiris.dhaka-bd.net**

**Table of Contents**

<b>I.</b>	<b>Executive Summary</b>	<b>3</b>
<b>II.</b>	<b>Introduction</b>	<b>4</b>
<b>III.</b>	<b>Major Target Achievements – Highlights</b>	<b>5</b>
	<b>Micro Enterprise (ME) Program:</b>	<b>5</b>
	Major Achievements	6
	Lessons Learned	7
	Direct Contributions	7
	<b>Small and Medium Enterprise (SME) Program:</b>	<b>8</b>
	Major Achievements	8
	Lessons Learned	10
	Direct Contributions	10
	<b>Micro Policy Program:</b>	
	<b>Market Linkages:</b>	<b>11</b>
	Major Achievements	11
	Lessons Learned	12
	Direct Contributions	12
	<b>Loan Facilitation</b>	<b>13</b>
	Major Achievements	13
	Lessons Learned	14
	Direct Contributions	14
	<b>Macro Policy Program:</b>	<b>14</b>
	Access to Credit	14
	E-Commerce/ICT	16
	<b>Training Program:</b>	<b>17</b>
	<b>Administrative Support Teams:</b>	<b>18</b>
	Communications and Public Relations Team	18
	Operations Support Services Team	18
	Contracting Team	18
<b>IV.</b>	<b>Highlight Activities / Special Events</b>	<b>19</b>
<b>V.</b>	<b>Training Activities / Recap Matrix</b>	<b>22</b>
<b>VI.</b>	<b>Management Issues</b>	<b>29</b>
<b>VII.</b>	<b>Financial</b>	<b>29</b>
<b>VIII.</b>	<b>Planned Activities for Next Quarter</b>	<b>30</b>
	Synopsis of Training Activities	36
<b>IX.</b>	<b>R4 Recap and Comparison</b>	<b>38</b>
<b>X.</b>	<b>Attachments</b>	

## I. Executive Summary

The following Quarterly Report will provide a fundamental accounting, and overview of activities and measured achievements for the JOBS Project in the third quarter of FY 2001. Despite some unforeseen obstacles and factors beyond the control of field management, the Project continued its strong momentum. As in previous quarters, the Project has continued to build upon past successes reaching new milestones during the quarter – these are highlighted throughout the report. The Project will succeed all USAID R4 targets and its own in-house benchmarks. During this quarter, JOBS maintained its focus on KRAs and overall impacts to SMME expansion, sales generation, and facilitating the creation of an environment conducive for such. The Project also began to further expand its outreach efforts.

The standout achievement of the quarter was in the Policy arena with the formal introduction of a 'new' "Law of Secured Finance" that was introduced via the Ministry of Finance into the legislative process for passage. This was the successful culmination of an enormous effort and collaboration between IRIS/JOBS, GoB, and various private Bangladesh entities. Policy victories were also realized through the Project's EC/ICT activities, and the first-time realization of inter-banking activities to serve the rural needs which was pioneered by the Micro Policy Program.

The SMME Development Programs continued to move forward with greater enthusiasm and thrust during this quarter. Several KRAs have already surpassed their yearly target and others will be achieved during the final quarter. The SMME programs continued to transition through an intensification of efforts that will not only increase export sales and generate employment, but also strengthen some of the underpinning of the economy. The entire Project is focusing much more on developing and facilitating mechanisms and 'processes' that will help spur and support economic growth rather than individuals. The other primary shift will be emphasizing quality activities and TA rather than quantity.

The Project's increasing involvement in the program activities being implemented through other stakeholders has increasingly enabled the Project to achieve its ultimate objectives. During the year the SMME teams have been fully involved in all program designing, planning and implementation, which has resulted in accomplishments not even conceived possible in the past. The direction, and to some degree the administration, of the Project was dependent on stakeholder decisions. This resulted in severe limitations for adopting changes in program objectives, direction and approach. However, the Project has transitioned into one of multiple complementary and cost-effective programs in which, to a large degree, it is able to control where its resources are being utilized. This success is most evident in the initiatives and innovation embodied within the ME Operations and Micro Policy Programs.

Despite the operational and programmatic changes within the Project, it has experienced no major deviations of planned activities and results from those highlighted and described in the Strategic Business Plan – in fact these changes have only positioned it for even greater and lasting accomplishments and impacts. The next quarter and the following year will reflect a continuation of previous interventions and TA in all Project activities and provide impetus for lasting positive impacts to Bangladeshi enterprises and overall economic development. The end result will be greater job opportunities, as well as a significant increase in job growth.

## II. Introduction

Despite unanticipated political unrest, the third quarter was one of the most successful quarters in terms of achieving the benchmarks and objectives of the program interventions. Our ultimate goal was to accomplish the assigned tasks as designed in the Work Plan and to reach the benchmarks of the quarter. These were achieved or exceeded, and are highlighted within the individual program sections of this report.

The Policy Program has increasingly demonstrated its influence with important impacts in the three primary areas: Access to Credit, Loan Facilitation, and EC/ICT. Because of the diversity of the work the Project has been challenged to achieve and the distinctive objectives of each of these, a separate component was developed that now focuses on 'Micro' policy issues and Market Linkages.

The E-commerce and ICT team was engaged mainly in implementing objectives as designed in the IT Task Force (ITTF) final recommendations and working to develop an environment that would be conducive for the growth of E-commerce. This included providing technical assistance and advocacy to the ITTF and the GoB Ministries working for the development of ICT in Bangladesh.

The LFP Program has reached almost all the major target achievements that were projected at the beginning of the year. However, adjustments to the program are currently being made to make it more effective and efficient. This has and will continue to include facilitating commercial bank linkages to address rural needs and business opportunities. Additional efforts to identify means of connecting SMMEs to commercial credit will also continue. The changes to this program will be described in greater depth next quarter.

The completion and introduction of the Secured Finance Law, which is based on moveable asset lending, was mentioned in the Executive Summary and is expanded upon in the appropriate section of the report.

The ME Program is in a much better position in terms of effective implementation of its strategic activities. It is beginning to develop lasting relationships with strong linkages to other donor agencies, as well as, mid-size and proactive NGOs that will enable continued support and development mechanisms through networking forums in selected regions.

The SME Development Program continued to move forward with greater enthusiasm and thrust in export development. It has already reached most major targets and an intensification of these efforts will be realized for the remainder of this year and into next. This will not only increase sales and generate employment in the targeted sectors but also strengthen some underpinnings of the Bangladeshi economy.

The Project began planning for next year's direction and objectives for a lasting impact. This will entail pragmatic changes in its future direction and the manner in which JOBS conducts business. A series of SMART objectives for FY 2002 have been identified and the strategic work plans for each program are now being designed. A planning retreat was attended by 18 of JOBS staff (all management positions) and USAID representatives. The theme was based on "What Is JOBS Leaving Behind" (?) with focus on 'lessons learned' and how we can transition the Project to maximize our efforts of sustainability and long-term impact. Several team building sessions will also be built into the agenda.

### III. Major Target Achievements - Highlights

The Project is continuing to function in a collaborative and synergistic manner between the entire major components. This aspect of our organizational transformation has enable the JOBS to accomplish new milestones for the project, while at the same time allowing it to extend its outreach and impact well beyond the original design. The 3<sup>rd</sup> quarter of FY 2001 is only demonstration of major achievements that will have a lasting impact in Bangladesh and will continue to mount into next year. The Project has been referred to as “innovative and showing initiative in breaking new ground” – I believe this statement is a true reflection not only of the present but also of things to come.

Each of the Project’s programs and components consist of distinct goals plus various auxiliary programs and targeted activities that function cooperatively, yet independently. This is due to the differences in their respective beneficiaries, focal points, and targeted objectives.

Tying all these together is an array of training programs and facilitation efforts, plus targeted media, advocacy and public relation activities. Hence, to combine all these together under one general heading would not serve the purpose of this report to the many people who gather information from it. Therefore, the major program components are highlighted individually so as to obtain the true picture of the Project’s achievements and activities during the quarter. Others, where appropriate, are combined.

#### **Micro Enterprise (ME) Program:**

The ME Program continued with a greater number of EDBM trainings being delivered to JOBS assisted MEs. This is part of a continuing effort to increase enterprise growth and expansion, and create employment opportunities at this level. Over 94% of the EDBM courses were completed on schedule. Due to sporadic political unrest, the remainder was rescheduled to the next quarter due. Though this caused problems during the 3<sup>rd</sup> quarter, it is not expected to have significant impact on the yearly total (i.e. completing 9,400 by the end of August 2001) Business/Work Plan.

The ME team along, with the field personnel of the stakeholders, were also very much involved in follow-up and counseling services to the assisted MEs. This was focused at improving their business management capacity, growth, and to open up the new avenues for marketing of their products. Included was dissemination of information on the availability of local resources and their appropriate utilization, and marketing features that contribute significantly to the sustainability of the MEs.

During the quarter, we have been able to materialize our learning of the past through the incorporation of the new key sessions into the JOBS-EDBM module. This has helped us to provide a more complete module and to deliver a comprehensive EDBM training. The new sessions are:

- ***Local Resource Mobilization***
- ***Alternate Market Linkages***
- ***Alternate Sources of Capital***

All Enterprise Development Workers (EDWs) and their supervisors, including the training units of the stakeholders, received Training of Trainer (TOT) on the new module sessions. The Training team of JOBS designed and conducted the TOT. This is the first time that the Project has utilized its own resources to conduct a training course for stakeholders – a method that is planned to continue through next year.

The ME team also began the FY2002 change to the program by beginning the challenge to develop 'Business Associations'. Through the cluster concept, upper-end MEs engaged in a similar business will be brought together in order to allow them to compete to a greater degree in the mainstream of the economy. Utilizing a collective supply of their products will help them participate in the bigger markets and provide a more profitable return on their efforts, thus allowing for business expansion and growth.

**The major achievements of the ME Operations Team include:**

- The major task of this quarter was to identify 4,275 potential MEs of which 4,024 were identified and selected for the JOBS assistance program.
- Completed Entrepreneurship Development and Business Management (EDBM) training to 4,024 selected MEs, which is over 94% of the benchmark of this quarter.
- Collected all baseline information from the JOBS assisted MEs. This includes the identification of entrepreneurs, type of business, total value (loan and own investment), monthly sales and employment figure need prior to participating in the JOBS program. This information is being used for comparing the changes that are taking place during the JOBS intervention.
- Provided follow-up assistance to 4,024 MEs selected during this quarter plus 4,475 MEs assisted in the first and second quarters by the Enterprise Development Workers (EDWs) who were provided with TOT on EDBM.
- Successful completion of TOT and TOT refresher courses to the EDWs of IVS member organizations, Buro Tangail and Society for Social Services (SSS). A total of 42 EDWs received the course.
- Provided a training course on "Selling Skills". A total of 24 participants from 11 NGOs/MFIs and enterprises attended the course.
- Arranged several meetings and discussions with the participating NGOs/MFIs to review the progress of the current year program activities and to determine the future program direction and strategy.
- The ME team has been able to prove the importance and value of the JOBS concept of a "Coordinated Approach" that helps accomplishment of desired objectives and targets of any program intervention. A coordinated effort took place with the marketing unit and has successfully been able to place 10 MEs involved in weaving in different markets of Dhaka city. It is worth mentioning that all of our future activities have been designed based on the success of this approach.
- A series of discussions have taken place with the JOBS stakeholders regarding the issue of Business Association development. The fruitful discussion with senior management, EDWs, supervisors included; physical verification on the possibility and feasibility of cluster development, identification of areas and participating MEs, need assessment, and commencement of the program intervention. It is expected that all

preliminary activities will be completed by the end of August 2001, resulting in successful formation of Associations with selected MEs and NGOs.

**Lessons learned / recommendations from ME Operations Team:**

- EDBM training widens the scope of business expansion. This encourages MEs to take risks and invest a bigger amount in their respective business.
- Access to credit plays a significant role in terms of growth of MEs. It signifies that, the issue of financial assistance is required to be addressed prior to developing capacity and skills of MEs.
- Mobilization of local resources contributes to be important in the ultimate sustainability for the development of MEs. It was observed that the available local resources, particularly the local government mechanisms, help sustain MEs.
- Marketing of products is one of the barriers for grassroots MEs. It consistently holds back the growth of MEs. The organizations that are involved in enterprise development should recognize the matter prior to providing larger loans to their members. An appropriate marketing strategy should be developed for MEs that have invested a comparatively large amount in their respective businesses.
- Selling skills greatly enhance the knowledge and understanding in the areas of business promotion, selection of product lines, demand and pricing of products.
- Coordinated approach helps develop a SMART strategic direction and planning of the program. This also provides hands-on benefit to the target beneficiaries.

**A Brief analysis of direct contribution of achievements of current quarter from ME Operations Team include:**

This year, JOBS has taken the leadership in the following areas to demonstrate its potentials among the communities interested in providing a wide range of quality and beneficial TA in the field of micro enterprise development. The areas include:

- Identification of new areas / stakeholders for program implementation.
- Initiate new program interventions with newly selected stakeholders.
- Develop resource base at different organizations.
- Selection of potential MEs for program activities.
- Stakeholder's contribution to the program interventions.
- Accountability to strategic objectives of the program.
- Program designing, planning and implementation.
- Contractual arrangement.
- Monitoring and evaluation of the program activities

This has resulted the following:

- Realistic and cost effective program implementation with the stakeholders.
- Congenial inter professional relationship with the stakeholders.
- Developed ownership among the participating organizations due to financial contribution to the program activities.



- Reduced arbitrating attitude of the program recipients.
- Contractual agreement was possible according to the objectives of the program.
- Realistic budget negotiation.
- Significant reduction of cost.
- Service quality was possible to improve.
- Increased the control over the initiative.
- More pragmatic program objectives were possible to developed.
- Wide coverage that influence other organizations to response to this time-bound initiative.

#### **Small & Medium Enterprise (SME) Program:**

The Footwear & Textile Sectors continued to be a highlight of the overall program. As a result, the program has reaped significant rewards from its efforts. Both these sectors, along with the handicraft and leather goods sectors, have exceeded all the major targets during this quarter. Additional and per the FY2001 Business/Work Plan, the Projects interventions in a new sector, Electrical and Electronics (E&E), was initiated after completion of the primary sector analysis and base line study. High lights of the major target achievements are given below:

#### **The major achievements and impacts of the SME Team include:**

- To address the severe crisis of skilled workforce in the leather footwear sector JOBS arranged a worker-training program in HN Shoes with FDDI, where 90 unskilled workers was trained for 90 days on mechanized footwear production by an Indian Trainer and then employed by HN Shoes. Research predicts that the sector will need at least 90,000 workers by the end of year 2010 if it continues to grow at this rate. JOBS is placing significant effort in this sort of training to lessen the gap between demand and supply.
- High tech quality control training for 30 days was arranged in association with Footwear Design and Development Institute (FDDI) India, for 20 quality control supervisors from five different factories. These series of trainings in association with FDDI have already gained a reputation and the trainings will address one of the major problems in the export footwear production – quality control and will help to better serve the buyers.
- Lack of season and market oriented design, and fashion has hampered the growth of the export footwear industry of Bangladesh. To address the issue, JOBS has arranged design development training for the European and Australian market in association with a very experience designer form Italy. The training was jointly organized with several export footwear firms and JOBS. The training will not only train the designer of the respective firms, but will also produce 40 new designs for the coming winter season for the European and Australian markets. 20 participants participated in this training for 30 days.
- Another new cluster for 40 women was developed in Savar after the successful experience with its first cluster in Savar in which 80% of the trainees are from first

Savar Cluster were employed in different footwear firms. The Savar Women Development Samity and JOBS jointly impart this training. This is a three months period training started in May 2001. After the training, the trainees will be divided into three groups and will be operating three individual footwear-manufacturing operations for the local market.

- In the leather goods sectors, the SME Development team started two very specialized technology transfers trainings. Under these two trainings 50 new workers were trained in association with two export leather goods producing firms – Northern Leather (Thee) and Kohinoor Leather.
- In Handicrafts sector, skill development training was arranged on natural color block & boutique print. This training was held in Dhaka in association with Aranya Crafts Ltd. and total of nine entrepreneurs and workers from nine different enterprises participated in this six-day long training program. After the training, the trainees will be able to successfully produce vegetable dyed & natural color block & boutique fabrics, which will enhance their product range.
- Skill development training on Buyer communication was arranged for handicrafts sector clients. This training was held in Dhaka in association with CENCE. A total of 21 entrepreneurs and workers from 13 different enterprises participated in this four daylong training program. The trainees are now able to successfully understand modern business trends, values and philosophy. They also learned how to identify, locate and effectively communicate new buyers and create new markets for their products.
- For both Handicrafts and Textile sector, JOBS arranged two separate skill development-training programs on export documentation. These trainings were held separately for each sector in Dhaka and were conducted in association with RAPPORT Bangladesh Limited. A total of 40 entrepreneurs and workers from 25 different enterprises participated in each five day long training program. The trainees are now having knowledge and hand-on experience on export, export formalities and documentation.
- Cindy Owings, a US Consultant & Designer, conducted effective and successful skill development training on Product Development & Designing. A total of 32 entrepreneurs participated. After completion of this training, the enterprises have a much better grasp of product design, pricing, and quality assurance for the international market.
- Actual 'physical' intervention into the Electrical and Electronic (E&E) sector was initiated during the quarter. Developing a questionnaire and interviewing producers and entrepreneurs conducted a study. The study focused on the present market and export situation, and the capacities of enterprises to grow and expand, thus providing another employment source. After completion of the study, seven enterprises were selected for the Project to begin providing TA – the selection criteria was based on current product quality, design, local demand, growth potential and export potential. The identified/selected products are divided into two groups.
  - **Group-A:** voltage stabilizer, UPS, IPS, Energy saving lamp/bulb/tube light, ballast, fan regulator, electronic display board.
  - **Group-B:** generator (gas, diesel), power plant (single phase, small and distribution).

The Project is searching for an expiate for an STTA assignment to assist in providing direction and technical assistance in this sector. This is in line with the business plan.

The SME Program's achievements were in keeping with the Work Plan. The only three deviations were due to uncontrollable circumstances and are noted below:

- In the leather goods sector, the sewing training in Munshiganj has been shifted to the coming quarter as the trainer sourcing organization from India asked for another month to find six suitable sewing trainers.
- In textile sector, designing training with FID has been shifted to the next quarter, as it was not held due to the unavailability of a qualified consultant.
- In the footwear sector, the cluster development with FOBS has postponed as they changed their initial plan of opening the cluster in Dhaka and proposed a new cluster in Chittagong. The venue for the Chittagong cluster was not found suitable by the Project and hence development has been temporarily postponed.

**The lessons learned / recommendations from SME Team:**

- After observing the clusters that have been developed and monitoring the skill development training programs in the footwear and leather goods sector, it has been determined that the time period for both these type of training programs should be extended. The training programs in the clusters that are developed in association with export footwear industries should be extended to six months, divided into two parts of three month each. Currently these training programs are designed for three months. Similarly the training program in the local cluster that are developed with local small NGOs should be extended to 8-9 months to make it sustainable. At present, the programs are designed for six months. Additionally, the skill development training should be extended to six moths and divided into two parts of three months each. If such changes are made, the clusters sustainable and development of workers will have an even greater success for long-term impacts.
- From the experience in the last quarter and the previous quarter, the SME Program has decided to begin 'fee for services' for all the upcoming programs. Contribution from the entrepreneurs will help them in gaining sustainability, lessen the dependence on donor funds and ensure better participation in all the programs. This will also ultimately lead to better implementation of the assistance programs. The 'mode of conducting business and TA will commence effective with the coming quarter and will be in full implementation at the beginning of the next project year.

**A brief analysis of the direct contributions of achievements from the SME Team and their impact include:**

- With JOBS's effort with the footwear sector in the Japan market, the market for Bangladeshi footwear in Japan has increased by 107% this year (study done by independent consulting firm). Bangladesh enjoys a tax-free advantage for footwear in Japan, which was highly unutilized previously by most enterprises in the industry. Through initiating a well thought out marketing campaign and participation in major fairs with top end producers, JOBS has made a major impact in the market which has resulted in a major increase in export sales and follow-on orders.

**Micro Policy Program:**

**Market Linkage Team:**

The Marketing Team successfully began implementation of its planned activities per the modified strategic direction developed in the previous quarter.

**Major achievements and impacts of the Marketing Team include:**

- Started and completed EDBM training for 700 MEs at Chittagong. Except 100 (4 batches) in Green Hill, which could not start due to political problems, the activity was completed on scheduled.
- The first formal Association/cluster of pineapple producers formed in Modhupur. Within 20 days of formation the Association received institutional loans from commercial Banks in Dhaka.
- The negotiations with Milk Vita to share cost and responsibilities of training, monitoring and ensure competitive priced sustainable market linkages for the milk producer associations were finalized.
- Inter-Banking transaction was brought into practice by financing to Pineapple association at Modhupur. The connection between SIBL and Somali Bank was the first of its kind in the country.
- A sustainable business linkage was made between Sharee producers (handloom weavers) in Tangail and wholesale markets in Dhaka.
- Organized workshops, meetings and individual discussions with MFIs, Bankers and potential clients for dissemination of JOBS strategies of poverty alleviation through ME graduation, alternative and competitive rural capital market, and "Collective Marketing" approach.
- Initiated dialogue to establish network between JOBS and leading MFIs/Donors on common business interest aiming to form "Producers' Association" for successful market linkages and access to commercial working capital.
- Establishment of donor linkage to ensure long term and continued support to JOBS assisted enterprises and interventions.
- The dialogue on networking of supported and interested NGOs under the umbrella of a large donor agency, ActionAID, was also initiated.

Major challenges encountered by the team were in six principle areas:

1. Convincing respective beneficiary organizations to complete EDBM training for the selected MEs within 45 days allowing us to monitor the performances of the MEs for about 10 months.
2. Running the Chittagong training program at a very minimum cost comparing to other similar programs in the Project.
3. Placing staffs at 2 supported organizations in Chittagong under the financial support from ActionAID.

4. Development of Participatory training plan for sharing costs between the Project, Milk Vita, and the Association members.
5. Negotiating the design and development for network formation in Chittagong.
6. Organizing a comprehensive training program package under a slow moving contractual process for all contracts over \$5,000.

**The lessons learned / recommendations from Marketing Team:**

The most significant learning of the team is that the approach the Marketing team chose focusing on establishment of effective marketing linkages for MEs through forming "Association" has been proved highly beneficial in empowering small producers. By helping develop mechanisms for the removal of major barriers for these producers and creating easier access to institutional capital, the chances for long-term profitability and sustained market access has greatly enhanced prospects for further growth; while at the same time, converting them into potential employers. Additional lessons learned include:

- Formation of Associations/clusters creates easier access to Institutional Business Capital.
- It is important to create easier access to external, profitable markets
- By linking our efforts with pro-active donor agencies assures sustainability of assistances to the ME growth and expansion beyond JOBS.
- Contractual process to be quickly accomplished if all parts take an active part.
- JOBS exposure should be increased through workshops and seminars targeted at convincing development practitioners to bringing changes in MFIs policy and operations that reflect the issues of addressing marketing linkages, alternative capital resources (banks), and networking.

**A brief analysis of the direct contributions of achievements from the Marketing Team and their impact include:**

- The Producers' Associations/clusters concept has become very popular within the Project in terms of getting access to institutional financing and sustainable market linkages.
- The SME team has accepted this concept as an opportunity for backward linkages.
- There are alternatives for the creation of easier access to Institutional financing for the certain MEs that is gaining acceptance both within the NGO community and with commercial banks.
- The concept Inter-Banking transactions were brought into practice.
- Facilitated the establishment of a training institute in Chittagong region under the financial support of the Japan Embassy with the purpose to permit continuation of JOBS support activities in the region beyond the Project.
- Institutional financing to small NGOs in Chittagong is in progress which will bring a significant change in:
  - a. Survival of small NGOs based on local resources
  - b. Help in reaching Institutional financing to rural MEs

- c. Competition in the rural capital market will offer MEs an opportunity to get lower cost loans
- d. Bringing Banks in the rural financing
- Development and integration of three major areas; 1) access to commercial capital source, 2) market linkages, and 3) local resource mobilization into the training contents has proved very effective and highly beneficial to MEs growth and expansion.
- The collaboration with Milk Vita has assured of following advantages for the MEs to expand their business;
  - e. Interest free credit for the borrowers
  - f. Higher priced (>50-60% increased) for their product
  - g. A sustainable market linkage
  - h. 24 hours free Medicare (preventive & curative) services
  - i. Arrangement of 'Khas land' from government for grazing cows
  - j. Supply of concentrated cattle feed (crude form) on a "no profit - no loss" basis
  - k. Free vaccination on regular intervals against common epidemic diseases
  - l. Free insemination services for upgrading of local breeds.
  - m. Fodder extension consultancy services for higher yielding of raw milk
  - n. Milk Vita will also provide incentive bonuses to best the performing MEs and / or Associations
- Several pro-active NGOs and donor agencies, with excellent reputations, that focus on capacity building of beneficiaries and MFIs are expressing more interest to share experiences and learn of the JOBS marketing model.

### **Loan Facilitation Team**

#### **Major achievements of the Loan Facilitation Team include:**

- Facilitated financing for the Modhupur Pineapple Association of Tk 5,00,000 (\$10,0000) from Social Investment Bank Limited (SIBL) to market their products.
- Facilitated financing for Khan Enterprise of Tk 2,00,000 (\$3,600) from Prime Bank as working capital to expand the business.
- Facilitated financing for Life Line Diagnostic Center of Tk 3,50,000 (\$6,250) as working capital and procuring machinery to expand the business.
- Successfully completed 'Bank Officers Training Program' on "Understanding and Financing the Special Needs of SMEs" conducted by Bangladesh Institute of Bank Management (BIBM). A total of 21 credit officers from 11 different national and private commercial banks participated on the training workshops.
- Completed the first training program for SME clients of SIBL Bank on "Enterprise Development and Business Management Training". The purpose was to assist in improving the credit worthiness of the clients.

Status report of different projects for Loan Facilitation Services who are in the pipeline

Organization Name	Status
1. YPSA (NGO)	Project proposal for loan financing completed, It will be submitted to bank in July 2001
2. Apex Leather	Already submitted the financial information sheet in bank
3. Salam Electrical Industries	Business Plan completed and it will be submitted in July 2001
4. Khalil Plastic	Financial Information Sheet filled up, It will be submitted in July 2001

**The lessons learned / recommendations from Loan Facilitation Team:**

- Financing to Associations /clusters from Bank is a viable and often quicker alternative therefore, it recommended to increase efforts targeted at Association development for potential producer groups.
- Decentralization of training at the regional level where JOBS supported MEs and MFIs exists. This will create an opportunity to link with the beneficiaries directly and provide an opportunity to work with potential Chamber of Commerce within the regions.

**A brief analysis of the direct contributions of achievements from the Loan Facilitation Team and their impact include:**

- Commercial financing to Producer Associations in Modhupur for the first time is beginning to be recognized as a viable market commercial Banks.
- Inter-Banking transaction were brought into practice, and have a reasonable chance for expansion within certain regions of the country.

**Macro Policy Program:**

The major focus of the Project's policy efforts continue to revolve around the key issues of "Access to Credit" and "E-Commerce/ICT". These efforts are targeted in two primary areas:

- i. Economic & Enterprise development through institutional finance/credit mechanisms
- ii. Facilitation of EC/ICT instruments that will help promote economic expansion and growth

**Access to Credit**

This is one of the primary focal point of the JOBS and USAID agenda. This high profile initiative encompasses the design, development and introduction of the 'new' law regarding Secured Finance. The activities associated with this objective necessitate advocacy building with the private sector, institutions, associations, and GoB officials. Issues also being addressed focus on the mechanisms necessary to produce an environment conducive to enterprise development and expansion.

During the quarter the Project concentrated its efforts in six primary areas that had to be addressed in order to meet its overall policy goals and objectives on this subject.

1. Conduct five workshops with government and private sector to advocate the secured lending law and build concept consensus.
2. Facilitate the preparation of a Concept Paper on Secured Credit Law utilizing the participants of the advocacy workshops.
3. Present the Concept Paper to the stakeholders in a half-day conference hosted by USAID in May 2001.
4. Complete an STTA with Mr. Allen Welsh to facilitate the half-day conference hosted by USAID.
5. Fill two local position vacancies in the Policy Unit: Commercial Loan Officer and Junior Attorney.
6. Develop a detailed work plan to implement those goals established in the March 11, 2001, report "Accessing Credit in Bangladesh: Barriers and Proposed Strategies". (See attachment)

The above targets were achieved, plus more. These Achievements included but were not limited to:

- Signing "Collaboration of Effort" with Bangladesh Institute of Law and International Affairs (BILIA) to strengthen JOBS network of relationship with the policy makers (stakeholders) common to the Secured Transactions Law.
- Conducted four discussion forums with government and private sector to build local ownership and advocate the Secured Transactions Law
- Prepared a "Concept Paper" on the need for the Secured Transaction Law and Presented the paper at a conference jointly hosted by JOBS and BILIA. 63 stakeholders (government officials and policy makers) attended the meeting. Professor Ali Ashraf, Chairman, Parliamentary Standing Committee of Finance on Ministry of Finance was the chief guest and Khairuzzaman Chowdhury, Additional Secretary, Ministry of Finance and Kazi Habibul Awal, Joint Secretary, Ministry of law were the special guest for the event.
- USAID - JOBS and BILIA jointly organized conference and presented the final version of the "Secured Transaction Law" (Bangla and English) to the stakeholders. All of the key government ministries attended include, Ministry of Finance Bangladesh Bank, Ministry of Law, Law Commission, Banks, Leasing Companies and Chambers. Professor Ali Ashraf, Chairman, Parliamentary Standing Committee of Finance on Ministry of Finance was the chief guest and Mary Ann Peters, US Ambassador to Bangladesh, and Dr. Ali Akber Khan, Secretary, Ministry of Finance were the special guest for the event. Mr. Allen Welsh, the international legal consultant for JOBS and IRIS, presented the keynote paper.
- Short Term Technical Assistance was completed with Mr. Allen Welsh. In his visit, Mr. Welsh reviewed the recommendations prepared by Justice Chowdhury, the local consultant and made appropriate changes to match the local concept and judicial system. He also presented the keynote paper on the Secured Transaction Law in a seminar organized by USAID/JOBS and BILIA.



- Prepared the Secured Transactions Law into Statutory Language, Bangla and English, suitable for presentation to the Cabinet and Parliament.
- Hired an intern in the Policy Unit and seeking a qualified Commercial Loan Official.

### E-Commerce/ICT

- The Ministry of Science and Technology informed the Project that the report and recommendations of the E-commerce Conference will be presented as the “Working Paper” for the next IT Task Force (ITTF) meeting.
- JOBS was the only donor project of only a few organizations invited to the foundation laying ceremony of the new BCC (Bangladesh Computer Council) building by the Prime Minister.
- As part of the policy advocacy program, the EC/ICT team actively participated in preparing Policy Briefs for the ICT Task Force, organized by CPD (Center for Policy Dialogue). The set of policy briefs, which reflect the public concerns and expectations from a new government, are to be placed before the political parties and voters. This will serve to influence the policy debate in the course of the campaign for the forthcoming parliamentary election.
- Recommendations developed from the E-commerce Conference on “Potential and Policy Priorities” have been included in the recommendation of ICT Task Force Report of CPD.
- The EC/ICT team also participated in the Advocacy campaign of the ICT Task Force held in Sylhet on June 16th, jointly organized by CPD and two major daily newspapers (Prothom Alo and The Daily Star). The policy brief developed for addressing the issues related to ICT covers the following areas:
  - Assessment of current scenario
  - Identification of problems and issues
  - Description of short term [up to two years] and mid-term [up to five years] agenda.
  - Identification of stakeholders for each agenda and implementation mechanism, where possible.
- The Project sponsored Dr. Tawfiq-e-Elahi Chowdhury (The member secretary of the IT Task Force and Secretary of Planning) and two official of Bangladesh Telegraph and Telephone board to attend conferences as part of providing training to selected ICT stakeholders.
  - The member secretary attended the Internet Technical and Policy Workshop held in Stockholm from June 1st and June 8th, sponsored by the Internet Society and the Global Internet Policy Initiative.
  - The two officials of BTTB (Bangladesh Telegraph and telephone board) attended the Asia Regional Telecommunication Policy Conference held during June 18-21, 2001 in Jakarta, Indonesia. This conference would not only enrich their knowledge but also be a follow up to the E-commerce Conference, which identified telecom as the major obstacle to expand commerce-commerce in Bangladesh.

- The EC/ICT team participated to a roundtable conference organized by Tech Bangla on “Telecommunication in Bangladesh - Emerging Issues” which will help the policy design exercise in the sector. The conference focused on the current status, emerging issues and reform policy of the telecom sector to cultivate the growth of EC/ICT in Bangladesh. The EC/ICT team was also invited to participate in a seminar on “Job Prospect of IT Students in the US Market” jointly organized by BCC (Bangladesh Computer Council) and Bhuiyan computers held on June 28th 2001. The seminar was supported by the Ministry of Science and Technology.

### Training Program:

- The Project Training Team conducted day long training for 200 EDWs of nine recipient NGOs on three key areas in additional training sessions (local resource mobilization, alternate sources of capital and alternate market linkage) developed by JOBS for the ME clients. All trained EDWs of the nine recipient NGOs started implementing these sessions through EDBM training respectively and effectively upon completion of the TOT.
- Without involving training resource organizations, the JOBS training team conducted three-day long EDBM-TOT Refreshers training for 30 EDWs of BURO, Tangail. This reduced costs and developed JOBS own resource based, as well as increased the capacity and competency of the recipient organizations.
- The Training Team launched a new training program on Export Order Documentation to the potential SMEs of Handicraft and Textile Sector. This will enhance their ability for conducting business in export markets, while increasing capabilities necessary for the procedural actions and requirements of export buyers.
- This quarter the Training Team also launched another new training program on EDBM for 25 micro enterprise clients of SIBL. With this training they will be able to better manage their businesses and create more opportunities for accessing credit from commercial banks. To make the participants efficient and effective in their business, a Business Clinic Workshop was organized as a follow up service for those who received the EDBM training.
- Based on learning’s gained over the year, the Project made the decision to develop an Enterprise Development Training (EDT) Module, materials, visual aids for the top-end MEs. In Bangladesh there are lot of interventions and training programs/modules that exist for IGAs and MEs as an introductory course but nothing that can help the MEs that have real potential to in transitioning to a small enterprise. The Project firmly believes that this module will help qualifying MEs in this graduating process to small enterprise. JOBS intends to introduce its’ this training course into the field at the beginning of FY-2002.
- Beside the ongoing planned activities, Training Team worked in identifying strategic objectives and interventions for the FY 2002. In this regard, a draft strategic plan has been prepared considering the goal, objectives, timeline, future directional focus of JOBS and recommendations. Much of these efforts will be linked to complimenting other donor projects as well as JOBS assisted clients.
- Began discussions with the USAID – Helen Keller Project for collaboration in regards to JOBS training modules and success formulas.

**Administrative Support Teams:**

The programmatic activities and accomplishments of the Project are numerous and involve a high degree of collaboration and cooperation from three vital links of the Project, the Contracting Team, the Operational Support Services Team and the Communications and Public Relations Team. Each of these components is instrumental in the successes and functioning of the entire Project, as well as the individual Programs. Highlights of their achievements are obtained daily and include:

**Communications and Public Relations Team:**

- Ensured successful coverage (print & television) for the high level presentation on Secured Finance Transaction Law held in Dhaka, in 30<sup>th</sup> May and 21<sup>st</sup> June 2001.
- Finalized all three (April, May, June) newsletters, completed layout, conducted all work regarding newsletter printing. As of April 2001, the Project began to develop, layout, and finalize all designing work for the JOBS Newsletter in house.
- Published and distributed the JOBS project's monthly Newsletter, covering the many aspect of the Project and its various programs.
- Ensured regular information disseminating in leading newspapers to promote the Project and raise public awareness about JOBS' Integrated Development Strategy. In this quarter JOBS received coverage in 55 major daily newspapers.
- Provided PR support and designed media communication for New York Home Textile Fair, Leather Goods Trade Fair, Dubai and Singapore Gift and Premium Show attended by SME team.
- Continued to disseminate regular updates from the Project to IRIS on weekly and quarterly basis to highlight JOBS' achievements.
- Ongoing regular support to all activities of the Project continues as the CPR Team strives to assist and support activities like training, conference, seminars, etc.

**Operational Support Services Team:**

- Expanded office to another unit and completed interior design and finishing.
- Allocation of costs to the teams in a systematic way and update Peachtree Accounting package.
- Prepared team-wise cumulative expense statements.
- Identified and recommended reductions in management costs where applicable.

**Contracting Team:**

- Implemented Blanket Purchase Agreements. Under the new mechanism of contracting, JOBS sends "request for budget" to any 3-4 of the selected resource organizations prior to negotiating and awarding any future contracts for services. This process has contributed in achieving quality cost effective and time efficient training and sourcing of TA services.
- Renewed thirteen (13) BPAs (for procurement and individual services).

- Under the expansion program with BURO Tangail and TMSS, issued sixteen (16) contracts for EDBM training of 1,500 and 1,000 entrepreneurs respectively.
- Issued about nine (9) contracts to Green Hill, Ghashful and YPSA for EDBM training of 200, 300 and 300 entrepreneurs respectively.
- Processed proposals for two (2) international Travels and issued about thirty-five (35) Subcontracts/Delivery Tickets and for SME and Policy programs.
- Reviewed all personnel files prior to Performance Appraisal in June 2001.
- Issued fifteen (15) Work Orders/Delivery Tickets to support operational activities.

#### IV. Highlight Activities / Special Events

In regards to special events, all either meet or exceed expectations. Though the Project believes that all its activities are worth mentioning, several of the activities/achievements stand alone in terms of results or expected impact on SMME and Economic Development in Bangladesh.

- Completed and introduced a 'new' Law on Secured Finance into the Bangladesh 'officially authorized' system for processing. The Law was introduced through the Ministry of Finance and is currently proceeding through the system for possible passage and implementation.
- The EC/ICT team of JOBS has taken initiative to lead the process of implementing selected recommendations that arose from the E-commerce Conference by hosting the Government Forms in the web (Recommendation No: 5 of E-Government). The pilot project on hosting the forms for the Ministry of Science and Technology was successfully finished in May, with joint collaboration between TechBangla, JOBS and BCC. The project involved approximately 100 pages of documents in Bangla and/or English. The web pages are hosted in the Internet site of BCC and can be viewed in ([www.bccbd.org](http://www.bccbd.org)).
- Over the years of experience and lessons, it became apparent that a collective approach could play a very important role to bring the grassroots MEs into the mainstream of economy. It is often very difficult to graduate individual ME to small scale enterprise due to their various limitations such as size, capital, geographical locations, markets, skills and adequate knowledge on business management. The Association development concept is beginning to bridge some of this gap.
- Recently, JOBS has placed increased emphasis on the importance of developing "Business Association" among the JOBS assisted MEs in order to help them enter potential markets and maximize the profit on their products. In order to achieve the objective, the senior management of the ME Program and the Micro Policy Program had several meetings and discussions with the top and senior level management of the JOBS stakeholders. The approach was found realistic and all expressed their interest to work jointly with JOBS in this endeavor. The organizations and NGOs also expressed that; this would be a very effective tool to bring their beneficiaries to a platform from where they could contribute to the economy of the country.
- During this quarter, the Program Manager responsible for the JOBS Project at the USAID visited some field activities of the stakeholders. His prime mission was to

obtain an impression on the level of knowledge and understanding of the EDWs who receive TOT on EDBM. The second mission was to assess the limitations of the EDBM module with the EDWs and their supervisors and whether there is any scope for improvement in making the module more effective for the training. His recommendations were found very practical and taken into consideration when conducting courses for the entrepreneurs. Moreover, his overall impression on the performance of the organizations, and the quality and impact of the TA being provided was quite favorable.

- Five participants from the export sector participated in the 22nd ISF Fair held in Tokyo, Japan in association with JOBS. The Project believes Japan is an important market for the export footwear sector that needs to capitalize upon. The results in terms of export orders, exposure and coverage the participants received from the fair was outstanding. The negotiated export orders were worth over US\$ 3.8 million for the next one year. The participants also received excellent coverage in the local footwear and fashion magazine.
- Four textile clients attended in the New York Home Textile Show 2001 in association with JOBS held from 30th March to 2nd April 2001. This fair was selected since it is the second largest textile fair in the world and USA is the leading buyer of the textile products of Bangladesh. The participants obtained spot orders of over \$146,000 and the expectation to negotiate orders between 1.5-2.0 million USD over the next one year. The additional exposure in the US market is also anticipated to pay long-term dividends for this sector within Bangladesh. A major advantage to marketing in the US market for Bangladeshi enterprises is the fact that there is no quota system for home textile products in the US. This will help contribute to an expected \$4 million in additional sales for all JOBS assisted clients in the sector.
- Association or cluster based support activities have become one of the core approaches of JOBS activities. This approach is providing technical and marketing support through Associations, which is more cost effective and lasting than working directly with many individual SMME beneficiaries. The Marketing Team is providing marketing support and the Loan Facilitation Team assisted the finance support for these associations, resulting in a more comprehensive intervention.
- The Loan Facilitation Team successfully organized one bank officers training program on “Understanding and Financing the Special Needs of SMEs” and one training program for SME clients of SIBL on “Enterprise Development and Business Management Training” to enhance the credit worthiness of the Banks clients. The status report are as follows:

Training Date	No. of Banks Participated	Target Participants	Total Participants
May 21- May 31	11 Banks	20	20
June 25 – June 27	SIBL	20	21
Total		40	41

- Institutional Financing to Modhupur Pineapple growers association.
- Bringing Inter-Banking transaction into practice in Bangladesh - between SIBL & Somali Bank.
- Making Milk Vita agreed to share cost of training for milk producers associations and help create sustainable market linkages in cooperation with the Project.



V. Training Activities / Recap  
 Targeted Training Activities Achieved During the 3<sup>rd</sup> Quarter of FY 2001

Training Activities	3rd Quarter FY 2001 (Per person days) & (total recipients trained)				Target (YTD)	% Target Achieved	Project Total to-date	Causes of Major Deviation
	YTD to last Qtr.	Current Quarter	YTD for FY					
EDBM Training for MEs	Person Days	27174	28344	55518	30450	93%	99678	
	Total Recipients	4529	4724	9253	5075	93%	16613	
TOT on EDBM for EDWs	Person Days	1585	264	1849	264	100%	3997	
	Total Recipients	130	22	152	22	100%	331	
Refreshers on TOT of EDBM for EDWs	Person Days	135	90	225	90	100%	225	
	Total Recipients	55	30	85	30	100%	85	
Training on selling skills for ME clients	Person Days	66	72	138	72	100%	138	
	Total Recipients	22	24	46	24	100%	46	
Local cluster training on footwear for ME	Person Days	0	0	0	2250	0%	0	Ground work yet to finish, shortage will be made during the year
	Total Recipients	0	0	0	25	0%	0	
Need Based Skill Development Training for ME	Person Days	0	0	0	0	-	20625	
	Total Recipients	0	0	0	0	-	6250	
Vegetable Dying Training for ME	Person Days	0	0	0	0	-	425	
	Total Recipients	0	0	0	0	-	85	
Accounts and Financial Management for ME	Person Days	0	0	0	0	-	784	
	Total Recipients	0	0	0	0	-	112	
Savings and Credit Management for ME	Person Days	0	0	0	0	-	1261	
	Total Recipients	0	0	0	0	-	202	
Experience Sharing Workshop	Person Days	0	0	0	0	-	233	
	Total Recipients	0	0	0	0	-	233	

JOBS Quarterly Report – Third Quarter FY 2001

Training Activities	3 <sup>rd</sup> Quarter FY 2001 (Per person days) & (total recipients trained)				Target (YTD)	% Target Achieved	Project Total to-date	Major Causes of Deviation
	YTD to last Qtr.	Current Quarter	YTD for FY					
Supervisor Training with FDDI on Footwear for SME	Person Days	0	600	0	-	600		
	Total Recipients	20	20	0	-	20		
Design Development Training for Europe and Australia on Footwear for SME	Person Days	0	600	600	100%	600		
	Total Recipients	0	20	20	100%	20		
Sewing Training on Leather Craft for SME	Person Days	0	0	0	0%	0	Trainer was unable to give time as per schedule, shortage will be made up during the year	
	Total Recipients	0	0	0	0%	0		
Skill Development Northan (Thee Ltd.), Kohinoor on Leather Craft for SME	Person Days	7800	4500	12300	91%	12300		
	Total Recipients	100	50	150	91%	150		
Local Cluster Training- Munshigang on Leather Craft for SME	Person Days	11700	0	11700	-	11700		
	Total Recipients	150	0	150	-	150		
Advanced Training at Munshigang cluster on Leather Craft for SME	Person Days	13500	0	13500	-	13500		
	Total Recipients	150	0	150	-	150		
Workers Training at Crown Leather Products Ltd. on Leather Craft for SME	Person Days	960	0	960	-	960		
	Total Recipients	40	0	40	-	40		



JOBS Quarterly Report - Third Quarter FY 2001

Training Activities	3 <sup>rd</sup> Quarter FY 2001 (Per person days) & (total recipients trained)				Target (YTD)	% Target Achieved	Project Total to-date	Major Causes of Deviation
	YTD to last Qtr.	Current Quarter	YTD for FY					
Design Development Training on Leather Craft for SME	Person Days	200	0	200	0	-	200	
	Total Recipients	10	0	10	0	-	10	
Skill Development on Vegetable Dying for SME	Person Days	266	0	266	0	-	586	
	Total Recipients	49	0	49	0	-	109	
Skill Development on Block printing for SME	Person Days	0	54	54	60	90%	388	
	Total Recipients	0	9	9	10	90%	46	
Designing & Quality Control Training on Handicrafts for SME	Person Days	80	0	80	0	-	80	
	Total Recipients	16	0	16	0	-	16	
Product Development and designing Training on Handicrafts for SME	Person Days	80	960	1040	720	133%	1040	
	Total Recipients	16	32	48	24	133%	48	
Salesmanship Training on Handicrafts for SME	Person Days	80	0	80	0	-	80	
	Total Recipients	16	0	16	0	-	16	
Export Documentation Training on Handicrafts for SME	Person Days	0	130	130	100	130%	130	
	Total Recipients	0	26	26	20	130%	26	

JOBS Quarterly Report - Third Quarter FY 2001

Training Activities	3 <sup>rd</sup> Quarter FY 2001 (Per person days) & (total recipients trained)				Target (YTD)	% Target Achieved	Project Total to-date	Major Causes of Deviation
	YTD to last Qtr.	Current Quarter	YTD for FY					
Buyer communication Training on Handicrafts for SME	Person Days	84	84	84	80	105%	84	
	Total Recipients	21	21	21	20	105%	21	
Designing Training on Textile for SME	Person Days	495	0	495	120	0%	495	Because of inability of training consultants. Shortage will be made during the year
	Total Recipients	33	0	33	12	0%	33	
Quality Control Training on Textile for SME	Person Days	495	0	495	0	-	495	
	Total Recipients	33	0	33	0	-	33	
Salesmanship Training on Textile for SME	Person Days	95	0	95	0	-	95	
	Total Recipients	19	0	19	0	-	19	
Export Documentation Training on Textile for SME	Person Days	0	70	70	100	70%	70	
	Total Recipients	0	14	14	20	70%	14	
Buyer Communication Training on Textile for SME	Person Days	54	0	54	0	-	54	
	Total Recipients	18	0	18	0	-	18	
Health and Hygiene Training-Bakery for SME	Person Days	0	0	0	0	-	176	
	Total Recipients	0	0	0	0	-	176	
Workshop on footwear for SME	Person Days	0	0	0	0	-	119	
	Total Recipients	0	0	0	0	-	119	
Basic Business Management, Marketing & Loan Application Procedure	Person Days	165	0	165	0	-	2449	
	Total Recipients	55	0	55	0	-	791	

JOBS Quarterly Report – Third Quarter FY 2001

Training Activities	3 <sup>rd</sup> Quarter FY 2001 (Per person days) & (total recipients trained)				Target (YTD)	% Target Achieved	Project Total to-date	Major Causes of Deviation
	YTD to last Qtr.	Current Quarter	YTD for FY					
Costing, Pricing & Promotion for Woman SME	Person Days	0	0	0	0	-	235	
	Total Recipients	0	0	0	0	-	97	
Workshop on SME Development Issues for SME	Person Days	0	0	0	0	-	257	
	Total Recipients	0	0	0	0	-	257	
Workshop on handloom/ Handicrafts Marketing & Development Assistance for SME	Person Days	0	0	0	0	-	220	
	Total Recipients	0	0	0	0	-	110	
Bank SME Client Training	Person Days	0	0	0	0	-	984	
	Total Recipients	0	0	0	0	-	328	
Understanding and Financing Special Needs of SMEs for Bank Officer	Person Days	510	200	710	400	50%	1710	Trainers was unable to give time, shortage will be made up during the year
	Total Recipients	51	20	71	40	50%	171	
EDBM training to the selected entrepreneurs of SIBL	Person Days	0	63	63	300	21%	63	Duration minimized as per needs. Shortage will be made up during the year
	Total Recipients	0	21	21	50	42%	21	
MEDU Branch Bank Officer	Person Days	0	0	0	0	-	90	
	Total Recipients	0	0	0	0	-	15	
Office 2000 for SME	Person Days	0	0	0	0	-	360	
	Total Recipients	0	0	0	0	-	20	
JOBS Staff Training on LAN Administration	Person Days	6	0	6	0	-	6	
	Total Recipients	2	0	2	0	-	2	

JOBS Quarterly Report - Third Quarter FY 2001

Training Activities	3 <sup>rd</sup> Quarter FY 2001 (Per person days) & (total recipients trained)				Target (YTD)	% Target Achieved	Project Total to-date	Major Causes of Deviation
	YTD to last Qtr.	Current Quarter	YTD for FY					
JOBS Staff Training on EDBM TOT	Person Days	35	0	35	0	-	95	
	Total Recipients	7	0	7	0	-	12	
Computer training on fundamental of Computer, Operating System and File Management for JOBS staff	Person Days	0	34	34	30	133%	34	
	Total Participants	0	17	17	15	133%	17	
Computer training on Microsoft Excel 2000 for JOBS staff	Person Days	0	33	33	24	138%	33	Duration extended due to need
	Total Participants	0	11	11	12	91%	11	
Computer training on LAN Operation for JOBS staff	Person Days	0	28	28	25	112%	28	
	Total Participants	0	28	28	25	112%	28	
Computer training on Microsoft Outlook 2000 for JOBS staff	Person Days	0	48	48	50	96%	48	
	Total Participants	0	24	24	25	96%	24	
JOBS Yearly Retreat	Person Days	0	60	60	60	100%	60	
	Total Participants	0	20	20	20	100%	20	
Grants administration and financial management	Person Days	20	0	20	0	-	20	
	Total Participants	4	0	4	0	-	4	

## VI. Management Issues

Like in any structured organization, management and finance are inseparable parts of the JOBS Project. The Project prides itself in handling these two aspects with as much professionalism, efficiency, and attention to detail as possible, especially since both factors greatly determine JOBS ultimate performance.

As in previous quarters, the major management challenge was to expedite the contract approval procedure and complete it with the lowest possible complexity and time. The various program teams and the contracting team have worked together to minimize the turn-around time for all local contracts, however, there are still opportunities to improve the same for contractual arrangements that must be approved by the College Park office.

During the quarter we recruited:

- Parimal Barua Tapu and rearranged the administration team. This will strengthen our human resources for satisfactorily supporting the program teams and aid in expeditiously implementing the various programs.
- This quarter we recruited Ms. Farial Sabrina Anam as intern for supporting the Macro Policy Team – Ms. Anam has provided much need skills and will remain with the Project until mid-August.
- Md. Manzurul Haque started as a full-time member of the Training Team and brings a wealth of experiences and needed expertise that will strengthen the capacity of the Train Program as it faces many new challenges.

Major challenges encountered by the Project were in areas of:

- Establishment of business linkages between the beneficiaries and external buyers in an environment of non-cooperation from respective MFIs like Proshika and BRAC.
- Developing interest among some progressive MFIs /donors for marketing of the JOBS approach for sustainable economic growth through creation of 'wage-based' employment.
- Generation of a "Cooperative Marketing" approach and make it acceptable to the entrepreneurs and respective supporting MFIs.
- Linking our efforts for development of the tribal minority group based on business performance, coupled with long-term commitments from other international development organizations.

## VII. Financial

As previously stated, the financial management of the entire Project is a daily activity. All Team Leaders are aware of this responsibility and have performed accordingly. All Programs and the overall Project are either at or below previously budgeted amounts.

The following expenses were incurred for JOBS Bangladesh during this quarter (April-June, 2001). A variance analysis with budget (excluding accruals & IRIS expenditure) for this quarter (Q3) is stated below (4/2001-6/2001):

**Variance analysis:**

Program	Budget Dollars	Actual Expenditure Dollars	Variances %
SME Team	\$147,705.79	\$80,030.29	45.82
ME Team	\$224,512.79	\$166,923.89	25.65
Policy Team	\$101,972.79	\$49,744.15	51.22
Operational Support Service Team	\$76,566.63	\$52,595.68	31.31
<b>Total</b>	<b>\$550,758.00</b>	<b>\$349,294.01</b>	<b>36.58</b>

**VIII. Planned for Next Quarter**

The Project expects no major deviations of planned activities as compared to those described in the strategic Business / Work Plan. The Project will also continue its interventions and TA for the Project outreach and additional activities that have been described within this report.

This projection is based on the yearly plan & budget for Year 4 and is based on JOBS in-country expenditures only. Staff costs of the respective team are charged of that team in the following projection.

Program	Total \$
Operational Support Services Team	76,566.63
SME Team	180,305.79
ME Team	106,512.79
Policy Team	70,228.79
<b>Grand Total In Dollars</b>	<b>433,614.00</b>

Major anticipated activities over the next quarter include, but may not be limited to:

Access to Credit:

- Obtain collaboration with Bangladesh Bank to study enhancements for the Central Information Bureau (CIB).
- Hire a Commercial Loan Officer to coordinate BIBM training programs and to facilitate work with Bangladesh Bank.

- Hire an International Consultant on a Short Term Technical Assistance (STTA) and complete a report on the Collateral Registry. The consultant will identify the IT Infrastructure capabilities of Bangladesh, develop recommendations on operating procedures and form of ownership (Private or Public), prepare a five-year business plan, and write a report on the findings.
- Obtain confirmation from Bangladesh Institute of Bank Management (BIBM) and confirm a curriculum schedule for the school year September 2001 – June 2002. This will be for the development and dissemination of a special course on international lending and management standards targeted at Senior Bank Officials and Credit Officers.

#### EC/ICT:

- Continue dialogue with the GoB to further develop an understanding of co-operation for the objectives for the next quarter and the next year. The two primary goals are:
  - Begin developing the IT Act of Bangladesh
  - Government forms in the Internet – continuation
- Work with Tech Bangla to develop an 'IT Related Firm Registry'. This will be a searchable database of the IT Firms in Bangladesh to disseminate information systematically relating to their capabilities and potentials for software development expertise, project/product experience, marketing and financial process, etc.

#### FOOTWEAR SECTOR:

##### Skill Development Training

##### *1. Skill Development Training at Macro Footwear*

Macro Footwear Limited is a new client and was established this year at Savar with a daily production capacity of 4000 pairs and will specialize in industrial shoes. This will be a new item from Bangladesh and the company is expected to effectively compete in the USA, Canada and Western Europe markets. At full production capacity, Macro will need at least 800 workers. Initially they plan to start with trial orders for which they need to train 100 workers.

- This will be a six-month long training of divided into two parts of three months and delivered in two quarters.
- 100 new unskilled workers will be trained initially who will be employed in Macro footwear.
- The trainer will be from ARS Soutoria, the leading footwear-training institute from Germany.
- Macro will share the cost of the trainer and his related cost, cost of the raw material during the training and other related logistic costs.
- JOBS will bear the trainee allowances for 100 workers for six months.
- Estimated budget for this training will be USD 4,000 for each part.

## ***2. Skill Development Training at Landmark Shoes***

Landmark Footwear Limited is a new client and was established this year at Gazipur with a daily production capacity of 1500 pairs. They plan to specialize in dress shoes and have already contacted buyers in Japan and Italy, from where they have received a favorable response. At full production capacity, Landmark will need at least 400 workers. Initially they plan to start with trial orders for which they need to train 100 workers.

- This will be a six-month long training of divided into two parts of three months and delivered in two quarters.
- 100 new unskilled workers will be trained initially who will be employed in Landmark Footwear Limited.
- The trainer will be from Germany and will impart the training with the help of two local supervisors.
- Landmark will share the cost of the trainer and his related cost, cost of the raw material during the training and other related logistic costs.
- JOBS will bear the trainee allowances for 100 workers and cost of two supervisors for six months.
- Estimated budget for this training will be USD 4,000 for each part.

### **Specialized Technical Training**

#### ***1. Specialized Technical Training at Madina***

- This will be a continuation of the technical training program with FDDI.
- This will be a one-month long training program focusing on finishing, problem detection, polishing, toning and packaging.
- 20 workers from five different firms will participate in the training.
- Estimated budget for this training program is USD 5,000.

### **Cluster Development**

#### ***1. Cluster Training at RMM International***

JOBS will develop a new cluster in Hajaribagh and will provide training on handmade footwear production.

- The cluster will be developed with 80 unskilled workers who will be employed by RMM International, a leading leather exporter, after the training for its hand made footwear production unit.
- The training will be six months and divided into two parts of three month.
- The trainee will be specialized on handmade mesh leather footwear.

#### ***2. Cluster Development at Bahadurpur***

The sector will develop another new cluster in Bahadurpur with 30 new unskilled workers, targeted for export footwear markets.



- The cluster will comprise 30 unskilled workers and will be developed in association with SWORD, a local NGO.
- The trainee will be trained on handmade footwear production and will supply product to Madina Shoe Limited, which is adjacent to the cluster.
- The training will be six months and divided into two parts of three months.

### **LEATHER GOODS SECTOR:**

#### ***1. Skill Development Training at Oasis***

The program will arrange skill development training for 25 workers of Oasis Leather Limited in an attempt to develop their skills and standards. The trainer will be sourced locally and the training will be three months long.

#### ***2. Sewing Training at Apex Leather Craft***

Sewing is one of the major areas where extensive weakness prevails in the leather goods industry. To solve the problem JOBS will train 40 unskilled workers for three months in association with Apex Leather Craft Limited. Four sewing trainers will come from India to impart the training.

#### ***3. Cluster Development Training at Jessor***

The program plans to work in association with an organization in this sector and to act accordingly. Product Development Institute (PDI) has been contacted and is in process of developing a plan for six small leather goods producers for the next year. A major part of the next quarter will be contributed to helping develop and organize this plan. There will be 40 trainees for this 90 day long training program.

### **HANDICRAFTS SECTOR:**

#### ***1. Training on Natural Color Block and Batik with BFF***

- 25 participants will attend an advanced natural color block and batik training to the participants who attended a previous training in January 2001 with BFF.
- It will be a seven daylong training program conducted by Banaj Barnali.
- It will provide the trainee with a thorough knowledge on the procedures of vegetable dyeing and block printing.

#### ***2. Basic Business Mgt. Training with BFF***

- 25 participants will attend a three daylong training will be given to the same participants of the above (Advanced Natural Color, Block & Batik) training.
- It will be given as a compact package of training programs, which will enhance their capacity to manage and growth the business.

#### ***3. Salesmanship Training with AID***

- 20 participants will get this four-day training in Jessor in collaboration with AID focused on salesmanship to increase sales.

**4. Buyer Communication Training with AID**

- 20 participants will get this three-day training in Jessor in collaboration with AID for better understanding in communicating with buyers. This is anticipated to help in obtaining orders, making sales and increasing profits.

**5. International Trade Fair**

- Five Enterprises will attend the Singapore Gift and Premium Show.
- Date: July 25 to July 27, 2001

**TEXTILE SECTOR:**

**1. Designing training with FID**

- Nine B category enterprises will attend in this 14-day long training program.
- In collaboration with FID in Dhaka
- Trainer from India (Bangalore) will conduct with local consultant.

**2. Basic Business Mgt. Training**

- Three day long training held in Sylhet in collaboration with SCCI for 20 enterprises.

**3. Quality Control Training**

- 10-day training for 20 participants in Sylhet in collaboration with SCCI at CHARIMA.

**4. Salesmanship Training**

- 33 participants will attend this four-day training in Chittagong in collaboration with OPCA for enhancing salesmanship to increase sales.

**5. Buyer Communication Training**

- 33 participants will get this three-day training in Chittagong in collaboration with OPCA for better understanding in salesmanship to increase sales.

**ELECTRICAL & ELECTRONICS (E&E) SECTOR:**

After the completion of the "Sector Analysis (Primary) – Electrical & Electronics Sector in Bangladesh", the hiring an expiate consultant was determined. Accordingly an experienced electrical consultant (Mr. Ken Krolski) has been hired and will be in country from mid-July to mid-August. The consultancy will assist with to determine a proper guideline for the TA and intervention guidelines. The consultant will also work with selected enterprises to access and recommend and assist with certain quality and production improvements.

***Output expectations form the Consultant:***

- Identify the products that have growth potential in terms of sales and job opportunities.
- Nature of the problems that need to be addressed to increase sales and jobs.

- Nature of suggested interventions by the JOBS program - training for new and existing human resources, assistance in R & D of products, assistance in improvement of quality, assistance in marketing.
- Policy issues that need to be addressed.
- Recommendations and suggestions concerning the specific clients and the industry in general as to what needs to happen /course of action in order to compete in the international market.
- A schedule has been developed to visit selected clients predetermined to have the greatest potential for expansion. After completion of client visit, the consultant will produce "Next Steps Strategy & Tactics" for the Electrical & Electronic Sector.
  - Visiting Agenda:
    - Formal discussion with management from the respective companies
    - Visit production and overall concerned unit
    - Assess the quality of the product
    - Any need for R & D support
    - Quick SWOT analysis
- JOBS assistance for the sector will take place according to the recommendations of the consultant.

Additional significant events / activities / accomplishments targeted for next quarter include:

- ME Sales growth (million \$) 2.3
- ME JOBS growth      Total 4,300      Male 1,720      Female 2,580
- # of MEs assisted      Total 901      Male 75      Female 826
- # of loans disbursed      Total 2,400      Male 120      Female 2,280
- Organization of a two-day experience sharing workshop and training for participants of two donor organizations and 10-15 proactive MFIs.
- Organization of workshops on "Collective Marketing" at Chittagong region.
- Formation of five producers association covering 200 MEs targeted at facilitating a sustainable and profitable market linkage.
- Formal agreement with Milk Vita regarding supports to producer associations.
- Organization of TOT refreshers training for 20 NGO staff in Chittagong.
- Organization of Workshops in the Chittagong region with trained producers to further promote a marketing network and institutional financing.
- Strengthening the efforts on marketing policy changes within the tribal areas.
- Development of local 'cluster' with ME producers (footwear).
- Financing small organizations (NGOs) by linking them to Commercial Banks.

- Three training sessions for Bank Officers Training will be organize on “Understanding and Financing the Special Needs of SMEs” which will be conducted by the resource personnel of Bangladesh Institute of Bank Management (BIBM). These training programs will be conducted in Chittagong, Rajshahi and Sylhet. Participants will include 65 – 75 national and private commercial bank officers.
- Provide Three Entrepreneurship Development and Business Management Training of Social Investment Bank Limited.
- Provide Loan Facilitation Services directly to six SME clients.
- Linking Bank facilities with Associations/Cooperatives and individual enterprises directly and/or through respective MFIs.
- Building upon our relationship with the Chittagong Chamber of Commerce in a possible joint collaboration to develop support structures and mechanisms for SME Development in that region. Discussions are ongoing.
- Design and development of a comprehensive Project Work Plan for FY 2002. Each Team will also developed their respective Program Biz/Work Plans that will be incorporated within the Project Plan.

**Synopsis of Training Activities Planned for the 4th Quarter of FY 2001  
(July-September 2001)**

The following is a recap of planned training activities as of June 31 for the 4th Quarter. This may be changed and/or be adjusted during the quarter.

**SME**

***Footwear***

<input type="checkbox"/> Cluster development with RMM international	90 days	80 Trainees
<input type="checkbox"/> Cluster development at Bahadurpur	90 days	30 Trainees
<input type="checkbox"/> Skill development training at Macro	90 days	100 Trainees
<input type="checkbox"/> Specialized training at Madina	30 days	20 Trainees
<input type="checkbox"/> Advance Daudkandi cluster training	90 days	40 Trainees
<input type="checkbox"/> Advance new technical training in Savar cluster	90 days	40 Trainees
<input type="checkbox"/> Skill Development training at Landmark Footwear	90 days	80 Trainees

***Leather***

<input type="checkbox"/> Skill development training at Oasis	90 days	25 Trainees
<input type="checkbox"/> Cluster development training at Jessor	90 days	40 Trainees
<input type="checkbox"/> Sewing training at Apex Leather craft	90 days	40 Trainees

***Handicrafts***

<input type="checkbox"/> Natural color block & batik	7 days	25 Trainees
<input type="checkbox"/> Basic business mgmt. training	3 days	25 Trainees

- Salesmanship training 4 days 20 Trainees
- Buyers communication training 3 days 20 Trainees

**Textile**

- Designing training with FID 14 days 9 Trainees
- Basic business mgt. training 3 days 20 Trainees
- Quality control training 10 days 20 Trainers
- Salesmanship training 4 days 33 Trainees
- Buyers communication training 3 days 33 Trainees

**ME**

- EDBM TOT Refresher for YPSA, Gashful & Green Hill's EDWs, 3 days 23 Trainees
- EDBM Training for BURO, Tangail, Yogsutra & Green Hill's ME Clients 6 days 1001 Trainees
- Local cluster training on footwear for MEs 90 days 25 Trainees
- Workshop on marketing network for MEs 1 day 200 Participants
- Workshop on marketing network for the NGOs 1 day 20 NGO Staff

**Loan facilitation-SMME**

- Bank Officers training on understanding and financing the special needs of SMEs 6 days 60 Trainees
- Enterprise development and business management training to the selected entrepreneurs of Social Investment Bank Limited 3 days 60 Trainees

**JOBS Staff Development Training**

- Computer Training:
  - Fundamental of computer, Operating System and File Management 2 days 6 Trainees
  - Microsoft Excel 2000 3 days 18 Trainees
  - LAN Operation (for all) 1 days 7 Trainees
  - Microsoft Outlook 2000 (for all) 2 days 10 Trainees

**IX. JOBS - R4 Recap**  
**Strategic Objective 5 - Growth in Agribusiness and Small Business**  
**Period: Third Quarter FY 2001 (April - June 2001) & YTD FY 2001**

Reporting Period	Quarter	YTD-Total	R-4 Target	R4 Variance	Benchmark
<b>SO Indicator</b>					
1. Sales growth (million \$)	4,837	12,247	9,320	2,927	10,000
2. Exports growth (million \$)	1,910	3,450	0,080	3,370	0,090
3. Jobs growth (Total)	6,386	9,171	14,224	-5,053.000	15,600
Male	4,374	6,013	7,538	-1,525.000	8,268
Female	2,012	3,158	6,686	-3,528.000	7,332
<b>IR Indicator</b>					
<b>5.1 More market-oriented policies, laws and regulations</b>					
1: # of new market oriented policies, laws, regulations & practices adopted	4	6	3	3	4
<b>5.2 Stronger business support institutions</b>					
1: Value of capital provided by USAID assisted financial intermediaries (\$M)	0.000	0.000	0.420	-0.420	0.465
2: # of IFIs supported	3	41	60	-19	35
<b>5.3 Stronger market/product development</b>					
1: # of enterprises that enter new geographic markets	55	214	2	212	10
2: # of enterprises that introduce new products/services	125	338	0	338	5
<b>5.4 Improved products and services</b>					
1: # of enterprises that improve product/service quality	239	472	0	472	2
2: # of enterprises that reduce unit production costs	205	350	0	350	2
<b>5.5 Increased access to capital</b>					
1: Value of capital raised from all external sources (\$M)	0.332	0.778	0.240	0.538	0.269
<b>OTHERS</b>					
# of enterprises/households assisted	4,788	16,603	6,017	10,586	8,000
Male	260	3,583	1,854	1,729	2,425
Female	4,528	13,020	4,163	8,857	5,575
\$ Expended (in million)	1.406		2.493	-2.493	2.493
JOBS Accruals (local not included in expended)		0.218			

## Accessing Credit in Bangladesh: Barriers and Proposed Strategies

By: Roger Bird  
March 11, 2001

There are a number of constraints posed to SMEs (small and medium sized enterprises) in Bangladesh in accessing formal credit, and JOBS may be able to address a certain number of these. The purpose of this report is to identify the main constraints or barriers, and to propose initial strategies to address them. In considering which barriers JOBS should address through the Policy Unit, it is important to keep in mind that there are two issues involving the eventual success of implementation. The first is the capacity of JOBS to utilize the limited resources available (STTA TDYs, local staff, course materials, etc.) and the second is the fact that there is a visible time constraint (there remain only 18 months on this project) to complete implementation. Given these two factors, the primary objective of the Policy Unit is to deliver services and technical assistance of identifiable quality, not necessarily to accomplish as long a list of objectives as possible.

### Definitions

The definition of "SME," is often subject to many interpretations (including asset size, employee size, and turnover). The Government of Bangladesh (GoB) has defined SMEs as companies that have assets of at least 3 million taka<sup>1</sup> (\$55,500), but no greater than 100 million taka (\$1.9 million)<sup>2</sup>. It would follow, that companies below 3 million taka would be considered "micro"-enterprises (MEs), except that the GoB has defined MEs as companies with assets less than 3 lakh<sup>3</sup> taka (\$5,500). These definitions leave a gap of those companies with assets between 3 lakh taka and 3 million taka (\$5,500 - \$55,500). The micro finance lenders in Bangladesh have a maximum credit amount of 1 lakh taka and ME loans are limited to those companies who fit the aforementioned definition of a ME.

For purposes of this report and for the JOBS policy unit, an exact definition of SMEs is not critical but is helpful for defining the parameters of the SME segment on which we should focus our efforts. For example, the barriers to accessing credit for companies that are just over the classification of 'micro', or even those who just meet the minimum standard SME definition, can be somewhat different from those barriers for companies whose assets are closer to 100 million taka. Therefore it would be unwise to focus too heavily on either one extreme or the other. By focusing our efforts on SMEs that have borrowing needs of between 1 million taka and 5 million taka (\$18,500 - \$100,000), we are able to more accurately address the core barriers affecting the greatest number of SMEs. Once identified, we can address these core barriers to the benefit of all the SMEs, including those companies with borrowing needs above and below our market segment.

The financing needs of a given business and a lender's risk can vary widely depending on the development or growth stage of that business. For example, a start up business has a higher

---

<sup>1</sup> \$1.00 = 54 taka

<sup>2</sup> The GoB definition of SME is subject to changes due to various proposed legislation that may offer certain government subsidies or other benefits.

<sup>3</sup> 1 lakh taka = 100,000 taka

probability of failure (and different constraints to financing) than a business that has been successful for 5 years. The following chart, published by PriceWaterhouseCoopers, shows the traditional growth stages of companies in developed economies and their sources of financing.

Growth Stage	1. Concept	2. Inception	3. Survival	4. Growth	5. Expansion	6. Maturity
Sources of Financing	- Owners - Friends - Relatives - Suppliers - Customers - Venture	- Owners - Friends - Relatives - Suppliers - Customers - Venture	- Banks - Gov't Grants - Leasing	- Institutional - New Partners - Profits	- Capital Markets - Profits - Joint Ventures - Licensing	- Cash Flow - International Financing - Divestiture of subsidiaries or segments of the business

This chart is not intended to imply that Bangladesh SMEs fit this model, but is used as a guideline to explain that our efforts should target those SMEs that are well established and within the survival stage (those that have a proven track record). While start up company financing can be important, we must first concentrate on those SMEs that are stable and are viable businesses yet remain constrained in accessing financing.

### Formal and Informal Sector Lending

Like other countries there are many forms of credit in Bangladesh available from both formal and informal sectors. The informal credit system includes loans from family and friends, financing via barter, trade, loan systems<sup>4</sup>, and moneylenders. The formal sector of credit consists of micro finance through NGOs (for micro-enterprises), traditional lending from banks (private, state, and development banks), factoring agencies, and leasing companies.

There is sufficient evidence from the JOBS Project that SMEs do have sufficient access to credit from the informal sector. However, the informal sector is expensive, is restrictive in scope (products and services), and has limited sources of capital that prevent it from keeping pace with the financing needs of a growing enterprise.

On the formal lending side, there are a number of well-run micro finance NGOs that provide not only loans, but also offer a variety of training programs (some training programs are a condition of the loan). MEs have easy access and sufficient credit available through micro finance lenders. As noted above however, these loans are limited to businesses that qualify under the definition of MEs (assets of 3 lakh taka or less). The formal lending sector for the SME is quite different. There are plenty of lending sources: commercial banks, development banks, and leasing companies, and a wide variety of products and services offered by the formal lending sector. Therefore, the number of lenders, type of lenders, and products and services offered are not considered constraints to the SME in accessing credit. Because there are sufficient lending sources and products and services in the formal sector there is no need for JOBS to introduce additional lending sources, products, or services (i.e., no loan guarantee funds or special financing programs).

Based on the discussion thus far, we are able to build an SME profile and make a decision about the lending market that the JOBS Policy Unit should target. The target SME and lending market

<sup>4</sup> A type of credit where the buyer supplies the seller with the raw materials needed to manufacture a given order. Most common in the textile industry.



will be used as a guide for identifying those constraints or barriers that JOBS should address. It is not intended to omit or exclude any segment of SMEs, but to focus on the core of the sector.

### Defined SME Profile for JOBS Policy Unit

- SMEs with borrowing needs of 1 million taka – 5 million taka.
- SMEs requesting loans for any business purpose: Short-term working capital, term loans, leasing, etc.
- SMEs with established track records. Strong survival stage of growth. In business 3 – 5 years. (No focus on startup companies.)
- SMEs seeking financing from the formal lending sector (banks and leasing companies) for traditional bank loans and leasing.

### The Lending Environment in Bangladesh

There are four (4) distinct sectors that make up the lending environment in Bangladesh: Regulatory (government), Legal (judicial), Creditors (lenders), and Debtors (borrowers). These sectors and their interaction are graphically illustrated in Attachment 1, together with relevant barriers or constraints that have been identified.

Each of the four sectors contributes in some way to the failure of the market to provide access to credit to SMEs. Focusing our attention to correct those barriers in only one sector could reduce (or hypothetically eliminate) the barriers within that sector but would fail to make any overall improvement in the system as a whole. For example, implementing all of the right collateral, collection, and enforcement laws would strengthen the creditors rights against defaulted borrowers. These improvements would not, however, change or improve the credit underwriting standards of the lenders, or provide stronger bank examination skills and regulatory enforcement, or improve a borrower's ability to repay their loans. In order for JOBS to be most effective, system-wide, we need to focus attention on the most fundamental barriers affecting each of the sectors. The primary areas for attention in each sector should include the following:

Creditors	Debtors	Regulatory	Legal
<ul style="list-style-type: none"> <li>◆ Lending Basics               <ul style="list-style-type: none"> <li>• Credit underwriting standards</li> <li>• Credit analysis</li> <li>• Loan structuring (terms, collateral, conditions)</li> <li>• Loan documentation</li> <li>• Loan monitoring</li> <li>• Collections</li> </ul> </li> <li>◆ Loan Auditing Standards</li> <li>◆ Credit Administration</li> <li>◆ Bank Executive Management Training               <ul style="list-style-type: none"> <li>• Asset &amp; Liability management</li> <li>• Enhancing shareholders value</li> <li>• Ethics in lending and business</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>◆ Business Management               <ul style="list-style-type: none"> <li>• Record keeping</li> <li>• Business planning</li> <li>• Ethics in business</li> </ul> </li> <li>◆ Borrowing Basics               <ul style="list-style-type: none"> <li>• Establishing a track record of success</li> <li>• How to make a loan request</li> <li>• How to determine the loan amount</li> <li>• Determining repayment sources</li> <li>• Offering collateral</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>◆ Enhanced Bank Examinations               <ul style="list-style-type: none"> <li>• Minimum lending standards</li> <li>• Cross referencing debtors</li> <li>• Loan classification</li> <li>• Reserve requirements</li> </ul> </li> <li>◆ Strengthen Enforcement against violations by bank directors &amp; officers (D&amp;O).</li> <li>◆ Enhanced Capacity of the Credit Information Bureau</li> </ul>	<ul style="list-style-type: none"> <li>◆ Stronger Enforcement of laws to protect against Defaulted Borrowers</li> <li>◆ Improvements (via Amendments) in the Laws affecting Bankruptcy, Bank Lending, Collections, etc.</li> <li>◆ Codified Movable Collateral Property Rights</li> <li>◆ Creditors Priority Rights in Collateral</li> <li>◆ Creditors Rights to Liquidate Collateral</li> <li>◆ Codify Leasing Law</li> </ul>

In categorizing the lending environment into only four sectors we tend to oversimplify the complexity of the market, the depth of the problems, and the challenge in effecting a change. For example: the legal sector could justifiably be broken into Enforcement, Judicial Proceedings, and Legal Reform (the codification of laws). Similarly, the government sector could be defined as Credit Regulations and Trade and Commerce. There are identifiable barriers within these additionally identified sectors that are currently restricting credit. However, the lending environment was reduced to four sectors to enable JOBS to focus their efforts in the primary sectors where tangible accomplishments could be recognized, where they could have the highest opportunity for success (given the resources available and the fact that there are only 18 months in which to accomplish their goals), and where they can provide a certain amount of sustainability. The four sectors identified serve the purposes necessary for this report even though there is a risk of understating the complexity, seriousness, and depth of the problems.

### **Identified Barriers for JOBS to Address**

The following barriers have been identified through a series of personal interviews and the review of publications, reports, papers, and articles produced by JOBS, and from international donors. The following constraints have been identified as areas for the JOBS Policy Unit to address. The initial strategy is intentionally brief to allow for further input by those involved. In each strategy, JOBS will be the catalyst in initiating the necessary efforts for change and by facilitating cooperation between the stakeholders.

#### **Barrier One:**

- ◆ There is a lack of secured lending laws covering movable assets

#### **Current Strategy:**

This issue was identified by JOBS in 1998 and is well underway. A team of five Bangladeshi lawyers has been redrafting the proposed secured lending law under the direction of STTA consultant Allen Welsh. Once the draft law is completed it will be submitted to the Ministry of Finance. In addition to submitting the draft, an advocacy plan to generate interest in the law and to explain its benefits needs to be finalized. At a minimum, the plan will include a series of personal presentations to chambers of commerce, bank and leasing associations, the parliamentary committees dealing with finance and trade, and other government officials. Other ideas include producing a video, media promotions through news articles, and a series of workshops and conferences.

#### **Timeline:**

Submission of the final draft law to the Ministry of Finance is expected by April 30, 2000. Promotional presentations and advocacy efforts will continue throughout the remaining life of the project.

#### **Barrier Two:**

- ◆ There is no movable property registry to notify lenders of pledged collateral and to establish lender priorities.

#### **Current Strategy:**

The collateral registry is included within the secured lending law discussed in Barrier One. A separate strategy to promote the features and benefits of the registry needs to be developed. This might include newspaper or magazines articles, producing a video etc.

At a minimum, it should include a series of personal presentations to chambers of commerce, bank and leasing associations, the parliamentary committees dealing with finance and trade, and other government officials.

**Timeline:**

The collateral registry is connected to the secured lending law. Promotional presentations and advocacy will continue throughout the remaining life of the project.

**Barrier Three:**

- ◆ Certain laws that affect the lending environment lack the strength to protect creditors and enforce judgments against defaulted borrowers.

**Proposed Strategy:**

1. In cooperation with the JOBS established team of lawyers (secured lending drafting team) and the Bangladesh Institute of Law and International Affairs (BILA), assess those laws that, with some amendments, could strengthen creditors rights (banking and leasing) and the enforcement of judgments against defaulted borrowers.
2. Contract (STTA), if needed, legal assistance to review and advise BILA and the drafting team (local practicing attorneys) as needed.
3. Work with the drafting team and BILA in selecting amendments to propose for change.
4. Build a collaborative strategy with BILA for the promotion and delivery of the completed amendments to the appropriate Ministry.

**Timeline:**

This strategy began the first quarter of 2001. The amendments should be identified, and a timeline should be established for their completion and submission to the appropriate Ministry during the third quarter 2001.

**Barrier Four:**

- ◆ There is weak regulatory enforcement in bank examinations of directors and officers activities and also of lending portfolios.

**Proposed Strategy:**

1. Build a stronger relationship with the BB and establish a working dialog with the bank examination and regulatory department.
2. Offer Technical Assistance (TA) to strengthen the depth of bank examinations particularly for loan portfolios (lending standards, loan classifications, and reserve requirements) and for bank directors and officers activities (management decisions, loans, and insider transactions). TA could include selecting two – four Bangladesh Bank official to FDIC sponsored bank examination programs.
3. With the BB, jointly develop a TOR for TA to address those areas that the BB is committed to, and that they expect could improve the quality of and enforcement of examinations.
4. Contract (STTA) with an experienced bank examiner (FDIC experience) to implement the TOR.

**Timeline:**

This strategy will begin the third quarter of 2001 and a goal of completing a TOR is set for first quarter 2002. Once the TOR is completed implementation will commence immediately. Depending on the cooperation of BB, an STTA could take place during second quarter 2002.

**Barrier Five:**

- ◆ The current Credit Information Bureau is ineffective.

**Proposed Strategy:**

1. Meet with the Bangladesh Bank (BB) and solicit their cooperation in conducting an evaluation of the effectiveness of the existing Credit Information Bureau (CIB).
2. Develop a Term of Reference (TOR) jointly with the BB for the evaluation.
3. Contract Short Term Technical Assistance (STTA) with a credit bureau specialist to provide an evaluation and recommendations for enhancements.
4. Deliver the evaluation and enlist the cooperation of the BB to implement the agreed upon enhancements.
5. Contract (STTA) with a credit bureau specialist to work in cooperation with the BB in implementing the enhancements.

**Timeline:**

This strategy will begin during the second quarter of 2001. The completion of the TOR is projected for the third quarter 2001. The evaluation would require 30 days of work and implementation could begin in the first quarter of 2002.

**Barrier Six (A):**

- ◆ There is a lack of credit underwriting and financial analysis skills among lenders.

**Proposed Strategy:**

1. Conduct additional interviews with the private sector banks, leasing companies, Bangladesh Associations of Banks (BAB), and Bangladesh Institute of Bank Management (BIBM) to assess courses needed and establish a training curriculum. Courses should focus on subjects such as: Loan Underwriting Standards, Documentation, Financial Analysis, Analyzing the creditworthiness of borrowers and proposed projects, Loan Monitoring, Collections or Workouts, and Ethics in Lending.
2. Establish a course schedule and promote attendance through the BAB, Leasing Association, and BIBM.
3. Contract (STTA) with Development Alternatives, Inc (DAI), experienced lender trainers, to provide the course material and deliver the selected courses.
4. Contract (STTA) with Development Alternatives, Inc (DAI), experienced "training-of-trainers" programs deliver the selected course and materials to instructors at BIBM. This will build sustainability for training.
5. Contract (STTA) with DAI, experienced trainers to monitor the initial courses offered by the BIBM trainers.
6. Establish a course curriculum with BIBM to deliver a minimum number of courses per year.

**Timeline:**

This strategy will begin the second quarter of 2001 and the first course is projected to begin during the fourth quarter 2001.

**Barrier Six (B):**

- ◆ Borrowers do not understand how to prepare business plans, and loan applications.

**Proposed Strategy:**

1. Solicit the cooperation from the BAB, Leasing Association, and BIBM in sponsoring and promoting a series of borrower directed courses on subjects such as: How to prepare a

business plan, How to prepare a loan request, How to build a relationship with your lender, and Ethics in Business.

2. Select experienced loan and leasing officers and instructors at BIBM to teach the subject courses.
3. Contract (STTA) with DAI, experienced borrower trainers, to provide the course material and deliver the selected "training-of-trainers" courses. The first series of courses are to be overseen by DAI for quality control.
4. Establish a course schedule for 12 months and promote the sponsorship of the courses through the BAB, Leasing Associations, and BIBM.

**Timeline:**

This strategy will begin the third quarter of 2001 and the first course is projected to begin during the second quarter 2002.

**Considerations in Selecting Barriers:**

The identified barriers for JOBS to address have been listed in a given order but the place of each Barrier in the list is not an indication of its relative value or importance. For example, Barriers One through Three focus on various aspects of legal reform and enforcement while Barrier Six focuses on lenders underwriting skills and borrower development. This is not to say that changing laws is more important than credit underwriting. More accurately, the list identifies a core barrier from each sector. Each barrier was assessed against the remaining time on the project, the resources available, the potential for tangible accomplishments and sustainability, and our current view of the government's reception to our proposed efforts. An equal focus of the sectors is an important aspect of our objective.

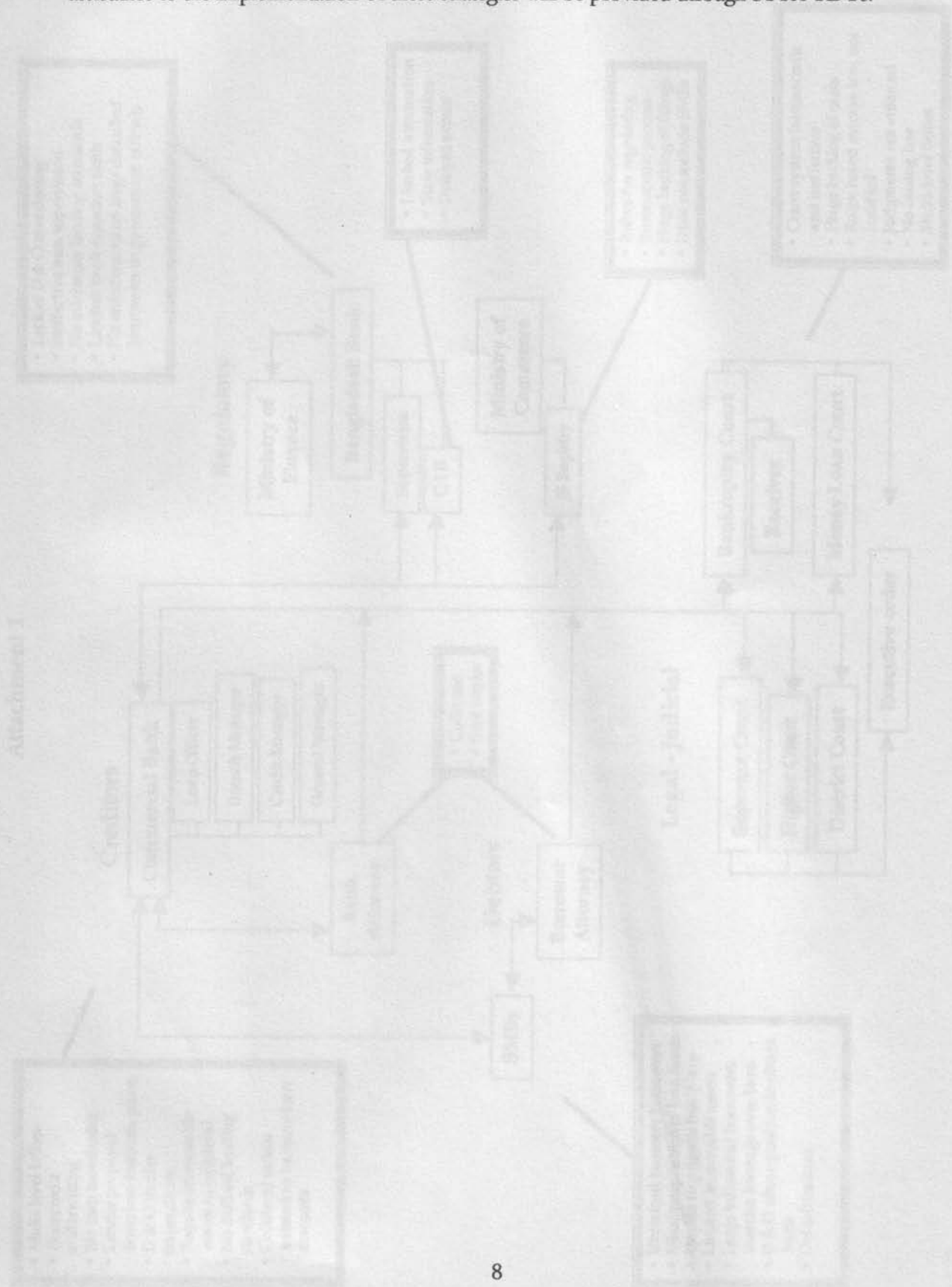
JOBS has studied the leasing industry and has determined that it is an excellent alternative source of financing for SMEs. Leasing companies are not specifically identified, but like the banks they are included within the "lenders" discussed above. The leasing industry will be impacted by each of the strategies identified. Strong consideration was given to prepare a leasing law, however considering the time constraints of the project and the upcoming elections it is believed that the strategies chosen are a more effective utilization of resources. Also, it is recommended that government owned banks, Development Financial Institutions, and their employees be excluded from all training or other strategies identified, since the government controlled lenders contribute to a number of the identified barriers. The objective should be focused on building the capacity of the private sector financial institutions making them more competitive to outpace the public sector lenders.

Barrier Five and Six have been identified as strategies that JOBS believes are possible to accomplish but are of lesser priority given the time and resources available. Barriers One thru Five require strong support from the Government of Bangladesh. GOB support and ownership of these strategies will directly affect the success of implementation.

**Staffing Needs:**

In order to carry out the strategies listed above, additional staffing requirements for the JOBS policy unit will be required. JOBS needs to recruit and hire two (2) full-time local employees:

One should be an attorney (junior but preferably with some practicing experience in Bangladesh) and the other should be an experienced lending/credit officer of a Bangladeshi commercial bank or leasing company (preferably with three to five years experience). Other staffing needs or assistance to the implementation of these strategies will be provided through STTA TDYs.



**Attachment 1**

