

TECHNICAL REPORT

ON

**“SCALING UP BANGLADESH RURAL DEVELOPMENT BEST PRACTICES:
LESSONS LEARNED BY FEDEC IN THE DEVELOPMENT OF VALUE CHAINS”**

07- 11 September 2014

AN EXPERIENCE IN BANGLADESH

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EXECUTIVE SUMMARY

INAFI Bangladesh in partnership with PROCASUR Corporation and with the support from International Fund for Agricultural Development (IFAD) undertook the initiative to identify and share the best practices and innovations of **Finance for Enterprise Development and Employment Creation (FEDEC)** an IFAD funded project of Palli Karma-Sahayak Foundation (PKSF) through Learning Route methodology. The Learning Route, which has been successfully used in many countries as a capacity building tool, targeted the IFAD project stakeholders in Bangladesh. INAFI and PROCASUR jointly organised a Learning Route (LR) **“Scaling up Bangladesh rural development best practices: Lessons learned by FEDEC in the development of Value Chains”** from **7 September to 11 September 2014** at **Satkhira and Jessore**. Before the Learning Route, INAFI through a number of bilateral meetings with FEDEC and IFAD identified two cases which were using innovative approaches through value chain development to change the employment behaviour as well as to improve the livelihood of the people of the area. The Cases are: *“Crab Culture Value Chain”* in Satkhira and *“High Value Flower Cultivation & Marketing Sub-project”* in Jessore. INAFI developed two in-depth case studies on the two respective cases based on a 7 day systematization process from 19 to 26 May 2014 at the pre-selected project areas. The case studies were shared with the Learning Route participants prior to the event.

The two local partners of PKSF, which are the implementing organisations of the cases, *NawabnkiGonomukhi* Foundation (NGF) in Satkhira and Rural Reconstruction Firm (RRF) in Jessore hosted the Learning Route. 20 policy and management level staff from all 5 ongoing IFAD projects in Bangladesh along with participants from FEDEC and two Technical Officers (TOs) from the host organisations participated in the Learning Route. The Learning Route started at Munshiganj union of Shyamnagar upazilla, Satkhira with brief presentation from the organisers explaining what a learning route is and for. PowerPoint Presentations from PKSF which is hosting the project FEDEC as well as from NGF and RRF have been shared which enriched the participants with knowledge about the nature of the organisations and their approaches towards the contributions to the respective cases and opened up the ground for discussion. Through the successive days the participants got the opportunity to meet the crab and flower farmers, hear their stories, discuss with them, first-hand visit to a farm as well as to the farmer’s home and meet with his family.

After the day long experience sharing sessions with both the crab farmers at Satkhira and flower farmers at Jessore the participants in groups done case analysis and gave feedback to the representatives of the implementing organisations. Along with the strengths, weaknesses, opportunities and threats a number of lessons learned and recommendations were identified through this case analysis which might be valuable for the host cases as well as for the participants.

The Learning Route ends with development and presentation of Action Plans by the participant projects. Each project prepared an action plan based on the lessons learned through experiencing two outstanding cases from the 5 day Learning Route journey. The participants identified the areas of improvement in their projects or project areas and applied their knowledge to analyse and include some innovative solutions in their action plans based on the lessons learned through experiencing two outstanding cases from the 5 day Learning Route journey.

ABBREVIATIONS AND ACRONYMS

IFAD	International Fund for Agricultural Development
PKSF	Palli Karma-Sahayak Foundation
FEDEC	Finance for Enterprise Development and Employment Creation
NGF	<i>Nawabenki Gonomukhi</i> Foundation
RRF	Rural Reconstruction Firm
INAFI	International Networks of Alternative Financial Institutions
VCD	Value Chain Development
LR	Learning Route
TO	Technical Officer

INTRODUCTION

Bangladesh, a developing country with continuous political crisis and existing impure bureaucracy has been working to achieve a number of targets to mitigate and ease the livelihood of the people living in the bottom of the pyramid through both public and private sector interventions. With a huge population the country is in the pace to convert this from burden to strength. Till today most of the people live on agriculture here, though people are now migrating from rural to urban and mostly to the capital searching for higher income and better living. However, they do not know, they are only going far away from today's better opportunity that has missed their eyes in their own root villages and spending their life living in urban slums dreaming for tomorrow.

The Finance for Enterprise Development and Employment Creation (FEDEC) project has been working to contribute to economic growth in order to increase employment opportunities of the poor and thus reduce poverty. Completed in March 2014, the 6 year long project has been jointly funded by Palli Karma-Sahayak Foundation (PKSF), a government apex funding agency for microfinance institutions (MFIs) in Bangladesh, and the International Fund for Agricultural Development (IFAD) and has been executed by PKSF's partner MFIs all over the country. FEDEC had three components: (i) microfinance services involving savings and credit services for micro-enterprises; (ii) institutional capacity building (at PKSF and Partner Organisations levels) and capacity building of the micro-entrepreneurs and (iii) implementation of Value Chain Development (VCD) projects to develop the micro-enterprise sectors of the country.

The project completion report confirms remarkable achievements in creation of employment opportunity, expansion of the enterprises, increase in the income of the entrepreneurs, and development of constructive value chain in the project areas.¹

INAFI Bangladesh in partnership with PROCASUR Corporation and with the support from International Fund for Agricultural Development (IFAD) undertook the initiative to identify and share the best practices and innovations of **Finance for Enterprise Development and Employment Creation (FEDEC)** through Learning Route methodology.

Learning Route is a tested methodology, which has been successfully used on many countries as a capacity building tool. A Learning Route is a planned journey with learning objectives that are designed based on i) the knowledge needs of development practitioners that are faced with problems associated with rural poverty and, ii) the identification of relevant experiences in which local stakeholders have tackled similar challenges in innovative ways, with successful results and accumulated knowledge which is potentially useful to others.

The Route allows for the experiential encounter between travellers and hosts, both having mutually useful experiences and knowledge.

¹ Quarterly Newsletter of PKSF (April-June 2014)

INAFI Bangladesh and PROCASUR Corporation jointly organised a Learning Route (LR) **“Scaling up Bangladesh rural development best practices: Lessons learned by FEDEC in the development of Value Chains”** from **7 September to 11 September 2014** at **Satkhira and Jessore** focusing on two of the FEDEC value chain development sub-projects, which demonstrated significant impact on productivity, income and employment generation. The cases are the “Crab Culture Value Chain” of Satkhira and “High Value Flower Cultivation & Marketing Sub-project” of Jessore.

Value chain is a series of processes to add value to a product at different stages starting from raw material management to the final product ready for the consumer. Different people with different skills act as different actors in the value chain of a product through adding value. In each consecutive stage of value chain the value of the product is increased. Proper development of a value chain is a strong basis to ensure employment generation for many people.

INAFI through a number of bilateral meetings with FEDEC and IFAD identified these two cases which were using innovative approaches through value chain development to change the employment behaviour as well as to improve the livelihood of the people of the area. INAFI developed two in-depth case studies on the two respective cases based on a 7 day systematization process from 19 to 26 May 2014 at the pre-selected project areas. The case studies were shared with the Learning Route participants prior to the event.

The Learning Route, which has been successfully used on many countries as a capacity building tool, targeted the IFAD project stakeholders in Bangladesh.

THE CASES

Crab Culture Value Chain Development

Munshiganj union of Shyamnagar, Satkhira, situated in the south-western part of the country is just adjacent to the border line of the mangrove forest Sunderbans. People of this area have learnt how to live with the adversity of the climate. Livelihood depends on the mangrove forest here. For a long time the majority of people living in this area is involved in prawn/shrimp culture and crab culture. Prawn culture has been popular in the south western part of the country for decades contributing to the economy significantly. However, with a ban imposed on shrimp larvae collection people started to test the potential of crab farming. On the other hand, the fishermen who were involved in shrimp larvae collection, switched to catching wild crabs. This created an opportunity for the crab sub-sector to expand. At first stage the crab farmers were aggrieved by the local people due to some superstitious barriers. People do not used to drink water from the crab farmers’ home at that time. However it was revealed with time that, crab farming is easier, less costly, and less risky than prawn culture and more and more people started to involve with this value chain. ²

² Source: FGD with the flower farmers during field visit

At initial stage they used to catch crabs from the forests or used to buy crabs from the catchers and sell them after keeping some days in their gher/ enclosures.³ They used to apply conventional methods in crab farming and were not able to make enough profit out of the business.

In 2009, *Nawabenki Gonomukhi* Foundation (NGF), a local partner of PKSF, initiated the crab culture VCD project under FEDEC with the goal to increase the income of the crab farmers in the coastal area near the *Sunderbans*. Interventions of the VCD project have made the crab farmers become more skilled in crab culture management through trainings, refreshers and exposure visits. Application of these techniques has resulted in significant decrease in crab mortality during the culture process. The quality of crabs has also improved. With increased productivity, decreased production cost and the growing crab demand in the international market, income of crab farmers has augmented significantly. Additional employment has also been created in the crab farms

Flower Cultivation Value Chain Development

Flower cultivation in Bangladesh did not become commercial until a few farmers in early eighties started cultivating tuberose on a small-scale basis. Inspired by the fact that traders used to buy tuberose from India and sell in Dhaka incurring high cost, they adopted the idea why not they start producing flowers. *Jhikargacha* upazila is well-known for its pioneering role in commercial flower production. 70 percent of total flower produced in the country comes from Jessore. In early 1980s, major occupation in the area was agriculture. In recent years, flower cultivation has expanded to the extent that each household in the area, even others with permanent occupations, is involved in floriculture.⁴

The farmers were used to growing limited varieties of traditional flowers such as marigold, local variety rose, tuberose and winter gladiolas. Conventional methods of growing and transporting flowers were used which resulted in decreased income for them as well. As a partner organisation for the FEDEC project, Rural Reconstruction Firm (RRF) took the initiative in 2009 to address the existing challenges in floriculture sub-sector and designed a project with the aim to increase income of the farmers by introducing environment-friendly scientific methods of flower cultivation and to create employment through floriculture value chain development. Due to project interventions, cultivation of high value flowers became widespread. Through trainings and exposure visits, the farmers have become more skilled in cultivation of both traditional and high value flowers. Improved quality coupled with lower cost has resulted in increased profitability of the farmers. Harvest and post-harvest management of flowers has improved significantly. As a result, the farmers are able to get higher price for their produce. With the adoption and expansion of high value flower cultivation, number of labours employed in the field has also increased. With the growing demand for flowers in both domestic and international markets,

³Gher is modified rice field (usually situated in flood plain) comprising a trench around the rice field and built up dikes to maintain a depth of around 1 meter in the trench.

⁴ Source: FGD with the flower farmers during field visit

THE LEARNING ROUTE

The learning route started at Munshiganjuni on of Shyamnagar Upazilla, Satkhira on 7 September 2014 where the people's main source of income is crab culture value chain. The participants went from Shyamnagar to Jessore on 9 September 2014 to experience another splendid value chain, the flower cultivation value chain, which is the income source for most of the people in Jhikargacha Upazilla of Jessore. The Route ended in Jessore on 11 September 2014.

The objective of organizing a 5 day learning route was to draw light on vigorous innovative approaches used by FEDEC to improve the lives of the impoverished people in the vulnerable region. This was a very good learning opportunity for the other IFAD projects to scale up these innovations and best practices in their fields.

General Objectives: To organize Learning Route on innovations and best practices in rural development in Bangladesh.

Specific Objectives:

- To identify the best practices, innovative solutions and lessons learned in IFAD projects and promote their dissemination scaling-up to national level.
- To analyze the impact of the best practice on the communities and the rural poor in the project areas.
- To identify the successful linkages among the different stakeholders for socio economic development of the rural poor in Bangladesh.

At the introduction session on 7 September a presentation by PKSf was shared with the participants on the contribution of PKSf as an institution, FEDEC as a programme and Value Chain Development (VCD) as the focus component and also the two host organisations presented an overall description about their cases which enriched the participants with knowledge about the nature of the organisations and their approaches towards the contributions to the respective cases and opened up the ground for discussion.

Through the successive days the participants got the opportunity to meet the crab and flower farmers, hear their stories, discuss with them about their challenges and opportunities, coping strategies to those challenges and innovative approaches to boost efficiency, first-hand visit the wholesale markets in the area, discuss with various actors in the market, visit to a farm as well as to the farmer's home and meet with his family. Also the Technical Offices of the crab and flower value chain were always there for any queries from the other participants.

After the day long experience sharing sessions with both the crab farmers at Satkhira and flower farmers at Jessore the participants in groups done case analysis and gave feedback to the representatives of the implementing organisations. Along with the strengths, weaknesses, opportunities and threats a number

of lessons learned and recommendations were identified through this case analysis which might be valuable for the host cases to review their activities as well as for the participants to imply in their own projects or to design new projects.

ACTION PLANS

Action plan is a methodology through which the participants will reflect their knowledge generation from the learning route to use in their own fields within their project activities. Throughout the 5 day route the participants experienced and critically analysed the two of the best practices, their opportunities, challenges, coping methodologies, technical aspects and scope of contribution to the value chain. Based on the lessons learned through experiencing two outstanding cases each project was requested to prepare an action plan to fit in their own context.

The projects worked in groups for developing action plans. The participants identified the areas of improvement in their own projects or project areas and applied their knowledge to analyse and include some innovative solutions in their action plans which would benefit the people of the project area.

On the final day of the LR, The participants were given time to finalise their project wise action plans. 6 dynamic action plans came from 6 projects. Each project presented their action plans through which they shared their ideas acquired from the learning route. All of the action plans contained innovative approaches to upscale their project activities through significant impacts. A panel of experts gave their constructive feedbacks on each of the action plan.

In their action plans the participants indicated the relevant changes, map of actors, strategic actions along with the duration and budget and the risks and mitigation strategies against adoption and practise of innovative ideas.

LESSONS LEARNED AND RECOMMENDATION

The implementation of the Learning Route organizing all the ongoing projects of IFAD in Bangladesh together for 5 days was a pleasant experience.

For Bangladesh it was the first time to hold an LR. The feedback from the participants were inspiring. They appreciated the initiative and the concept of learning route which worked as an effective platform for them to meet and know each other and to knowledge and experience transfer among themselves. As per the participants it would be more effective if the duration of the LR as well as of the field visits were longer.

Also some challenges were noticed. Some of the projects were recently closed or in the process of closing. So those projects felt difficulties to connect them with the objective of the LR to scale up their own project activities using the knowledge acquired from the LR

Each project have specific department for designing the activities and the design before finalization has to be go through a number of formalities. According to the LR participants, they do not have the authority to design the activities of their projects

The participants were requested to individually fill up an online evaluation form by the organisers as a process of documentation of their valuable opinion, suggestion, and feedback regarding the overall event. Following is the link to the survey results through which their feelings towards the learning route has been reflected:

<https://www.surveymonkey.net/results/SM-5RDQTN9L/>

The participants expressed that the LR was a totally new experience for them. It is a very effective methodology of knowledge sharing which has helped them to explore, experience and analyse the two outstanding cases.

Lessons Learned from the cases

- Both the Crab and Flower value chains are very promising income generating sectors
- Both of the value chain have the scope of entrepreneurship/ women entrepreneurship development
- The most fundamental thing to impact the lives of the people of an area is to identify the most potential value chain for that specific area for scaling-up
- It is important for the PNGOs to identify the exact areas of a value chain that need to be developed
- Absence of crab hatchery is the pressing problem at the moment as acquiring crab from the nature is causing risk of ecological imbalance. Immediate adoption of proven technology from abroad to set up crab hatchery is required and need to be transferred to the farmers
- Market linkage is essential for a successful value chain development
- Technical support in addition to financial support can help enterprises become more profitable. Continuous follow up process as of by the host organization is important. Both NGF and RRF are still providing technical assistances to the farmers. Also technical assistance from the experienced farmers in the area is important to encourage and influence the young and new farmers
- Technical strength of the PNGO regarding the respective value chain is essential. A pro- active technical officer can make a big change in the production level.
- Use of demonstration plot is an effective approach to transfer new technology and idea in the field
- Adoption capability of the technologies by the farmers/ stakeholders are important
- To maximize the profit of the farmers, initiatives have to be taken to work out the strong middlemen problem in the value chain
- Mobilisation of the farmers into common interest groups is a tested approach to help them to generate capital for their business and lower their dependency on the local mahajan

- Transportation system in any value chain is a significant part. So it has to be free from any syndication or miss management or political interference
- Adequate support from government agencies is must for a successful value chain development from the producer level to the final consumer level
- Bangladeshi Tissue cultured Gerbera seedling is not of high quality as India's
- Timely export of the flowers as well as crabs is necessary to reduce the damage of flowers

Recommendation for crab value chain

Farmer level

- To Respect the government policies and laws i.e. regarding the catching season of the crabs and other fish

Local PNGO level

- To make linkage among the value chain actors
- Continuing the research for setting up a hatchery; Adopt proven technology for hatchery from abroad and transfer to the farmers
- Mobilising the farmers' group/ Group formation through registration cooperative; Develop a network of farmer traders exporter cluster development
- Providing the respective technical person exposure visit to develop his skills
- Taking steps to encourage local demand
- To introduce balanced food for the crabs
- Mainstreaming the programme
- Export promotion to other new markets
- Better post-harvest management to reduce the wastage of crabs
- Provide seasonal loan instead of weakly installment
- To meet with the public and local administration to solve the problems and advocacy

Government level

- Development of market center with direct participation of PO with the involvement of government
- National policy about crab culture and conservation
- Awareness raising about crab nutrition
- Take initiative to conduct research for setting up a crab hatchery which will reduce the dependency on the nature
- Take necessary action to ensure sustainable livelihood of the people, who live on crab farming value chain before putting a ban on crab catching from the nature
- Take initiative to work out the strong middlemen problem in the value chain to maximize the profit of the farmer

- Explore for more international markets for exporting crabs
- Quick arrangement of shipment for export
- Scaling up this activity in other coastal areas

Recommendation for flower value chain

Farmer Level

- Production of high value flower lillium, gerbera among others can be increased
- Entrepreneurs should be motivated to make and supply low cost and high quality packaging materials

Local PNGO level

- Transportation facility have to be developed by making small society
- Strong linkage have to be continued with the local NGO and government level
- More improved technology has to be transferred to the farmers in cooperation with research institute and PKSF
- Arrangement of more exposure visit for the farmers
- Promoting good agricultural practices

Government Level

- Government policy formulation to facilitate the development of this potential value chain
- Easy access of low rate loan facility from government banks
- Cold storage development
- Marketing facility enhancement by government
- Public- Private partnership to establish a permanent wholesale market for flower trading in Dhaka
- Expand flower cultivation in other areas of Bangladesh
- Investment in research for introducing new variety of flower
- Explore the possibility of environment friendly pest management
- Thorough initiative to ensure pest control
- Explore the need assessment of a tissue culture/ floriculture lab in the area and take necessary step thereby
- MOU between PKSF ,BARI, DAE, and other research institutes for intensive research
- Role play by PKSF to advocacy with the government to pay more attention to this sector

WAY FORWARD

As a follow-up process of Learning Route INAFI Bangladesh and PROCASUR is going to organise a half day workshop in November 2014 in Dhaka and expects to gather the Project Directors along with the project participants and also representatives from IFAD with the aim to come up with some outstanding conclusions at the end of the event which could be the inspiration to the introduction of nurturing and practicing proven ideas in new fields or to improve activities through adding value in existing fields.

In the workshop, the learning from the LR will be disseminated, the final Action Plans (APs) will be shared and the improvements and perspective of the APs will be discussed. The date for the workshop would be fixed based on the convenience of IFAD and the PDs. INAFI has provided another more structured format of action plan to all the participants which they will submit to INAFI after filling-up with reviewing the action plans they developed during the LR.

During the LR some video clips has been recorded which included interviews from the participants, the executive bodies of the host organisations, the farmers and also some documentations of the LR process. The video is currently in the process of being consolidated into one short video clip on the LR in Bangladesh.

CONCLUSION

Both the value chains were traditional in the respective regions. The project's intervention has scaled up the traditional practices through incorporation of modern methodologies and effective linkages. The project focused on the producers' level of the value chain for scaling up to cover the larger part of the people in the area and to improve their livelihood. Both the sectors are rising and revealing potentials for expansion with increasing scope for employment generation.

Through the learning route the participants got the opportunity to experience directly two of the best practices of FEDEC in two different regions that have impacting the lives of the local people in an effective way. As a new tool for knowledge management, Learning Route has succeed to bring stakeholders from all the ongoing projects of IFAD together to further their exchanges and capitalise on best practices and lessons learned.