



Case Study: JOBS Project (Bangladesh)

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Course: Microenterprise Growth and Business Services

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Date: November 25, 2003

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1. Introduction:

The Job Opportunities and Business Support (JOBS) program in Bangladesh was established in 1997 as a \$10.2 million US Agency for International Development (USAID) project. Collaborating with USAID on the program was the University of Maryland's Institutional Reform and the Informal Sector (IRIS) Center, which lead a consortium of Bangladeshi and American non-governmental organizations (NGOs) in designing and implementing the five-year initiative. By targeting job creation through enterprise and private sector growth in Bangladesh, the program's objective is to achieve sustained income generation and contribute to poverty alleviation in one of the world's poorest nations—one that is grappling with serious problems of high population growth, illiteracy, low life expectancy, pollution, political strife and corruption.

By the end of the five years JOBS generated \$4 million in cost-sharing initiatives and received an extension in October 2002 until September 2003, during which time it began work in three new sectors, developed 44 clusters and assisted 1600 businesses. The program was extended again beginning last month for another two years, with an end date in late 2005. It has also moved toward becoming a multi-donor sponsored initiative, and while funding from USAID has diminished JOBS is in the process of receiving funding from the International Labor Organization (ILO), other international donors as well as local ones like the Bangladesh Rural and Agricultural Corporation (BRAC). It is also working to establish a local entity that will carry on its work.

The scope of JOBS is very wide, and its development initiatives while varied focus on specific sectors—textiles, floor coverings, leather goods, footwear, and diversified jute products. It has also recently branched out into several new sectors including coconut products, hand-made paper, personal protective equipment, electronics and information technology. A sector must fit specific selection criteria for JOBS to undertake initiatives within it. They must:

- have products with export potential
- rely on labor-intensive production technologies
- use raw materials that are available locally
- give workers the potential to grow their incomes significantly
- be able to generate employment for women

So how would we categorize the JOBS approach to business support and development in Bangladesh? JOBS works with microenterprises (MEs) as well as small and medium enterprises (SMEs), which together constitute the majority of Bangladesh's private sector, enabling them to grow and establish sustainable markets for their products. Dr. Thierry van Bastelaer, Team Representative at IRIS in charge of the JOBS project describes JOBS as a comprehensive program: "We do not develop local BDS providers. Rather, we are a BDS provider. We also provide business support by providing access to credit, and intervening on the policy level."

Its core functions include:

1. **Improving efficiency and market access:** JOBS has made great strides in linking small-scale firms with larger ones through the cluster concept we will discuss in much detail throughout this paper. With one of its earliest initiatives, JOBS hit on a winning formula: working with producer groups or "clusters" of firms producing similar products and operating in a particular geographic location. Once it identifies subsectors with an international market for their products, it helps identify and develop "clusters"—typically composed of micro and small enterprises (MSEs)—of local producers operating in that

industry. JOBS works to improve their capacity through group training, and links them to medium and large-scale firms through subcontracting relationships, gradually decreasing its own involvement once the cluster begins thriving. It provides or facilitates technical and skills training courses to the subcontractors, creating a skilled labor force that will be more readily employed. It also provides tailored training to the large firms to improve their production, management, administrative, and marketing processes. Being part of a producer cooperative enables MSEs to enjoy the benefits often generated by large firms: economies of scale, price setting power, better access to information, technologies and training which helps the small business create stable demand and markets for their products through subcontracts or spot markets. The larger firms also benefit as they can now be more flexible by outsourcing and can tap into a skilled labor force. As the relationship matures, the large firms will typically find it mutually beneficial to provide embedded services to the SMEs, such as skills training and technical assistance. By working with the SMEs, they are developing capacity to better service the demands of their overseas buyers, since many of these firms cater mainly to export markets. By giving them opportunities to participate in trade and export fairs in Bangladesh and abroad JOBS allows Bangladeshi entrepreneurs and businesses to access the global marketplace.

2. **Improving access to finance:** JOBS also helps link entrepreneurs to finance. It works with microcredit lending facilities as well as larger commercial banks to improve their credit management and particularly SME lending capabilities since SMEs face the most severe financing constraints being too large for notice from microcredit lending institutions and too small for commercial bank lending. Moreover, it helps SMEs develop more financial transparency, and assists them with writing business plans and loan applications.
3. **Improving the enabling environment:** it identifies and analyzes policy constraints faced by ME and SME producers. It has helped draft the Secured Transaction Act to enhance commercial lending to SMEs. The law, which is being reviewed by the government is expected to open up more financing avenues to firms that are too large to qualify for loans in Bangladesh's well-developed microfinance market, but too small to be considered as clients by commercial financial institutions. JOBS is also helping develop IT law and policies supportive of e-commerce.

JOBS has developed a multifaceted approach where it acts as a BDS facilitator and provider, linking firms with multiple buyers and service providers in some cases through minimal intervention and little subsidy and in others through direct service delivery coupled with heavy subsidy. Where JOBS differs from other programs is that it has developed a highly skilled in-house consultant pool by hiring smart and young graduates and experienced locals who conduct most of the training. All but two of its 45 employees are local, so that helps keep operating costs down, along with the lack of a need to bring in expensive outside consultants for their many initiatives. In some cases JOBS will bring in an outside specialist is when that person has key insight into the needs of one of the export markets JOBS clients cater to. JOBS engages in roughly 200 interventions a year, examples of three primary types of interventions include:

1.1 Backward Linkages through a Lead Firm: *The Shafipur and Mirpur Producer Groups*

This is one of the earliest projects JOBS undertook, and the one that took it on the road to working with clusters. In 1997 Apex Footwear Ltd., Bangladesh's largest shoe exporter applied to JOBS for assistance in developing competitiveness in a cutthroat global market. Apex needed to become more flexible to cope with changing trends in the footwear market abroad, and to access a labor force with specific high-value technical skills. JOBS helped Apex recruit 100 new workers and brought in an Italian footwear specialist to teach these employees specialized techniques. JOBS also helped Apex explore backward linkage opportunities where it would be able to outsource the production of its

high-end hand-made shoes to local smaller-scale producers with skilled manpower who would be able to retain the quality and efficiency demanded by Apex's buyers in Japan, Italy, Germany and elsewhere. The Shafipur and Mirpur producer groups were put to work on an initial trial order from Apex after being chosen by a tender offer posted in the local papers by JOBS. The two clusters were facing constraints related to production and sales on credit, so JOBS began providing them with skills training on a cost-shared basis with Apex, which having been satisfied with the results of the trial order, awarded them with contracts. Apex also provided them with a variety of other embedded services in the form of raw materials, machinery, and training in administrative and technology services. Given the high level of inter-firm cooperation that resulted in each cluster, today both are also working on contracts from other leading footwear exporters in Bangladesh. The sustainability, scale and impact of these relationships will be discussed later in the paper.

1.2 Market Access Through NGO/MFIs: *The Bogra Handicrafts Association*

JOBS worked with many prominent NGOs in Bangladesh in its early years, creating several thousand jobs. This project, like other NGO-related ones, gave JOBS the means to access the huge network of rural MEs brought together as clients of the many NGOs and microfinance institutions (MFIs) operating in Bangladesh. Here JOBS worked with Thengara Mohila Sabuj Sangha (TMSS), a Bogra-based national women's NGO providing social and humanitarian services like education and health, as well as microfinancing. JOBS helped select 25 microentrepreneurs from TMSS's pool of microcredit clients, and developed a producer group through the establishment of a handicrafts association in 2001. JOBS provided a Train the Trainers (TOT) course on enterprise development and business management to TMSS staff with JOBS and German donors financing the training. This course was then provided by TMSS to the producer group on a cost-shared basis by TMSS and JOBS. Skills training was also provided with costs shared by TMSS, JOB, and the MEs. A majority of the products of the handicrafts association were sold on the retail market by TMSS, with the rest being sold wholesale. TMSS kept part of the profits. Again, the sustainability, scale and impact of this project will be discussed further in the following sections of our paper.

1.3 Production Networks Through Commercial Finance: *The Modhupur Pineapple Association*

Pineapple producers in Modhupur faced several constraints in the form of expensive inputs, lack of access to credit and markets, and low production capacity. They marketed their product individually and their sales volume was low. After one producer came to JOBS for help in 2001, an initial market study led JOBS to organize a producer group, providing it with credit, skills training, market brokering and access to loans from a Dhaka-based bank. It held periodic meetings with the producer group, training them on bookkeeping, writing business plans, and cultivation of other crops like turmeric and ginger in addition to pineapple so as to diversify their product offerings. It also helped the group win a contract to supply to PRAN, a large food processing company in Dhaka, but the farmers decided not to work with the firm as the terms of the agreement were not beneficial to them. They decided to sell to various spot markets instead, and made healthy profits as the group formation had led to better quality and higher quantity of fruit, as well as a better bargaining position in the marketplace as a result of group selling strategies. In addition, the number of producer groups within the association grew after the success of the initial group became known. As the network grew, JOBS stepped back to allow the association to operate independently, though it does provide technical assistance if needed.

Of the examples described above, the first represents visible impact, outreach and sustainable cluster development in Bangladesh, while the second does not provide as clear a picture. The third demonstrates successful intervention followed by a well-timed exit strategy. In our paper we will delve deeper into these initiatives because they provide a basic prototype for most JOBS interventions. But we will also bring in a few more examples in the body of our paper such as the

Jamdani Business Cluster, Satranji rug manufacturing and others (you will find a brief description of these initiatives in the Annex). In the following sections we will discuss why these initiatives do or do not conform with specific BDS donor guidelines: **facilitate, don't provide; never subsidize; and clear up-front exit strategy**. We will also discuss the results of strategies employed by JOBS and its success in providing/facilitating BDS that has a clear, measurable outreach and impact, and whether or not it contributes to sustainable development of its target group.

2. How does JOBS match with the Donor Guidelines?

The donor guidelines offer a set of criteria that a “perfect project” should, in theory, follow. Yet in reality, projects do not always match with the donor guidelines due to various circumstances. Here, we have compared the JOBS project with the donor guidelines to see whether the project followed the criteria. We have mainly highlighted two principles, “facilitate, don't provide,” which we see as linked to “never subsidize the purchase of BDS” and “clear up-front exit strategy.” We chose these donor guidelines to focus on because we saw them as more highly challenged by the JOBS project than the others. We will discuss how and why JOBS did not conform to these two principles but could still achieve their objectives.

2.1 Donor Guideline #1: “Facilitate, don't provide” (and “Never Subsidize the Purchase of BDS”)

We have combined these two donor guidelines because we think that they are closely related to each other, for mixing the roles of facilitation and provision would lead to market distortions and crowd out the commercial provision of the private sector service providers. Therefore, BDS facilitators should implement publicly subsidized short-term programs that should phase out once the market for a certain business sector has developed. Subsidies should be used on the basis of providing pre-transactional (such as capacity building and development of service products) and post-transactional services (such as monitoring and evaluation of BDS intervention on market development), instead of subsidizing the BDS transactions themselves. Yet, within the many projects that JOBS supported, the nature of intervention of JOBS initiative differs.

For instance, in the Jamdani Business Cluster formation and the Modhupur Pineapple Association cases, JOBS played a facilitating role in forming the business groups and clusters, building visions among the firms, finding financial support and providing technical assistance to the firms, for firms needed these skills to handle the complicated loan processing and collateral requirements. These are critical to the businesses, for many of them were located far from the cities, and the owners often lacked the experience of applying for bank loans. In the case of Bogra Handicrafts Association, JOBS initiated the “training of trainers (TOT)” program to the TMSS staff, and transferred technology and support services to them for forming business groups. These are examples where JOBS subsidized pre-transactional services to the firms.

However, in some other cases, JOBS did not follow the donor guidelines. It directly subsidized their clients instead of facilitated them, which, to a certain extent, created distortions in the market, and exerted pressure on the private sector. In the case of the Bogra Handicrafts Association, the local NGO, TMSS, was influential in controlling price-setting for the products and finding resources. Although the handicraft association formed under TMSS only had a membership of 25 firms, which is not enough to exert any influence on the domestic market, these 25 firms would have to follow the NGO's pricing policy, which did not reflect the whole market situation. The firms may have enjoyed a cheaper price in an open market. Prices were supposed to be set by the market, but they were

distorted by the TMSS intervention. (how is this example either a) providing BDS directly or b) subsidizing?)

Although the donor guidelines emphasized strongly that projects facilitator should facilitate the firms but not provide subsidies nor services directly to the clients, some of the projects in JOBS did break down the guidelines in order to achieve results more efficiently. An example would be the Satranji carpet manufacturing, in which JOBS assisted the leading producers in Satranji to begin adding coconut coil mats to their production lines, which induced better quality and diversity of design to their products and boosted their competitiveness. JOBS had organized a 15-day design development workshop, and hired a European designer to develop samples for the Satranji firms. JOBS also provided training to 500 workers of these firms on design development, and 200 unskilled workers on handmade production. Similar to the Satranji case, JOBS also provided subsidies to Apex, one of the leading footwear firms in Bangladesh, by hiring an Italian specialist to train 100 new workers, and a Japan specialist in improving the quality control training for the workers. Although Apex covered some part of the training, with 60% of skill training and 25% of the quality training, JOBS covered the rest of the costs.

One could argue that by JOBS acting as a BDS provider in many cases could crowd out the private trainers in the market. Yet, in these cases, the BDS training allowed individuals to obtain immediate results. JOBS provided direct subsidies as well as BDS training to individuals so that they could build up their skills and more quickly be eligible for embedded services from a larger business partner. For instance, after sessions with JOBS, the Shafipur and Mirpur Producer Groups could develop a relationship with Apex, who would later be their provider of BDS through embedded services.

2.2 Donor Guideline #2: “Clear, Up-Front Exit Strategy”

A successful BDS project must have a clear, up-front exit strategy, or at least this is what the Donor Guidelines tell us. In theory this is true: a project’s sustainability is highly dependent on the phasing out of subsidies, whether at the point of BDS transaction or pre or post transaction, and eventual exit. The fact that a predetermined exit point exists at a defined point in the future puts pressure on the project to establish a project that is self-sufficient and thus commercially viable (or, as we say here, sustainable).

The JOBS project in Bangladesh, however, is not theory; it is reality, and it proves to us that this donor guideline is not as black and white as we may be led to believe. In many of JOBS’ projects, it fits itself into a gray area in which the so-called “exit” is not, in fact, a complete exit, but instead an exit that intentionally includes some lingering. The inherent nature of JOBS’ cluster approach allows for some level of exiting and then re-entering if necessary, a technique that has proven successful for JOBS.

Before looking at specific examples of JOBS projects that did not utilize a full exit strategy, we must first examine the conditions under which it would be deemed acceptable to not exit fully. In other words, by what measure can we say that the technique of a partial exit in some cases has been “successful” for JOBS? Traditionally, *sustainability* has been this measure: a project is sustainable if it can carry on after the complete exit of the BDS provider, and a sustainable project is a successful project in that it has created a new market that in turn provides jobs, increases individuals’ income levels, etc. In the JOBS approach, sustainability is a fundamental goal, and therefore will only re-enter once it has determined that this continued intervention will not hinder or weaken the independence of the project.

One example of this would be the Modhupur Pineapple Association where JOBS played a significant role in the initial set-up of the association, with the explicit intention of creating an independent producer group. In this case, the pineapple association has proven to be fully independent, and the occasional re-entrance of JOBS to provide technical assistance only stands to make the producer group more profitable in the future. This case cannot be classified as a direct exit, as JOBS has not completely turned its back to the producer group, but instead its interventions are limited and deliberate.

A similar example is JOBS' intervention in the handmade paper industry, where JOBS utilized its cluster model to create a thriving export market. In this example, JOBS trained groups of women on the art of handmade paper, while linking them with Creation Private Limited, a major exporter of handmade paper. This relationship became immediately self-sufficient, but JOBS continues to intervene by facilitating Creation's participation in major international trade fairs and providing expertise in the development of the firm's marketing tools. JOBS will continue to assist other lead buyers in attending trade fairs as well to diversify the opportunities for the handmade paper SMEs.

Despite these two examples, and the success with which JOBS can remain involved in a project, there are still cases where JOBS has conformed to the donor guidelines and fully exited a project. The main example of this is Shafipur and Mirpur producer groups where JOBS successfully formed clusters and established backward linkages, but has no further plans to invest, provide training or any form of direct support for Apex or other leading footwear firms.

JOBS' true exit will be in September 2005 when the funding for the JOBS project runs out. However, again this will only be a partial exit, as JOBS is in the process of establishing a local entity to take over JOBS' functions. Although USAID funding is ending, JOBS is currently negotiating deals with over ten non-USAID financing sources, and is already receiving funds from other sources such as ILO and BRAC, as mentioned in the introduction. This money will allow JOBS' successor to linger for a while longer.

In summation, the JOBS project, while following the donor guidelines in several instances, has also felt free to "break the rules" when it deemed necessary: a strategy that has proven to work well for JOBS.

3. To What Extent does the JOBS Project Achieve Scale, Sustainability, and Impact?

3.1 Sustainability

Traditionally, a BDS project has not been deemed successful if it is not sustainable. Before analyzing the case of JOBS in particular, we must clearly define whom we are referring to when we talk about sustainability and test the validity of the above statement: that for a BDS project to be successful, it must be sustainable.

A BDS project can be thought of as a small ecosystem unto itself: one which, ideally, sets up a market for providers, which rely on SMEs, both of which are formed by individuals: the eventual beneficiaries of BDS projects. If this ecosystem can be counted on to run successfully, providing continual benefits to individuals without the assistance of the donor or facilitator, then the project is sustainable. Therefore, when we talk about "sustainability," we are referring to the ecosystem as a whole.

But why is sustainability important if a project could instead focus its efforts on seeking out additional funding sources? There are many reasons. First, a commercially viable market independent of a funding source eliminates any market distortions that may be present if a project were not wholly market-driven. For instance, if a project is still reliant on a facilitator, training programs may be developed according to that facilitators' strengths and capabilities instead of what SMEs truly need. In-depth market assessments can help diminish distortions, but will not eliminate them altogether. Second, a wholly market-driven ecosystem will ensure greater scale and impact, as it can be used as a model for other markets that did not necessarily receive JOBS intervention (a concept that will be discussed in the conclusion). Finally, when a project becomes self-sufficient, it frees up funds to be used on other projects, also increasing scale and impact. Therefore, because of these three reasons it is ideal that BDS projects achieve sustainability in all cases.

In order to analyze how effectively JOBS projects achieve sustainability, we must answer these questions:

- Are the relationships set up by JOBS tenable in the long run? Can BDS "providers" and/or SMEs continue to benefit (make a profit) from the relationship established by JOBS once JOBS exits?
- Was there a sustained increase in both the demand and supply sides as a result of JOBS' intervention?

Given JOBS' large number of projects, we can only answer these questions specifically for the cases that have been written up and publicized, such as those cited in the introduction and appendix. However, we can conclude that other JOBS projects will have achieved similar degrees of sustainability given that they utilize the same model.

In general, the relationships JOBS facilitates (first a cluster and later the backward linkages) are so beneficial to all players involved that, in many cases, the initial exit of JOBS is barely perceptible. Purely due to the nature of JOBS' methodology, where future BDS is provided as an embedded service, JOBS itself obviates the need for a facilitator to remain in the mix.

Similarly, JOBS' training provides workers with a trade in a sub-sector that is perceived to be profitable (see introduction for how sub-sectors are selected). This training is as good as JOBS handing the trained individuals a ticket into one of these self-sufficient ecosystems, whether the shoe industry, pineapple industry, or any other industry selected by JOBS to have strong export potential, etc. Once the trainees enter one of these profitable markets, they can receive training for free as part of an embedded service, as well as a market into which they can sell their product. "[An] advantage [of the JOBS methodology] is that required business development services, which most micro enterprises are unwilling to purchase commercially, are embedded in the relationship between buyers and businesses" (Asif Ahmed and Imran Shauket, "JOBS Approach: MEs Need Money and Markets to Prosper").

In all cases, JOBS projects showed an increase in both supply and demand of BDS. It created demand by training workers and forming clusters, both users of the embedded services offered by the larger producers. The supply came naturally as the producers realized the mutual benefits of offering the embedded services to the SMEs. In this way, it can be said that JOBS inadvertently created the market for BDS, since the embedded services naturally followed from the backward linkages.

This is not to say that all of JOBS' projects are completely sustainable. For example, those that follow the NGO model, such as the Bogra Handicrafts Association, are less sustainable due to their

dependence on the NGO. Although JOBS has fully exited from this project, TMSS is still heavily reliant on donor funding, allowing it to subsidize BDS for its members. It does, however, have plans to eventually phase out this assistance. The Shafipur and Mirpur producer groups discussed earlier represent the other extreme, as JOBS has fully exited and the project has proven to be sustainable. Fortunately, this project is more representative of the JOBS model, as it is based on forming a cluster and creating backward linkages.

JOBS appears to recognize the limitations of the market; it is not trying to create enough demand for training courses to make them commercially viable. Instead, its methodology is simple: it makes an initial link and lets the market do the rest. SMEs in the same sub-sector immediately recognize the benefits of working together; larger producers can quickly realize improvements in their business once they can outsource to smaller suppliers. These facts alone make JOBS projects more often sustainable than not. Recommendations for achieving higher levels of sustainability will be addressed in the conclusion.

3.2 Scale

Scale is one of the measurements to assess BDS projects, and it is defined as the proportion of the target population that uses the service. It means how much coverage the program has reached in providing services. In addition, the term tries to assess the coverage of underprivileged groups such as women and the very poorest. It is difficult to judge projects based on the scale they reach, as some of the most successful projects have been extremely targeted and thus have a smaller scale. We can assess the scale of JOBS' projects from two different perspectives: one from breadth and the other from depth. Breadth is explained by showing how widely and broadly the projects are used and spread. Depth is explained by looking at how intensely they affect individuals. Although ideally it is better to achieve both breadth and depth of scale, this is difficult because resources are limited. Some of JOBS' projects focus on breadth outreach while others focus on depth.

Scale can be evaluated by answering these questions:

- How many microenterprises are acquiring BDS?
- How many people are involved in the program?
- How much regions and districts are covered in BDS?
- How many individuals have been affected?
- How many BDS providers are participating in the program?
- How many percentages of the women are involved in the program?

In general, it is difficult for us to assess in all instances whether JOBS projects have achieved breadth and/or depth due to the fact that we do not have enough data. We can, however, look at the scale achieved by some of the individual projects.

Project	# of MSE acquiring BDS	# of people involved before and after	# of BDS providers	# of districts covered in BDS	% of women involved in the program
The Shafipur and Mirpur producer groups	24 microenterprises (November, 2003)	116 people and 101 new people recruited after the expansion.	8 different BDS providers. And embedded services by Apex.	4 districts	62%

For example, in the case of the Shafipur and Mirpur producer groups, through backward linkages from a leading shoe firm, JOBS grouped 12 microenterprises and monitored the linkage for six

months. In November 2003, they have 24 microenterprises acquiring BDS. Through the project, JOBS facilitated to formulate 2 groups. There were 116 people involved in these clusters and after the expansion of their business through the development of clusters, they recruited another 76 people. There were 8 different BDS providers, who were participating in the program. In addition, there were embedded services which had been transferred directly by Apex to these clusters within their commercial transaction mechanism. Moreover, 62 percent of the workers in the microenterprises are women. 4 districts have been covered for this particular project. It is a good scale example that has breadth and depth because the program involved quite a large number of people in wide range of districts and targeted women to lead income generation. On the other hand, in the case of Bogra Handicrafts Association, TMSS, an NGO supported by JOBS, reached graduation of 25 micro entrepreneurs. The scale is relatively small compared to other projects compared to TMSS' total membership. However, it has quite a large impact on their income. Also, the association was formulated as a women's group that means they reached scale with a specific group. Therefore, in a sense the project has more depth on its scale. Smaller scale does not mean less impact or less sustainability. Depending on the objective and target group, small- scale sometimes works better to achieve sustainability.

Overall, JOBS has reached quite visible scale on each project. Currently, JOBS is working on 20 projects in the development of 16 sectors. JOBS created 44 clusters last fiscal year. The region and sector coverage spread through the nation and cluster formation work to increase scale of each project.

3.3 Impact

Scale and impact are closely related to each other. Impact is defined as the net effect of an intervention in terms of specific performance and outcome. It also has two approaches, breadth and depth.

Impact can be evaluated by answering these questions:

- How much have the individual incomes of the MSEs increased?
- How many new jobs have been created?
- How much has the total sales/profit of the MSEs increased?
- How many new distribution channels have been created?
- How much has the poverty rate decreased in a region?
- What percentage of the MSEs customers are satisfied with BDS?
- What percentage of the MSEs customers actually applied BDS to their business?

In addition, each question should be evaluated from these five levels: subsector level, business service level, enterprise level, household level and individual level.¹ For the comparative analysis purpose of JOBS projects, we will look at increase in the income at the enterprise level and household level because it is the most critical impact for underprivileged groups. Also, the number of new employees created will be used to assess impact.

Project	% increase of the individual's	% increase of the MSE's income	# of new jobs	Other impact
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¹ Snodgrass, D. and J. Sebstad, "Recommendations for Performance Monitoring and Impact Assessment for USAID/Kenya Subsector Development Programs," Actions for Enterprise, April 2003.

	income			
The Shafipur and Mipur producer groups	Exceeding 200%	170% increase in the each MSE.	101 new jobs created directly	Used as a model for other clusters. Established Int'l markets.
The Modhupur Pineapple Association	13 producer groups increased from 30 to 70 acres.	60% increase of the profit margin	32 new people hired	Shares a network of 261 members. Increase of 520 acres.
Bogra Handicrafts Association	Has increased incomes by Tk.1,000 per month		Formed as a women's handicrafts producer group.	Members enjoyed better living conditions and social benefits.
Karupannya Carpet Manufactures	Earn Tk.1,300 – Tk.3,000.	Received orders worth US\$25,000 at a fair at Germany.	300 more workers	Reduced production costs by 15%
Shell Crafts Home Textile	160% From Tk.2,500 to Tk.4,000	Received orders worth US\$82,000 at a fair at Germany in 2002.	60 new workers	Expected to receive additional orders US\$37,000 in 2003.
Hand made paper by Creation	Earn up to Tk.4,000	Exported US\$200,000 in Jan-Oct 2002.	100 new jobs	Participated in major Int'l trade fair. Expected to create more clusters.
Jamdani Fabric		Increased by Tk.10,000 to 15,000 per month	66 trained	30 firms operating in the cluster. Annual order of 2000 sarees from an Indian buyer.

Although it is hard to compare each project in the same perspective due to the limited amount of data, JOBS achieved significant results in each case. Mostly impact can be seen in the increase of income generation and new employees, which are related to the sustainability of MSEs.

Looking at the increase in income of individual household and MSEs, we see that this is an area JOBS has had tremendous impact on. Considering the GDP per capita in Bangladesh was only 361 dollars in 2002, the Tk.1,000 increase of individual income a month equals 57 percent of the 361 dollars a year, which is immensely high (US\$1 = Tk.57.90). In terms of new employees, although the impact number of 30 to 300 seems to be small, the percentage of increase exceeds 200% in most of their projects. Therefore, JOBS programs have been implemented successfully to increase income and new jobs. These are good examples of depth as individuals' lives have been strongly affected.

Additionally, MSEs have increased their incomes by engaging in export. In 2002 in Bangladesh, among total exports of 5,929 million US dollars, 3.5 percent was leather and leather products and 1 percent was raw jute. Though these numbers are small compared to manufactures exports which constitutes 90.5 percent, they show potential increase in those sectors. JOBS's cluster formation in those sectors is fit to lead visible impact because most of the projects show large amount of increase in export.

Lastly, assessing scale and impact on JOBS projects, we can conclude that JOBS has been successful in terms of income and job creation as well as export promotion. There is not enough data to assess

the outreach of particular underprivileged groups, but we can assume their programs aim at cluster building where opportunities for employment and income generation are limited. Cluster concept does work to achieve scale and impact in breadth and depth because it leads efficiency sustainability.

4. Recommendations

Although we regard JOBS as a successful BDS project, which can attain both sustainability and impact, we have some recommendations:

NGO Approach is not the best: As we can see from the case of Bogra Handicrafts Association, the approach of having an NGO as an umbrella organization in charge of all the decisions was, in fact, not the best choice for a BDS development, for it might create market distortions to the market, and created dependency of the firms to the umbrella NGO. We therefore recommended that a better BDS approach would be to form the relationship directly with the firms, just like what JOBS did in the later projects such as the Modhupur Pineapple Association and the Jamdani Business Cluster, in which there's a more direct relationship between the client firms and the BDS instead of having a middleman.

Modeling for other projects: JOBS is regarded as a successful project in terms of its impacts and scales. The strategies that JOBS have used were basically forming clusters and business associations that linked firms with multiple buyers and service providers through minimal intervention and subsidies. This model could be transferred to same sectors in other regions and cities throughout the country. By organizing conferences and seminars, ideas of BDS could be effectively transferred and exchanged to other BDS development organizations as well.

More policy promotion work: the clusters and business associations formed could not only exert influence on the business decisions such as dealing with prices with the buyers and resource providers, but also could affect the policies implemented by the government. We would recommend that JOBS could join hands with the business groups to liaise with the authority in enabling a healthy business environment. JOBS can also work with the government for research and development. In fact, in some areas, JOBS is already doing the policy liaison work, but there's capacity that JOBS can do more on shaping a policy environment supportive of private sector growth in Bangladesh.

Trust-building within firms: getting the business firms together is the hardest part because MSEs are competitors and may not have confidence among each other. Trust-building is an essential part and we here saw that JOBS did overcome the trust issue and bringing firms together. We suggest that perhaps JOBS can strengthen the confidence among firms by having firms take part in more decision-making role, and provide more platforms for the firms to exchange their ideas and building visions for the development of their industries.

Expand both scale and subsectors: lastly, we suggest that JOBS may shift its focus on expanding its project through getting more firms involved and having a larger scale instead of expanding its subsectors. For example, in the case of Bogra Handicrafts, 25 firms may not be a significant figure for a successful project. There are spaces that JOBS could expand its project size by having more firms and players involved in the market linkage relationship.

5. Conclusion

JOBS had shown how successful producer group could be formed by different strategies (market access, production network and backward linkages). Overall JOBS had demonstrated several features. First, JOBS had developed the capacity of an NGO to act as a BDS provider, this might induce immediate gains among producer groups, but might not achieve full sustainability if the funding run out, and it might inhibit private BDS sectors to grow. Second, it would be perfect if a project could meet all the criteria set in the donor guidelines, but sometimes for projects if they have different goals and objectives, it is acceptable to deviate from the criteria. In some of the cases, JOBS provided heavy subsidies to the firms in order to enable them to build up a better condition for receiving embedded services from either a larger firm in the backward linkage example, or the business associations. Thus, it is not necessarily to follow all the guidelines if the project could justify its goals and achievement.

6. Annex

The Bangladeshi Carpet Manufacturers

At the end of 2002, JOBS has started to work with the leading producers of Santranji rugs, to assist them to improve their designs and diversity in colors. JOBS facilitated a six-month training program for 200 unskilled Karupannya, one of the big organizations focused on Santranji production, workers on handmade Santranji production. The results of JOBS interventions, which included new design and technology, have reduced production costs by almost 15%. JOBS also facilitated a 15-day design development workshop to help Karupannya to develop samples for presenting in an international fair in Germany. Now, about 500 families worked for the firm, and many of them have received training by JOBS.

The Shell Crafts and the Home Textile Market

In April 2003, JOBS facilitated a six-month training course for 60 textile workers for Shell Crafts, to help the firm to enter the sector of handicrafts and decorative kitchen and garden items. JOBS has also formed backward linkages of Shell Craft with three clusters of 25 to 30 microenterprises, which produce specialized silk and cotton fabrics to supply to Shell Crafts and other leading buyers in the market. The weavers of these three clusters can increase their incomes from Tk 2,500 to Tk 4,000 per person. JOBS foresee the home textile sector would soon become one of Bangladesh's biggest export earners and employment generators. Thus, JOBS aims at helping the medium range exporters expand sales through product development, market information and participation in international fairs, as well as assisting the producers in the grass roots level by organizing groups of microenterprises, which supply fabrics to the SMEs.

Business Cluster of Traditional Jamdani Fabric

JOBS team met with the Jamdani weavers to discuss with the possibility of grouping weavers to work jointly in a cluster. Eventually 22 individuals agreed to form a cluster. During the period, JOBS team also sought the guidance of leading home textile exporters, who will be the ultimate buyers of the Jamdani fabrics. JOBS has ensured the commitment of the lead buyers from the outset. Afterwards, JOBS has arranged training session on quality control and provided instruction on the joint purchase of raw material and joint book keeping for the small firms. Besides, JOBS also organized and facilitated more design workshops to meet the demand of the international fashion industry, and promoted Jamdani fabric in the textile fairs worldwide. Now, 30 firms has participated in the cluster, and their products are exported to India, UK, Germany and South Africa. Individual entrepreneurs monthly income has raised by Tk10,000 to Tk15,000.