

JOBS Project

**Semi Annual Report
October 2002- March 2003**

**JOBS Project
A USAID Funded Initiative
Implemented by IRIS Center at
University of Maryland**

Jobs Opportunities and Business Support Program (JOBS) Cooperative Agreement Number 388-A-00-97-00013-00

Implementing Agency	United States Agency for International Development – Bangladesh
Coordinating GOB Agency	Ministry of Industries
Coordinating GOB Entities	Ministry of Planning Bureau of NGO Affairs Palli Karma-Sahayak Foundation Economic Relations Division Ministry of Planning
Implementing Partner	IRIS Center University Research Corporation International University of Maryland, USA

SEMI ANNUAL REPORT 2003

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SEMI ANNUAL REVIEW

The JOBS Project, funded by USAID and implemented by the IRIS Center at the University of Maryland, is currently in its sixth year of promoting micro, small and medium-sized businesses in Bangladesh. JOBS' innovative "top down" and "bottom up" approach to business-enterprise development has made it a household name in Dhaka's development scene. **Its intervention models are being mimicked by other donor projects in Bangladesh, and have become the subject of study at international forums.**

JOBS' intervention typically begins with basic-skill-development training for marginalized individuals who are entering the workforce for the first time. Simultaneously, JOBS identifies promising business sub-sectors in which newly trained workers can integrate. Thus, while providing work for under privileged individuals, JOBS helps small enterprises form "production clusters" and/or business associations of like-minded micro enterprises to manufacture highly marketable products. By offering specific technical training and linking the clusters to lead buyers, JOBS helps ensure sales of the cluster-manufactured products. To complete the "circle of success," JOBS also assists lead buyers in expanding their market – internationally and/or domestically - through various mechanisms.

In the past six months, **JOBS has helped form approximately 25 clusters, which have engaged 650 MEs and/or micro businesses.** These clusters produce an array of products including handmade paper, footwear, leather good, corporate gifts and stationary, wool carpets, floor coverings, leather goods, handicraft, weaving and sewing products, livestock, etc. Evidence shows that **women are the major beneficiaries – approximately 80 percent** – of the clusters' success. The average worker's earnings have been between Taka **2000 – 4000 per month**, depending on the skill level and the products being manufactured.

In another scenario, **JOBS has provided Business Development Services (BDS) to 75 SMEs** (small and medium) enterprises. To expand those businesses, assistance is provided in accessing labor sources, establishing production groups, accessing loans and exploring new markets. Entrepreneurs who are ready to enter the export market receive guidance in product design and promotion during their first forays into the sophisticated world of international trade fairs. The success of JOBS assistance to SMEs is evident from the fact that in the past six months, **JOBS has achieved 83% of our R4 target by facilitating \$11.7 million in sales.** Furthermore, **JOBS has provided support to 725 enterprises (650 MEs and 75 SMEs) over the past 6 months, 50 more than our R4 target for the year.**

In our continuing effort to create a business enabling environment, JOBS persists with its advocacy campaign with the Government of Bangladesh (GoB), academia, and stakeholders for policy and practical changes to establish a regulatory environment that will encourage and enhance the growth of private enterprise in Bangladesh. In the review period, JOBS has continued to focus its activities in three primary areas:

- Working with the GoB, Non-Governmental Organizations (NGOs), financial and business institutions, and the private sector to advocate for more market-oriented policies, laws, regulations and practices;
- Working to build stronger business-support institutions that will continue to function as BDS providers;
- Working with selected enterprises in targeted sectors to enhance their performance in the areas of marketing, production, quality control, financial documentation and management, and sales generation.

To achieve our objectives, JOBS operates five defined but interrelated programs:

- The **Small and Medium Enterprise Development Program (SME)** works in a variety of sectors to improve business practices, generate employment, expand markets and facilitate exports;
- The **Micro Enterprise Development Program (ME)** works with NGO and non-NGO clients to build sustainable business model for the smallest enterprises;
- The **Macro Policy Access to Credit Program** works to ensure that small, medium and micro enterprises are able to get the financing they need to succeed;
- The **Macro Policy E-Commerce, Information and Communication Technology (EC/ICT) Program** works to encourage and facilitate the use of information technology for business and government; and
- The **Training Program** supports all of the above programs through a number of need-based, custom-designed training activities.

Highlights of the activities of JOBS programs follow. However, to summarize, JOBS Project has continued to deliver ahead of its stated goals. It has surpassed its activity targets in the SMME arena, generated over \$11 million in sales growth (i.e. for each \$1 of USAID funding, \$11 worth of additional sales have been generated), engaged 650 MEs in increasingly productive activity, provided BDS to 75 SMEs, brought two regulations – STA and IT Act - closer to enactment, downsized JOBS by consolidating the micro policy team within the existing teams, evolved a self sustaining training team to provide pay-for-service training to partners, established a partnership with CISCO to facilitate IT related HRD by establishing 8 academies, piloted an e-Governance with the Law Commission of Bangladesh AND achieved the above in an ever increasing efficient operation whereas JOBS is currently positioned to carry forth a substantial amount of unexpended funds to perpetuate its successful program into the next year.

THE SME DEVELOPMENT PROGRAM

SME development is the mantra of today's business world. Bangladesh is seeing extensive development programs launched by donors in the SME arena. According to some estimates, myriad development partners: SEDF, DBSM, ADTP II, DANIDA, CIDA, SIDA, GTZ, USAID, ADB, have invested in excess of \$100 million in projects which are designed to assist SMEs. Yet, in spite of the emerging "big players" in the field of SME development, JOBS – with its comparative small size and limited resources – is still the market leader and the most effective development partner in the business development sector. Invariably, JOBS continues to deliver the most "bang for the buck" and has become widely recognized as the leading donor funded project. **Its activities are consistently monitored and reported in the press thus bringing to recognition the role played by the U.S. Mission in the economic development of Bangladesh.**

JOBS' SME program works to expand markets, increase exports, and ensure the sustainability of Bangladesh's small and medium sized businesses. It is envisaged that fulfilling these objectives will generate wage based employment in specific sectors. In the last two quarters, the program has continued activities in existing sectors; **footwear, home textiles, leather goods, handicrafts, and light electrical and electronics**, while exploring opportunities in new sectors; **floor coverings, diversified jute products, personal protective equipment, handmade paper and stationary, and organic farm products.**

Experience has shown that an enterprise's success relies heavily on access to technology, finances and a "buyers market." Therefore, JOBS focuses its SME assistance on those three areas. The following is a list of some of the assistance efforts over the past six months:

- The SME program began its intervention in the **handmade floor covering sector** in the past 12 months. The assistance included training and product development, and facilitating participation of two leading handmade floor covering producers in **DOMOTEX** - the leading fair of handmade floor covering in Germany. This was the first participation from Bangladesh in any major handmade floor covering fair in Europe. It is notable that in this maiden venture, JOBS clients were able to secure **\$50,000 worth of spot orders**;
- Additionally, the contacts developed during this fair have blossomed into possibilities of regional industry relocation with accompanying foreign direct investment (FDI) opportunity where a German investor with manufacturing units in Nepal and India has decided to partner with a JOBS client and shift his production to Bangladesh. JOBS intends to capitalize on this recently launched sub-sector since experts predict that with proper intervention, the sector can create **employment opportunity for 10,000** workers by 2006;
- In the **shoe sector**, JOBS developed hand-made-shoe cluster near Dhaka, which was solely developed for 100% export to lead buyers marketing to Japan. **The cluster created employment opportunities for 50 workers, of which 80% are women.** Due to a systematic market driven approach, the clusters members are earning **Tk.2000-4000 monthly salary**, depending on their expertise;
- In the last quarter, enterprises that received JOBS assistance participated in major fairs – **Garda in Italy and GDF in Germany** at their expense, and were able to established significant presence in the European market by receiving export orders worth **\$3 million in these two fairs**;
- The SME Development program's interventions in the **gift and leather goods sector** provided market access and product diversification support to the producers. JOBS took major clients to **Birmingham Gift Fair** - the biggest in UK. Clients displayed jute, handmade and other paper products, and leather goods. The participants **received an immediate export order of US \$300,000 and are expecting orders of another US \$1.5 million in the coming year.**
- JOBS helped Bangladesh's **electrical industry** break into the **Middle East market**, by taking two top electrical light producers to the Dubai International Fair in January 2003. **Energypac Limited**, one of JOBS supported participant's in the fair, signed a recurring monthly order for supplying **US \$60,000 worth of its energy-saving lamps.**
- Beside access to technology and access to market support, JOBS has also worked on **product diversification** in the last two quarters and explored opportunities in major areas like coconut coir mat and coconut products. Being a labor intensive industry with raw materials available locally, coconut products can be a significant export earner for Bangladesh in the coming years. **Our research has shown that a state of India, Kerala, is exporting \$43 million (6 months period) in coconut related products. We endeavor to replicate this success in Bangladesh.**

THE ME DEVELOPMENT PROGRAM

The ME Program works to mainstream micro enterprises, both private and those associated with NGOs or Micro Finance Institutions (MFIs), into the formal economy and to enhance their access to competitive markets. The ME team's achievements in this area became apparent during the first half of the current fiscal year. This team linked private sector "business clusters" with promising micro enterprises to facilitate their access to regional markets and increase their contribution to the regional economy. This was a significant change to the traditional approach of supporting NGO-affiliated MEs. JOBS' approach involves working directly with independent MEs within their geographic regions/districts. The program is now working with **13 private-sector clusters headed by nine potential lead buyers to create business opportunities for MEs.**

While integrating micro enterprises into a "buyers market," the ME team also assisted several cluster's design and implement Business Associations (BAs) concept with NGOs/MFIs. By the end of March 2003, **82 NGOs and four international development agencies had adopted JOBS' ME development concept.**

During the first six months of the year, the program worked in **five sub-sectors and helped develop 21 clusters consisting of over 600 MEs.** These clusters have been formed with focus on productivity improvement, exploring regional markets for increased sales, targeting growth-oriented products with defined markets, sufficient demand and backward linkages with potential lead firms.

Sector specific details are as follows:

- **150 weaving enterprises** were grouped into **6** clusters; members of the clusters received long-term skill development training in design development, dying techniques and color matching and improvement of silk and cotton fabrics. JOBS is also helping to establish marketing links with larger, established enterprises;
- **250 MEs** were organized in **10 handicrafts** clusters. Appropriate skills were provided to successfully compete in the market;
- **25 MEs** in a cluster were involved in **agriculture and agro based** products. Good practice, crop diversification and appropriate market identification were the prime support to this cluster. Technology on cash crop, such as maize production, was transferred to the cluster members;
- **75 MEs** in **3** clusters were provided with advanced level of skill development training on **Handmade Footwear**. Along with business development and promotion services, design development, stitching and pasting skills were transferred to them. The producers developed six new designs, which have been approved by Banglar Mela (a leading departmental store). The cluster is also negotiating with an outlet through which Grameen Uddag (sister concern of Grameen Bank) sells their products;
- The association of **25 MEs** involved in **Livestock** rearing continues to receive assistance in exploring resources available at the local level, public sector;
- Of the **21** clusters/Business Associations, **12** are fully operational while the remainder are undergoing training for product development. The operating clusters have shown significant sales increases in local and regional markets **with an increase in sales of US \$37,182 over the past six months.**

The ME team remained heavily vested in **supporting the 25 clusters that were developed in the previous quarters**, and continued to provide technical, market outreach and other support services. These clusters have generated an increased **sale of \$927,685 over the past six months**, and have achieved the following noteworthy results:

- Adarsha Silk Industry of Rajshahi, Al Noor Benarashi House, Prinka Benerashi House, have added **9** new operating markets throughout the country and abroad. Prinka responded to a foreign buyer's request for **3,500** pieces of embroidered Benarashi Sharees and is delivering on an order worth over **\$190,000**;
- Rajshahi silk producers have started aggressively marketing their embroidered sharees in India through the support of a JOBS sourced resource person from India;
- Permanent supply channels have been established between the clusters and buyers. Adarsha Silk has signed a contract with Shadhan Babu Silk industry for getting regular supply of product. Adarsha Silk has received an order worth over **\$11,000** from Silk Dynasty -a reputable trader.

MACRO POLICY: EC/ICT

JOBS Macro Policy Team has remained closely involved in promoting the ICT sector, and ICT led growth opportunities over the past six months. We continue to promote a better understanding of the ICT sector and its needs in Bangladesh, and have subdivided our focus in EC/ICT activities in four distinct but inter-related areas:

- e-Policy
- e-Governance
- e-Commerce
- e-Education/e-HRD

Some of the prominent contributions by JOBS over the past six months have been:

- To promote **e-Policy**, JOBS organized a seminar in collaboration with the Ministry of Science and ICT, and BASIS on **"ICT Policy and Practice – Steps for the Future"** to review the draft IT Act developed by the Law Commission. This seminar was anticipated as the final gathering of stakeholders to discuss the IT Act before it enters the final stages of consideration and adoption;
- To promote **e-Commerce** and assist the development of the private sector ICT businesses, JOBS co-sponsored the **First BASIS Soft Expo 2002** to highlight the capabilities and potential of software and IT service providers in Bangladesh and develop domestic markets for their services;
- Under its **e-Governance** initiative, JOBS ICT team assisted **Bangladesh Law Commission** to develop the official website (www.lawcommissionbangladesh.org), and trained the Commission's senior officials on computer applications and basic networking to promote the use of ICT;

- To further expose senior policy makers and stakeholders to **e-Governance** initiatives in the world, JOBS facilitated a delegation from Bangladesh, headed by the Minister for MOSICT, to participate in a four-day **Conference on “Implementing E-Government”** at the State Department, hosted by the U.S Department of State, the U.S. Trade and Development Agency and the U.S. Agency for International Development in November, 2002;
- Under the **private sector development and e-Commerce initiatives**, JOBS provided technical assistance and a marketing support to six leading software companies that participated in **COMDEX Fall 2002 Fair** in Las Vegas last November. The technical assistance helped them network with outsource agencies and develop new client relationships;
- JOBS also provided technical assistance through a European Consultant of CBI, to the participating members of BASIS for the **CeBIT Fair** held in March 2003 - an event that ranks as the top marketplace for information and communication technology;
- Under the **e-Education and human resources development** initiatives, JOBS initiated a partnership with CISCO Systems, in January 2003, to promote the Networking Academy Program in Bangladesh. Subsequently, **1 regional academy, and 8 local academies have been registered as Cisco Networking academies**. On March 16, the first instructor training session opened, covering the Orientation and Semester 1 of the CCNA curriculum;
- JOBS and Daffodil International University jointly organized the **“First Inter University Programming Contest of 2003”** at DIU campus in Dhaka. Fifty teams from different university across the country, including BUET and Dhaka University, participated in the competition;
- To **strengthen the institutional capacity of the IT Associations** in Bangladeshi, JOBS coordinated the visit of a four member IT Mentors Alliance Team from USAID/Washington in January 2003. This was the initial trip to ascertain the present state of the IT associations of Bangladesh, and to recommend a road map for developing institutional capacity.

MACRO POLICY: ACCESS TO CREDIT

Efforts in the area have remained focused on Job’s long-term goal of ushering the Secured Transaction Act (STA) through Parliament by the end of 2003. JOBS has further strengthened support for enactment of this act by joining hands with The World Bank-IFC funded SEDF Project and Asian Development Bank (ADB). JOBS has introduced the STA to the incoming Minister for Law, Justice and Parliamentary Affairs of the BNP government in a seminar jointly organized with the FBCCI and obtained his commitment to have the Law Commission formally review the proposed act. **The Ministry of Law has sent the Secured Transactions ACT to the Law Commission for legal vetting.**

TRAINING

JOBS training team continues its effort to provide myriad need-based training support to the program teams for smooth and quality implementation of all training programs. Apart, the training team began its outreach and capacity building efforts to offer JOBS’ knowledge and expertise, as a BDS provider

and on a pay-for-service basis, by providing technical assistance and specialized training to a variety of SMMEs and NGOs. Some of the prominent initiatives of the JOBS Training team are as follows:

- **Support to the ILO-WEEH Project:** The Woman Empowerment through Employment and Health Project of ILO has an overall objective to empower poor women in Bangladesh through increasing their access to decent employment and incomes. With JOBS guidance and support, WEEH Project established its partnership with 7 NGOs and selected more than 4,000 enterprising women clients. Subsequently, ILO contracted JOBS to organize a specific series of training events, to offer a: (a) 13 day TOT on EDBM for 24 staff members of WEEH/ILO and the seven partner NGOs; b) six day EDBM training to the 175 women entrepreneurs of the 7 partner NGOs. The major objective of this training was to:
 - Develop a business plan
 - Plan for successful start-up and operation
 - Manage the Enterprise
 - Marketing the product
 - Utilize the local resources up to the maximum level
 - Ventilate the sources of alternative capital
 - Use the techniques of employees' customers' dealings effectively.
- **Marketing JOBS Advance TOT:** JOBS training team organized and concluded a seven-day advanced training course design and curriculum development for 16 NGO/MFI training professionals where 20 trainers participated.
- **Training support to the Shakti Foundation:** JOBS training team organized and conducted a five-day training course on designing a training curriculum and improving facilitation skills of 25 senior staff at the Shakti Foundation. It was a tailor-made course developed in conjunction with Shakti Foundation. The aim of this training was giving its participants the capabilities to develop a need-based training curriculum/module for their own organization.
- **Developing need based training modules:** Responding to the changing needs of the SMMEs, NGOs and MFIs , ensuring its role as a BDS provider by making the training team self sufficient, the training team developed three new training courses: a) Training on selling skills b) Training on business accounting and book keeping and c) Training on costing and pricing.

JOBS training team is increasingly becoming self sustaining and has started to market its training modules at competitive rates. It is envisaged that in the coming year, not only will the team continue to support the various project teams vis a vie their training needs, but will provide this support at negligible cost to the JOBS Project due to their income generation activities.

To summarize, during the first half of the current year, JOBS Project has continued to deliver ahead of its stated goals. It has surpassed its activity targets in the SMME arena, generated over \$11 million in sales growth (i.e. for each \$1 of USAID funding, \$11 worth of additional sales have been generated), engaged 650 MEs in increasingly productive activity, provided BDS to 75 SMEs, brought two regulations – STA and IT Act - closer to enactment, downsized JOBS by consolidating the micro policy team within the existing teams, evolved a self sustaining training team to provide pay-for-service training to partners, established a partnership with CISCO to facilitate IT related HRD by establishing 8 academies, piloted e-Governance and achieved the above in an increasingly efficient operation whereas JOBS is currently positioned to carry forth a substantial amount of unexpended funds to perpetuate its successful program into the next year.

R 4 SUMMARY – SEMI ANNUAL

(1st OCTOBER 2002 – 30th MARCH 2003)

Reporting Period (October 02 – March 03)	1st Qtr Total	2nd Qtr. Total	Target	YTD +/-
Strategic objective Indicator				
a: Sales growth - Total (million \$)	6.437	4.737	13.380	-2.200
Domestic Growth (million \$)	0.925	1.387	4.090	-1.770
Exports growth (million \$)	5.512	3.150	9.290	-0.420
Intermediate Result Indicator				
5.1 More market-oriented policies, laws and regulations established				
a: Number of market oriented policies and/or practices adopted	N/A	N/A	N/A	N/A
GoB / National Level	N/A	N/A	N/A	N/A
NGOs and Private Institutions	N/A	N/A	N/A	N/A
5.2 Stronger business support institutions				
a: Value of capital provided by USAID assisted financial intermediaries (million \$)	N/A	N/A	N/A	N/A
b: Number of non financial institution assisted	13	2	28	-13
5.3 Improved performance of USAID-assisted enterprises in targeted sectors				
a: Number of formal enterprises that enter new geographic markets	12	8	20	-8
b: Number of enterprises that adopt improved technologies or management practices	31	15	25	5
**c: Value of financial resources raised by USAID assisted enterprises from all sources (million \$)	3	1	24	-20
OTHERS				
Number of enterprises/households assisted	455	270	675	50
Male owned/operated	250	140	425	-35
Female owned/operated	205	130	250	85
\$ expended (in million) JOBS	N/A	N/A	N/A	N/A
\$ expended (in million) JOBS & IRIS	N/A	N/A	N/A	N/A
Accounts payable not included in expended	N/A	N/A	N/A	N/A