

## **Financial Sustainability through Community Development Project: A Case of Rural Bangladesh**

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### **Introduction**

Community Driven Development (CDD) has been at the heart of many developing countries in trying to reduce the development gap between rural and urban populations. CDD helps to create opportunities and facilitate the community people for access to finance, information and strengthen them by promoting an enabling environment through policy and institutional reform by the government. Presently, the Government is working to achieve poverty and hunger related targets in line with SDGs and Vision 2021 and 2041 in order to reduce the poverty rate at 9.7 percent and malnutrition rate to less than 10 percent by 2030 (MoF 2019). As nearly 70% of the agricultural production has been producing by small farming families (0.05-2.49 acres) who constitute 84% of rural households, one of the strategic policies of government is to increase the investment on a small farm and marginal farm holders ensuring maximum food production keeping the resources potential for future use as well as the sustainability of livelihoods. From that viewpoint, Amar Bari Amar Khamar previously known as ‘One House One Farm’ project, the biggest development project of Bangladesh government for poverty reduction, was initiated in 2009 for the promotion of rural disadvantaged and poor farm families and uplifts their social status as well as reducing poverty and inequality with the vision of sustainable development through fund mobilization & farming. In the initial period, the project invested BDT 31.62 billion i.e. USD 400 million covering 2.43 million small and marginal farm households (with land 0.05 - 100.00 acres). Later on, after the successful completion of 1<sup>st</sup> phase, it expands its implementing areas with huge investments. The prime objective of this study is to explore the status of ‘Amar Bari Amar Khamar’ project in community rural development with a critical look at how the project is addressing the hard-core poor community needs within the Sustainable Livelihood Framework with special emphasize on financial sustainability and the drawback, if any, and will try to give some solution for further consideration.

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## **Objective of the Study**

The prime objective of this study is to explore the status of ‘Amar Bari Amar Khamar’ project in community development with a critical look at how the project is addressing the hard-core poor community needs within the Sustainable Livelihood Framework with special emphasize on financial sustainability.

Specific objectives of the study were to:

1. know about the project activities for improving rural livelihoods;
2. asses the project achievement for sustainable development within the Sustainable Livelihood Framework;
3. identify the challenges/Limitations of management and sustainability strategies in ensuring project sustainability; and
4. provide solutions for further consideration.

## **Study Method**

This study has been conducted by using secondary data which included project progress reports till June 2018, internet-based publications, government documents etc. Besides, in the course of analysis, the impact of project activities has been analyzed within DFID Sustainable Livelihood Framework.

## **Community Development**

### ***Concept of Community Development***

Community development is a process where community members come together to take collective action and generate solutions to common problems. Community wellbeing (economic, social, environmental and cultural) often evolves from this type of collective action being taken at a grassroots level. Community development ranges from small initiatives within a small group to large initiatives that involve the broader community.

Community development is a grassroots process by which communities:

- become more responsible
- organize and plan together
- develop healthy lifestyle options
- empower themselves
- reduce poverty and suffering
- create employment and economic opportunities
- achieve social, economic, cultural and environmental goals

### ***Evolution of Community Development***

Community development has evolved over the past few decades into a recognized discipline of interest to both practitioners and academicians. However, community development is defined in many different ways. Most practitioners think of community development as an outcome of physical, social and economic improvement in a community while most academicians think of community development as a process-the ability of communities to act collectively and enhancing the ability to do so. Community development as a profession has deep roots, tracing its origins to social movements of earlier times, such as the sanitary Reform Movement of the 1840s and later Housing Reform in 1949. During the 1950s and 1960s, social change and collective action again Garnered much attention due to the need to rectify dismal conditions within poverty-stricken rural areas and areas of urban decline.

### ***The Sustainable Livelihood Framework and Community Development***

The sustainable livelihood framework developed from the pro-poor and participatory ideologies arising within the development field in the 1980s and 1990s contends that the lives of the poor must be understood as the poor themselves understand their own lives (DFID 1999, in Heaks and Molla 2000). Sustainable livelihood is a way of thinking about the objectives, scope and priorities for development to enhance progress in rural poverty elimination. It is a holistic approach that tries to capture, and provide, a means of understanding the vital causes and dimensions of poverty without collapsing the focus onto just a few factors (economic issues, food security, and others). Sustainable livelihood program has been initiated by international organizations, such as United Nations Development Programme (UNDP) and bilateral aid agencies, such as the United Kingdom's Department for International Development (DFID) within the Sustainable Livelihood Framework. During the 1990s, international NGOs, such as CARE and Oxfam also have broadened the scope of development project to incorporate sustainable livelihood models (Islam, 2007). The present study has been conducted within the DFID Sustainable Livelihood Framework which consists of five capital or asset i.e. Human Capital, Natural Capital, Financial Capital, Physical Capital and Social Capital shortly known as Asset Pentagon which is essential for the sustainability of any livelihood in a community.

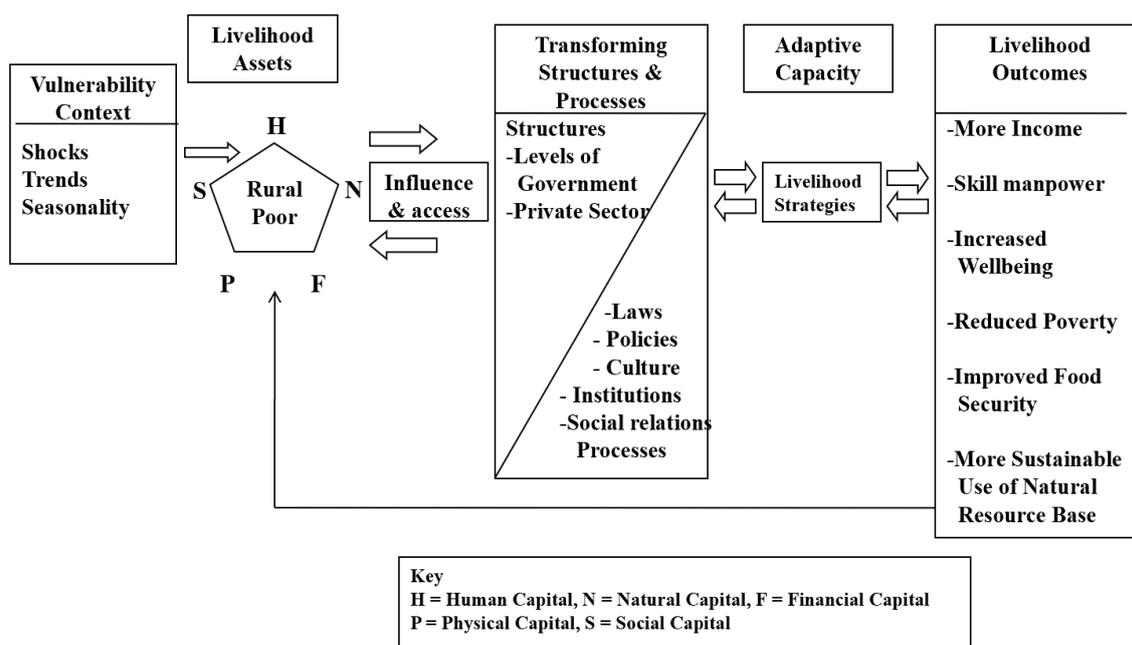


Figure: Sustainable Livelihoods Framework Graph from DFID (1999)

## Community Development and Bangladesh

The concept of the involvement of community people in governance system is introduced in the 1970s, in later, in the 1980s, it is available as community participation approach in decision making and maintenance when neoliberal governance is stimulated under the neoclassical counter-revolution development theory that turns community participation approach into community management in the late 1980s and 1990s (IRC, 2003).

In Bangladesh, community management is now increasingly used to refer to the need to increase sustainability and coverage by creating institutional supports for community-managed services, using a learning approach including all relevant stakeholders. Community-driven development (CDD) gives control of decisions and resources to community groups. CDD treats poor people as assets and partners in the development process, building on their institutions and resources. Support to CDD usually includes strengthening and financing inclusive community groups, facilitating community access to information, and promoting an enabling environment through policy and institutional reform. In the early 1980s, concentrating on the rural development program of Bangladesh, the government undertook community participation approach as a new development panacea (Peter and Robert, 2006). Based on this approach, in the late 1980s and 1990s, the Bangladesh government took several numbers of development projects

making a concentration on the areas of rural infrastructures, fisheries, water supply, and sanitation development among which most of them found incomplete and left those projects without further initiatives for the sustainability (Mobin, 2003).

## **A Case of Community Development Project in Bangladesh**

### **“Amar Bari Amar Khamar (One House One Farm) Project”**

#### ***Background of the project***

Amar Bari Amar Khamar (One House One Farm) project is one of the biggest and most important rural development programs of the current government for poverty reduction through ensuring capital formation and skill development of the poor followed by livelihood (agro farming) which are exclusively their need-based economic activities. This project has been designed exclusively for poor agro farming families. The theme is that a man is poor because he has no purchasing power (while food and essential commodities are available in the market) i.e. inaccessibility to the market due to lack of money. The project has been operating since 2009.

#### ***Vision of the Project***

Poverty alleviation and sustainable development through fund mobilization & farming.

#### ***Specific Objectives of the Project***

The project took the following specific objectives with precise target and time frame-

- a. formation of 81,000 cooperatives involving all the small & marginal farm families by 2016;
- b. ensure optimum use of local human and natural resources sustainably by 2018;
- c. provide possible assistance to all smallholders in fund mobilization by 2017;
- d. provide assistance to all small farmers in investment in family farming by 2018;
- e. skill development and Empowerment of the poor farmers in particular the women by 2016;
- f. all activities through e-financial management and cooperatives by 2016;
- g. develop marketing centers at Sub-district & union level ensuring online or e-marketing facilities for the farmers by 2018; and
- h. develop food processing and cold storage facilities at the sub-district level for the producers/farmers by 2020.

### **Components of the Project**

1. Village Development Organization;
2. Capital Formation through Micro Savings;
3. Capital Formation through Government Grants;
4. Invest through Credit Disbursement;
5. Skill Development Training;
6. Livelihood agro-farming; and
7. e- Financial inclusion.

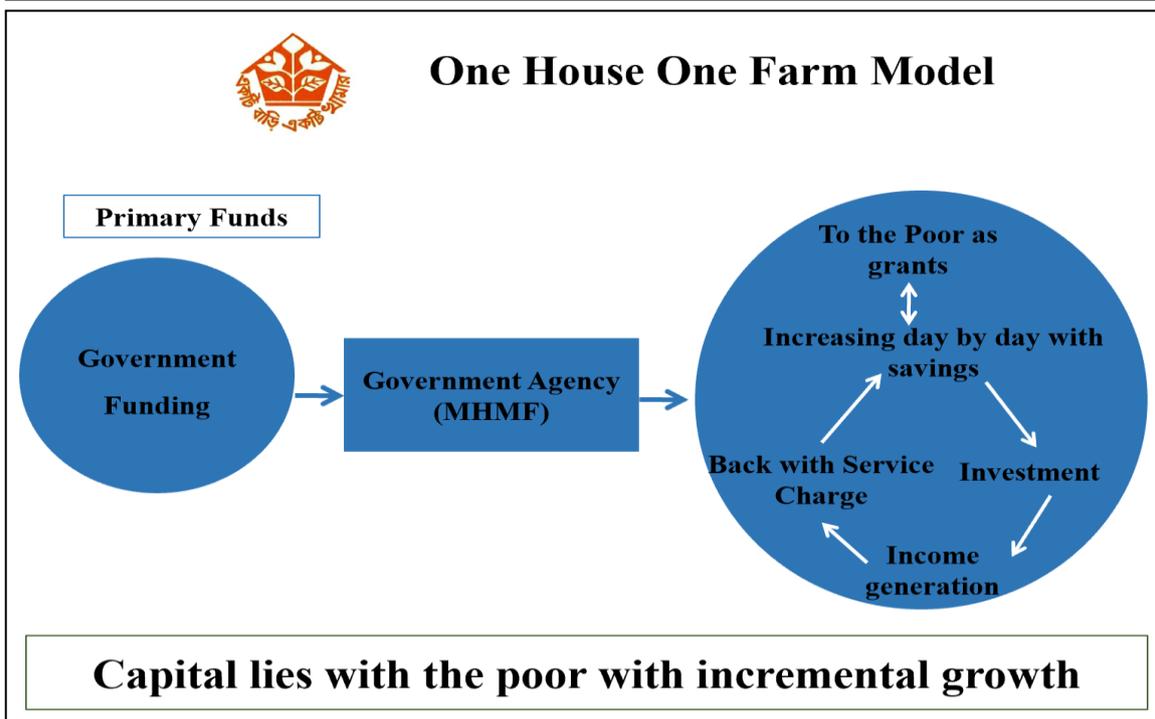
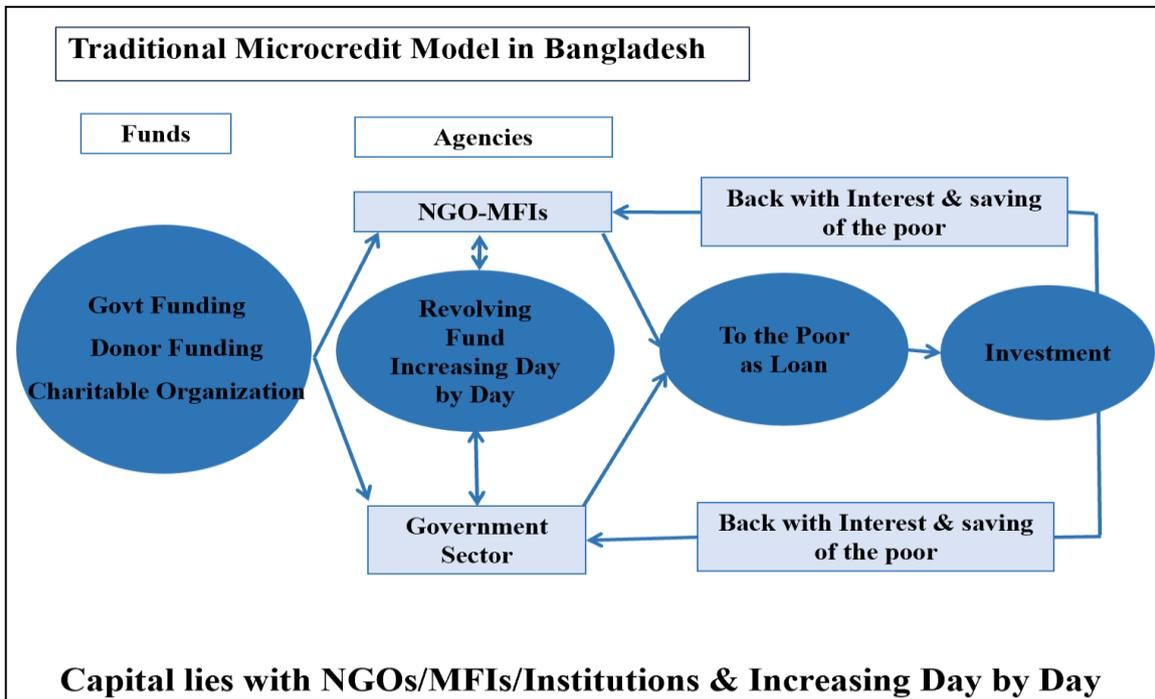
### **Major Activities Under the Program are**

- a. Selection of the poor and underprivileged farm families;
- b. Formation of cooperatives with 60 small farm families (40 females and 20 male);
- c. Involve them in fund mobilization through electronic device i.e. e-financial inclusion;
- d. Enable the poor farmers for savings BDT 200 (USD 2.50) per household per month and the project provides the same amount BDT 200 (USD 2.50) per month as bonus/incentive;
- e. Provide revolving fund BDT 150,000 (USD 1920) annually to each of the cooperatives;
- f. Provide them training in related fields of agriculture and farming;
- g. Enable them taking decision independently about farming & development sitting in the evening courtyard meeting;
- h. Enable them developing small farms according to their needs/choices.

### **Specialty or Uniqueness of the Project According to Sustainable Livelihood Framework**

The DFID Sustainable Livelihood Framework provides five capital/ asset which are known as asset pentagon for assessing the impact of OHOF on individuals and communities: context, assets, institutions, strategies and outcomes (Heaks and Molla 2008). If we go through the project document, it has been found that for the first time in any community-based program government has been introduced the Micro Savings Model instead of the Micro Credit Model. Besides, the government is giving money to the poor people and village organization directly as a grant for their primary capital to use it as a revolving fund. Secondly, the poor are taking decision themselves i.e. development is participatory and bottom up instead of top down approach. The third specialty, the total process of project management and fund has been done electronically using ICT. The savings of the poor has been through the online banking system instead of manual operation. The electronically digital monitoring reduced both delay and corruption ensuring transparency and

accountability as well. A huge investment was done in agriculture through household farming. Most interestingly, the mobilized fund lies with the account of the village cooperative not to any other agencies-it is their permanent fund. They will use it generation after generation.



*Source: Project Document*

**Strategy to Protect Livelihood under the Project (Source: Project Report)**

- Financial Inclusion
- Loan Disbursement

## Financial Sustainability through Community Development Project

- Skill Manpower
- Create Opportunity to Self-employment
- Establishment of Agro Farm.

### **Project Achievement (till June, 2018)**

#### **(Data Source: Project Report)**

- Formed 75,531 Village Development Organizations (VDOs)
- Number of enrolled beneficiaries 36.17726 million
- Number of households under e-financial inclusion is 3.61 million
- Rehabilitate 40 Thousands beggar and make them self employed
- Regular Weekly Courtyard Meeting:
  - ✓ Sharing the training knowledge and work experience
  - ✓ Combined Decision Making, Cooperation and Serving
  - ✓ Build network among the beneficiaries themselves and project management
- Involvement of Local Authority/Officials
- Savings deposited BDT 13.49164 billion
- Bonus against savings given by the project BDT 11.552133 billion
- Provided government grants to VDOs BDT 20.289403 billion
- Total capital formed BDT 47.372263 billion
- Skill development training provided to 168,750 beneficiaries
- Training on management, accounts keeping, awareness development on social issues provided to 362,027 beneficiaries
- Establishment of Palli Sanchoy (Rural Savings) Bank functioning with its 485 branches in 485 Upazila HQ
- 432 Permanent Office Building cum Online Marketing Center
- 2.307 million mini/ family farms in where BDT 49.847639 billion has been invested
- 6920 SMEs in where BDT 346 million has been invested and BDT 2.104 billion is on progress for disbursement for SME establishment.

### **Impact of the Project (Source: Project Document)**

- ✓ Huge amount of secured capital formed through participatory & online fund mobilization for small farm families
- ✓ Agricultural production under family farming increases significantly

- ✓ The prospect of need based self-decision making sitting in the courtyard meeting is highly appreciated by the small holders
- ✓ The Practical bottom up planning and self-decision making is praised by all sectors
- ✓ E-financial inclusion of the excluded & rural poor with free, fair and quick services becomes a milestone in the way of digital Bangladesh
- ✓ Empowerment of the huge under privileged & specially the women is well appreciated
- ✓ Income increased BDT 10,921 per household/year in the project area
- ✓ Low-income family in project area reduced to 3% from 15% in the project area
- ✓ Comparatively solvent household increased up to 31% from 23% in project area
- ✓ Small & Medium Entrepreneurs (SME) has developed among the VDO members is highly appreciated

### **Limitations**

In every success story, there are some lacking also. The project also facing some difficulties which are stated below:

- a. The project is concentrating only poorest 60 people in one village and others have no access. So, it cannot contribute to the development of the whole village and unable to build ownership of the village community.
- b. As most of the beneficiaries of the project are vulnerable poor and illiterate women so it is difficult for them to use the fund properly.
- c. Some project areas are very conservative where women cannot engage themselves directly though they are the members of the project. Some times their male counterpart does the project work on behalf of them. Which is a barrier to achieve the path to women empowerment.
- d. Influential local leaders make barriers in some parts of the project area.

### **Suggestions for Further Considerations**

- Community participation (cooperation) in a development project enhances the future sense of ownership. Though the project is only for hardcore poor but ongoing motivation is required for continuing the moral and physical (in some cases) participation of other villagers.

- The system of community management should be ensured properly.
- The project can introduce informal education and horizontal learning for illiterate women as well as the project members.
- The project can introduce Village Development Organization Leader (VDO leader) and can form Community Management Committee with the involvement of the influential person of society in a voluntary basis for smooth implementation of the project.

## Conclusion

In many cases, some people become poor due to lack of livelihood security i.e. limited working opportunity leads to less income, lower purchasing capacity, unable to fulfill fundamental needs like food, clothing, shelter, health care and education. My House My Farm (One House One Farm) project is one of the biggest and visionary projects of the Government of Bangladesh. It is mandated to ensure the utilization of human and economic potentials creating a working opportunity for 6 million households (i.e. 30 million hardcore poor) forming capital by grant and micro-savings through e-financial inclusion or on-line banking followed by skill development and family farming. This will ensure their right to work and the right to develop them as emphasized in the constitution of Bangladesh. If the project can be implemented successfully, the model would be a universal and ideal practice of poverty alleviation for the poor across the world.

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