

**JOB OPPORTUNITIES AND BUSINESS SUPPORT PROGRAM  
(JOBS)**

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**Implementing Agency:** United States Agency for International Development  
/Bangladesh

**Coordinating GOB Agency:** Ministry of Industries

**Cooperating GOB Entities:** Ministry of Planning  
Bureau of NGO Affairs  
Palli Karma-Sahayak Foundation  
Economic Relations Division, Ministry of Finance

**Implementation Contractor:** IRIS Center of University Research Corporation  
International  
University of Maryland at College Park, MD., USA

**Implementing Sub-contractor:** Proshika Manabik Unnayan Kendra  
Development Alternatives, Inc.

**PROJECT MONITORING AND PROGRESS REPORT (QUARTERLY)**

**OCTOBER-DECEMBER 1997**

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**JOBS PROGRAM**  
**QUARTERLY PROGRESS REPORT No. 1**  
**October-December 1997**

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**1. Background**

The Job Opportunities and Business Support (JOBS) program was formally launched on October 1, 1997, with the signing of a Cooperative Agreement between the United States Agency for International Development (USAID) and the University Research Corporation, International (URCI) at the University of Maryland, USA. The main objective of the JOBS Program is to create private sector employment for its ultimate customers, i.e., poor women and men in Bangladesh who are at least 15 years of age and are current or potential self-employers or employees. The JOBS Program envisages the creation of 250,000 jobs over a five year period (1997-2002) at a cost of about \$10 million through the provision of technical assistance for the development of small, micro and medium enterprises (SMMEs).

This is the first quarterly report of the activities of the JOBS Program and it covers the period October-December 1997. After the Background section, the report lists the main activities that were planned to be carried out during the period under review, then it describes the tasks that were accomplished, and finally it explains some of the problems that were encountered in implementing them.

**2. Activities Planned for the Quarter**

The illustrative set of activities necessary to implement the JOBS Program has been detailed in the JOBS Activities Package during the design phase. These activities were further detailed in the Annual Work Plan (October 1997-September 1998), which was prepared during the quarter under review. According to this document, "the implementation of the JOBS Program will begin by undertaking a number of preparatory activities, which are essential to get the program started. These activities will be carried out by IRIS during the October-December, 1997. The programmatic activities, which were designed by the Design Team and are contained in the JOBS Activities Package, will be started on January 4, 1998, when IRIS's implementing partners are expected to be on board." For the quarter being reported (October-December 1997), the Annual Work Plan had set the following targets:

- Setting up of IRIS/Bangladesh office
- Hiring of local staff
- Setting up of financial control mechanism for the IRIS/Bangladesh office
- Setting up of project management mechanism
- Conducting of pre-award surveys of local sub-grantees by local accounting firms
- Preparation of an annual work plan for implementing the JOBS Program (1997-98)
- Collection of available background reports, policy studies, and other information relevant to the JOBS Program
- Discussions with chambers of commerce and other relevant organizations

- Scheduling and planning for the Opening Workshop
- Preparation of scopes of work and budgets for local partners/sub-grantees
- Preparation of draft sub-agreements with local partners or sub-grantees
- Signing of sub-agreements with local partners/sub-grantees

### **3. Activities Implemented During the Quarter**

This section briefly describes the activities that were carried out during the first quarter of JOBS implementation.

#### **3.1 Setting up of the IRIS/Bangladesh Office**

In the beginning of October 1997, we started looking for suitable office space for IRIS/Bangladesh. With the help of a real estate broker, who showed us various houses in Dhanmondi, Banani, Gulshan and Baridhara, we selected our present location in Banani. The contract for the rental of the office came into effect from November 1, 1997 and subsequently we shifted to our new address at House 101, Road 13A, Block C, Banani, Dhaka.

For office start-up we procured furniture, computer, printer, accessories, and other office equipment on the basis of competitive bids and in keeping with URCI and USAID regulations. A telephone PABX system was installed in the office in mid-November 1997. Communication with IRIS home office and other organizations will be via e-mail, and the office will be wired for it.

#### **3.2 Hiring of Local Staff**

During the period under review, the following local positions were filled in at the IRIS/Bangladesh office:

1. Business Services Advisor and Deputy Team Leader
2. Manager Administration
3. Field Services Advisor (part-time)
4. Book Keeper-Voucher Examiner (part-time)
5. Cleaner/Janitor

Preparations were made for hiring the following personnel:

1. Accountant
2. Secretary-Receptionist
3. Book Keeper-Voucher Examiner
4. Office Assistant/Messenger

For the above positions, advertisements were put out in two national dailies and short-listed candidates were interviewed in December 1997. Job descriptions and terms of contract for all the positions have also been drafted.

### **3.3 Setting-up of Project Management and Financial Control Mechanism for the IRIS/Bangladesh Office**

During this quarter, the IRIS home office set up and developed a financial control mechanism for the IRIS/Bangladesh office. The appropriate accounting and field manuals were sent to the field office for implementation. A part-time Accountant was retained, until the regular recruitment of an Accountant, to maintain and monitor field office and IR expenses, generate financial statements, and reconcile financial accounts. The IRIS/Bangladesh accounting system is computerized, and is in the process of implementing a software program by PeachTree called Accounting Plus. This accounting system software was selected and purchased after substantive research by IRIS home office.

IRIS uses a revolving account (tranche) system to accommodate the normal day-to-day operating expenses of its field offices. IRIS/Bangladesh has an operations manual for the tranche system, which includes appropriate forms and instructions.

Using this system, the field office bank account is maintained at a constant level. This bank account level is calculated by the IRIS accounting department and the field office accounting department, which together analyze the field office's weekly operating expenses in light of the home office accounting cycle.

### **3.4 Role of the IRIS Center, URCI**

During October-December 1997, the IRIS home office conducted research on policy issues related to JOBS (micro-finance training, savings protection, monitoring and evaluation), identified expatriate consultants for IR activities, supported the local office in setting up its administrative and financial systems, addressed concerns raised by design partners, and provided day-to-day advice on all activities of the local office.

### **3.5 Conducting of Pre-award Surveys of Proshika, CDPR and Yugsutra**

As per USAID regulations, pre-award surveys of Proshika, the Center for Development and Policy Research (CDPR) and Yugsutra were carried out October-November 1997 to assess the financial and management capabilities of these organizations. Three local audit firms, which were selected on the basis of competitive bids from a list of USAID-approved firms, conducted the surveys. A. Qasem & Company, ACNABIN & Co., and S.F. Ahmed & Co. surveyed Proshika, CDPR, and Yugsutra respectively, in accordance with scopes of work based on standard USAID requirements.

The survey report on Proshika positively concluded that this organization has "well documented systems and procedures which are being followed" and recommended that it can be taken in as a full partner of the JOBS Program. However, the report suggested a number of measures by following which the institutional capabilities of Proshika could be further strengthened. The reports on CDPR and Yugsutra maintained that these organizations could not be brought in as partners in their present state because they did not have the required management and financial

systems in place. The reports also recommended steps that CDPR and Yugsutra need to take to improve their systems in order to qualify for partnership in the JOBS Program.

### **3.6 Preparation of Work Plans for Implementing the JOBS Program**

As mentioned in the Background, an **Annual Work Plan** for the first year of JOBS implementation was prepared during the quarter under review. This plan briefly describes the program and its components, and provides a detailed schedule of activities and tasks that the JOBS Implementation Team will carry out during the period October 1997-September 1998. It also gives a detailed list of tasks that will be implemented during each month of the plan period and presents graphical timelines. A copy of the annual work plan is attached as Annex A.

In addition to the JOBS annual work plan, two other plans, namely, **Micro Enterprise Development Plan** and the **Small and Medium Enterprise Development Plan** were prepared for the two main components of the program. These plans, which are more detailed than the annual work plan, are attached as Annexes B and C respectively.

### **3.7 Collection of Materials Relevant to the JOBS Program**

IRIS/Bangladesh has collected a number of background reports, policy and sub-sector studies, and other information relevant to the JOBS Program from a variety of sources during the quarter under review. Collection of material is an on-going process. IRIS/Bangladesh is setting up a library (with a check-out list) so that the field office will provide the most up-to-date research for program participants.

### **3.8 Discussions with Various Organizations**

During the period under review, Dr. Zia Ahmed, Team Leader, Mr. Mirza Najmul Huda, Field Services Advisor, and Dr. Naushad Faiz, Business Services Advisor, visited a number of organizations (listed in Annex D) to find out what these organizations have done, or are doing, in the field of enterprise development and employment creation in Bangladesh. More specifically, we wanted to know what SME sub-sectors these organizations have identified for intervention and what set of criteria they had used to identify them. This was especially needed for starting the first task of the SME component of the program, i.e., Identification and prioritization of potential SME sub-sectors for the JOBS program.

We found that none of the organizations visited has developed a set of rigorous criteria for selecting SME sub-sectors for program intervention. The Business Advisory Services (BAS) at the Dhaka Chamber of Commerce and Industries (DCCI), a project funded by the German development agency, GTZ, is already working with two sub-sectors (leather goods and terry towels) and going into three more sub-sectors (shoes, household textiles, and frozen shrimps). Mr. Michael K. Nathan, Project Coordinator and Team Leader, mentioned that BAS identified these sub-sectors by: (a) talking to different people; (b) using one's market knowledge; (c) taking into consideration the interest of the chambers; and (d) considering whether the sub-sector has an export orientation. He also informed us that they have short listed a number of sub-sectors for in-depth studies to be carried out shortly by contractors who are now being selected. These sub-

sectors include: fresh flowers, food processing, fresh food (fruits and vegetables), toys, jute, ceramics, artificial flowers, cane furniture, footwear, and agricultural processing.

The Bangladesh Unnayan Parishad (BUP), a private research organization, informed us about a study that was undertaken in the mid-eighties which had identified 65 rural industries (micro and small enterprises) which have potential for growth. Although outdated, these are worth taking a look at. (Ref: Synthesis of Findings, Studies on Rural Industrial Development, Bangladesh Institute of Development Studies, Dhaka 1986). Dr. Q.K. Ahmed, Chairman of BUP, considered the following sub-sectors to have great growth potential: agro-based industries (tools and equipment for agricultural production, fruit and vegetable processing, cane and bamboo products, etc.), light engineering workshops (production of spare parts for larger industries), computer software development, and dairy.

Micro Industries Development Assistance and Services (MIDAS) mentioned that no sector is actually saturated and, in principle, there is room for intervention in almost all sub-sectors. Among the promising ones, Mr. P.B. Barua, Chief Program Officer, listed the following sub-sectors: plastic goods ( a sub-sector study has been recently done by MIDAS); food processing (including fish, dairy, milk products); clothing (textiles, garment); sweater knitting; socks and hosiery ; terry towel; and bed sheets.

The Ministry of Industries (MOI) handed us a list of potential sub-sectors identified by a new UNDP project. The Planning Commission also provided us with information on sub-sectors in which there are government projects. The National Association of Small and Cottage Industries of Bangladesh (NASCIB) gave us a list of sub-sectors that its member-organizations are involved in. The information gathered from these visits were very useful to get started on identifying sub-sectors for JOBS intervention.

In addition, during the visit of Dr. Dennis Wood, Chief of Party, from the IRIS Center, URCI at College Park, he and Dr. Zia Ahmed, Team Leader, met Mr. Forrest Cookson, President of American Chamber (Am-Cham), Mr. Yusuf A. Haroon, President of the Federation of Bangladesh Chambers of Commerce and Industry (FBCCI), as well as Mr. C.K. Hyder, Secretary General of the Metropolitan Chamber of Commerce and Industry (MCCI). In each case, discussions were focussed on policy issues affecting enterprise development in Bangladesh and how the JOBS Program could work with these organizations in policy advocacy activities. The organizations offered their support to the JOBS Program in implementing joint programs on policy research and advocacy campaigns. At another meeting with Am-Cham and North South University, the possibility of a joint program or a seminar series entitled 'Bangladesh: the Next Millenium' was also discussed.

### **3.9 Scheduling and Planning for the JOBS Seminar**

In the Annual Work Plan it was envisaged that an Opening Workshop would be held in the beginning of program implementation. This idea had to be dropped due to the late start-up of the program and also because Proshika, CDPR and Yugsutra could not come on board in time as had been previously planned. IRIS and USAID decided to hold a JOBS Seminar later in the next quarter (January-March 1998).

### **3.10 Holding of JOBS Team Meetings**

Two meetings of the JOBS Team were held during the period under review. The JOBS Team consists of representatives from USAID, URCI and its partners, the Ministry of Industries, Ministry of Planning, the Economic Relations Division (ERD), the NGO Affairs Bureau, and the Palli Karma-Sahayak Foundation (PKSF). The first meeting, held on October 28, 1997, defined the role and responsibilities of the JOBS Team, and reviewed the findings of the pre-award surveys of Proshika, CDPR and Yugsutra. Three decisions were taken: (1) Implementation of the JOBS Program will be the responsibility of the JOBS Working Group comprising members of the JOBS Team and representatives of the partners of URCI; (2) Given the results of the pre-award surveys, it was decided that CDPR and Yugsutra would be given some time (1-2 months) to get their systems in place so that URCI can bring them on board; and (3) In the meantime, implementation of the JOBS Program can start with Proshika and URCI undertaking some of the tasks designed in the Activities Package.

The second meeting of the JOBS Team was held on November 2, 1997, to discuss the forthcoming activities of the Program. The meeting reviewed the draft Annual Work Plan and discussed the preparatory activities and the time frame in which these would have to be completed. The main decisions taken in that meeting are: (1) Detailed tasks should be spelled out in the Annual Work Plan; (2) A list of participants in the Opening Workshop (JOBS Conference) will have to be drawn up first; and (3) JOBS should work with existing groups to advocate policies.

### **3.11 Formation of Small and Medium Enterprise (SME) Development Working Group between USAID and IRIS/Bangladesh**

Given the delay in getting all the partners on board, it was decided that URCI should first start work on the SME Development component of the JOBS Program. Work on the Micro Enterprise component and the Policy Advocacy component would start after Proshika signs a sub-agreement with URCI to become a partner in the implementation of the program. In order to carry out the activities aimed at achieving Intermediate Results-2 of the JOBS Results Package, as elaborated in the Annual Work Plan, it was decided to form an SME Working Group comprising, for the time being, representatives of IRIS/Bangladesh and USAID/Bangladesh. In future, the Group would be expanded to include representatives of partner organizations, as and when they come on board.

The first meeting of the SME Group was held on November 19, 1997, in which it was decided to start implementing the first task of the SME component immediately. This task (2111) is the "Identification and Prioritization of Potential Sub-sectors for the JOBS Program." In order to carry out this task, the SME Group members started reviewing the existing information on sub-sectors and visited a number of organizations and individuals to collect information and opinions.



### **3.12 Preparation of a draft Task Directive and Scope of Work for undertaking Task No. 2111 (SME Sub-sector Identification)**

In December 1997, a Task Directive and Scope of Work was drafted by URCI for undertaking the task of identifying potential sub-sectors for JOBS intervention.

### **3.13 Preparation of Draft Sub-agreement, Scopes of Work and Budgets for Local Partners/Sub-grantees**

URCI drafted a sub-agreement document for local partners, particularly Proshika. Along with the draft sub-agreement, scopes of work and budgets were also drafted and presented to Proshika for review and comment. Due to the year-end busy schedule of senior Proshika executives, the comments from Proshika were delayed and so the sub-agreement could not be signed before the end of the quarter.

## **4. Problems of Implementation**

The first quarter of program implementation was essentially a period of setting up the JOBS program. During this period, an inordinate amount of management time was spent on issues raised by the CDPR relating to its participation in the JOBS Program as a full partner pursuant to the report on pre-award assessment of its management and financial systems and capability. The report recommended that CDPR should not be included as a full partner of URCI until it has: i) become an independent legal entity; and ii) developed its financial and management systems and gained enough experience doing smaller independent projects. Accordingly, URCI wrote to CDPR suggesting that pursuant to the pre-award assessment of CDPR's systems and capability, it should work through Proshika. A similar proposal was also given to Yugsutra who had agreed to work through Proshika. However, CDPR refused to work through Proshika and insisted that URCI should sign a contract with CDPR as a full partner and delay implementation of the program until CDPR is made a full partner in the program.

## **5. Planned Activities in the Next Quarter (January-March 1998)**

This section briefly describes the tasks and activities that will be carried out under the Micro enterprise and SME development components of the JOBS Program during the next quarter of the implementation period, i.e. from January to March 1998.

### **5.1 Micro Enterprise Development component**

Implementation of all the three Activity Packages under the Micro Enterprise component will begin during the next quarter. With respect to the first Activity Package and corresponding Activity 1.1.1 ('Identification of locally available support services for micro-enterprises in target areas'), three of the four tasks will be initiated during the quarter. These tasks are described below:

Task 1111, 'Identification and selection of 100 target areas in phases', will be done from a long list of potential areas on the basis of certain criteria. In the first year, 25 areas will be

selected; an additional 50 areas will be selected in the second year, and the remaining 25 areas will be selected in the third year of the JOBS Program.

Task 1112, 'Identification and selection of partner NGOs in target areas to participate in JOBS Program', will be such that in each selected area, at least 250 micro-enterprises will be targeted for intervention every year. Thus in the first year, 6,250 micro entrepreneurs will receive technical assistance from the program; in the second year, 18,750; and so on. In this way, at the end of the fifth year, 100,000 micro entrepreneurs will have received training and other support services in 100 selected areas.

Task 1113, 'Compilation of baseline data on micro-enterprises in target areas', will include information on profitable investments, growth potential, local marketing and resource linkage, access to financial resources, etc.

In addition, there will be several other tasks such as the first task under Activity 1.1.2 ('Compilation and Dissemination of Information on Profitable Investments in Target Areas'), two tasks under Activity 1.2.2 ('Improvement of the capability of NGOs to access Financial Resources from formal Institutions'), and the first task under Activity 1.3.1 ('Strengthen the Monitoring Capacity of NGOs'). These tasks are listed below.

- 1121 Identification and compilation of information on profitable investments for micro enterprises
- 1221 Review requirements for accessing financial resource form PKSF, BASIC and other formal institutions
- 1222 Assess capabilities of partner NGOs and prepare checklist of requirements to upgrade their capacity
- 1311 Assess the monitoring system of participating NGOs in the JOBS Program
- 1321 Conduct a baseline survey of micro enterprises in target areas (Ref: 1113)

## **5.2 SME Development component**

Implementation of the Activity Packages of the SME Development component will begin in the first week of January 1998. All four tasks of Activity 2.1.1 ("Identification of sub-sectors, available support services and sub-sector development programs") will be started during this quarter. These tasks are described as follows:

Task 2111, "Identification and prioritization of potential sub-sectors for the JOBS Program," will be done through a review of the existing information on sub-sectors. This will involve meeting with and talking to different organizations and individuals who are or have been engaged in projects or studies related to sub-sectors. This exercise will produce the following: (i) a list of potential sub-sectors that the JOBS Program can work with; (ii) a set of criteria for selecting the sub-sectors for intervention by JOBS; and (iii) a set of variables specific to potential sub-sectors (e.g., number of firms, investment level, required skills, market linkages, regulatory information, etc.).

Task 2112, "Selection of sub-sectors and target areas in phases," will be undertaken on the basis of the information received from the preceding task. Five sub-sectors will be selected for intervention. The target areas will depend on the types of sub-sectors selected. For instance, if shrimp cultivation is selected as a sub-sector, then we will target for program intervention in areas that have a concentration of this sub-sector (e.g., Chokoria and Khulna).

Task 2113, "Compilation of baseline data of SMEs in selected sub-sectors in target areas," will be accomplished by undertaking a baseline survey which will cover 100 SMEs from each of the five selected sub-sectors, thereby making the sample size equal to 500. The survey will be carried out over a period of two weeks (ten working days) and will involve 50 interviewers and 10 supervisors. Five teams, consisting of 10 interviewers and 1 supervisor in each team, will be formed to survey the five sub-sectors. Each sub-sector survey and study will be led by a coordinator/researcher.

Task 2114, "Conduct sub-sector studies," will involve carrying out five sub-sector studies over a period of 18 weeks. These studies will generate detailed information about the selected sub-sectors to enable the Program to devise appropriate interventions. In particular, the studies will: (a) identify the constraints in the selected sub-sectors; (b) review existing development projects and programs, and identify potential linkage with other projects, organizations, and NGO activities; and (c) identify available support services for SMEs in selected sub-sectors. The baseline survey will also provide necessary data for the studies.

Task 2211, "Conduct a baseline survey of SMEs in selected sub-sectors in selected areas," is the same as Task 2113 described above.

### **5.3 Policy Advocacy Component**

As stated in 3.9 above, a JOBS Seminar is planned for the end of March, 1998. The keynote paper for the Seminar will be on policy and institutional issues and constraints to enterprise development and job creation in Bangladesh. A policy expert will be identified to implement this task.