

JOBS NEWSLETTER

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Other recent highlights:

- 60 unskilled women, members of a local women's association, are being trained on handmade footwear production at a new cluster recently opened in Bhola, an offshore island in the Bay of Bengal.
- 40 semi-skilled workers from Crown Leather Ltd. began a technical training program under Franz Baur, team leader at the Product Development Institute in Germany. The program, focused on technology transfer, is designed to increase efficiency, reduce wastage, improve quality, and redesign the production procedure.
- Enterprise Development Workers (EDWs) trained 1,680 entrepreneurs across the country
- Training of Trainers conducted for 66 EDWs from 10 different NGOs
- 28 SME participants completed five days training on Vegetable Dying
- 81 SMMEs made total sales of US\$161,884 (spot sales and orders received) at the Sylhet Trade Fair, jointly organized by JOBS and the Sylhet Chamber of Commerce and Industry (SCCI). Nearly 38,000 people visited the 2-week long event.

Credits

MANAGING EDITOR:

Naheed Kamal.

EDITOR:

Kathy Uphaus

INFORMATION:

AHM Z Khan, Roger Bird, Imran Shauket, Mostafizur Rahman, Nadia Erfan, Hasan I Khan, MA Quddus, Moinul I Khan, Altaf Hossain and Cindy Owings

PHOTOS:

Siraj and JOBS Project.

Movable Property Financing expands credit and promotes jobs and economic growth

Today's Commerce Requires Modern Financing Techniques.

In modern commerce, access to credit often requires the effective use of movable property to secure payment of obligations. Equipment financing enables business to expand operations, remain technologically advanced, and competitive. Inventory and accounts receivable financing permits business to obtain cash flow financing to smooth out peak cash demands of the business cycle.

Creditors demand security when they make loans. Often, the creditor asks for immovable property such as land and building as collateral. But, businesses often do not own land. Even in advanced economies like the United States and Canada most business do not have land and buildings (immovable assets) to offer as collateral. Therefore, movable property financing has developed to provide lenders with the collateral they need and businesses with access to credit that they need. For countries like Bangladesh, movable asset financing can increase the amount of credit available to businesses and lower the interest rates that borrowers must pay. But first, modern laws and regulations are needed in order for lenders to be willing to accept movable assets as a viable source of collateral.

In the past five years, many developing countries have begun to update and improve their laws on movable property financing with assistance from international agencies and finance experts. Here are a few of the benefits to the businesses and the economy that flow from a modern movable property financing law:

- ▶ **Equipment:** New equipment revitalizes industry, lifts operations to today's standards, and creates jobs.
- ▶ **Agriculture:** Increases credit for crop and livestock production, improves productivity, adds value to domestic production, and reduces reliance on imports.
- ▶ **Building improvements:** Movable property is often used to improve immovable property. New electrical generators, water tanks, wells, pumps, and elevators are easier to obtain under modern movable property financing laws.
- ▶ **Inventory:** Sellers of computers, automobiles, tractors, office machinery, and other items frequently need easy access to credit to buy the goods that they sell in their stores.
- ▶ **Cash flow financing:** Sellers of goods often want/need to provide credit to their customers. Under modern movable asset financing laws, sellers can easily sell their customers' accounts to factors, or get cash flow financing by using the accounts as collateral.

There is a strong need for a modern movable asset financing law in Bangladesh. JOBS, in collaboration with a team of local attorneys, is currently drafting a movable assets financing law for Bangladesh.

If you would like more information on this law or can offer assistance in the promotion and passage of this law, please contact Roger Bird, Senior Policy Advisor at JOBS.

Recent activities of the JOBS Project's Policy team:

- Senior Policy Advisor Roger Bird presented a paper on using moveable assets to secure loans at the Bangladesh Institute of Bank Management (BIBM).
- A team of prominent lawyers, bankers, and financial representatives met for two days to review and revise the draft law on Secured Credit at a technical analysis session facilitated by Allen Welsh, the Project's Legal Consultant. The team worked to customize the law to make it applicable in Bangladesh.
- JOBS and USAID have identified lack of technical support and limited access to credit as two of the main obstacles to economic growth in Bangladesh. Complicated loan processing systems and certain collateral requirements of banks result in limited access to financial support for Small and Medium-Sized Enterprises (SMEs). Recently, JOBS signed an MOU with BASIC Bank to provide "access to capital for SMEs and moveable asset based lending". The memorandum ensures access to working credit for the development and expansion of JOBS-assisted SMEs, provided they meet criteria set by the Bank. The MOU also states that JOBS will provide technical support to the Bank's clients, when identified and referred by BASIC Bank. The exchange of expertise is designed to meet one of the JOBS Project's primary objectives, the expansion and growth of the economy by supporting SMEs, the principal employers and the backbone of the Bangladeshi economy.



JOBS' Project Director & MD of BASIC Bank signing the MOU

E-Commerce News

The JOBS EC/IT program has been busy promoting e-commerce in Bangladesh over the past month. Various initiatives have been undertaken to build upon the successes of the E-Commerce Conference held in January. Highlights of some of these initiatives are listed below:

- JOBS/IRIS established a web page featuring highlights of the EC conference held on January 14th. The page will host pictures of the conference; list of attendees (stakeholders); objectives; minutes; records of the proceedings (both audio and text); links to other websites, publications, and documents; and recommendations. It is intended to be a comprehensive source for anyone interested in E-Commerce development in Bangladesh.
- JOBS/IRIS attended an open forum workshop organized by the Bangladesh Computer Council (BCC) to announce the draft IT Policy of Bangladesh. JOBS is compiling comments on the draft policy from experts such as Dr. Catherine Mann, author of Global Electronic Commerce: A Policy Primer.
- JOBS/IRIS has taken the lead in keeping leading aid organizations in Dhaka abreast of developments in EC/IT Policy. The IT draft policy has been shared with Canadian Aid (CIDA), Swedish Aid (SIDA), the World Bank, the Danish and German Embassies, and British Aid (DFID).

E-Commerce News

Announcement:

Roger Bird has been appointed the Senior Policy Advisor for JOBS. Mr. Bird is a banking and finance specialist with 25 years of experience. He has a strong background in commercial lending, loan workouts, credit administration, bank liquidation, asset recovery, and bank management. Mr. Bird spent ten years in commercial banking and five years managing small businesses. He also spent seven years with the US Government (Federal Deposit Insurance Corporation/Resolution Trust Corporation) managing, selling, and liquidating failed banks. He has directly managed and administered commercial loan portfolios as large as \$450 million. The focus of Mr. Bird's lending experience has been primarily in small and medium size commercial loans and leasing. His international experience began in 1995, and includes work assignments in Africa, Asia, the Balkans, and the Middle East.



JOBS' Senior Policy Advisor

Cooperation and Collaboration: JOBS' marketing initiatives in Southern Bangladesh

The Project took a leap forward when JOBS signed a Memorandum of Understanding (MOU) with UK donor agency ActionAid Bangladesh and three NGOs working in southern Bangladesh to provide marketing assistance to indigenous entrepreneurs. Green Hill works to uplift the vulnerable indigenous tribes of the Chittagong Hill Tracts, Ghashful works in the urban slums of the port city and Young Power in Social Action (YPSA) works with poor youth in Chittagong.



A call for cooperation

This is the first time that donor agencies and local NGOs in Bangladesh have joined hands to provide marketing linkages for rural producers and artisans. The ultimate objective is to develop marketing networks in the region, with special focus on tribal products unique to the area.

The five organizations will share expertise and resources to provide "techno-managerial business skills to micro-enterprises, resource mobilization, and creation of gainful marketing linkages for better pricing and sustainable wage employment creation."

JOBS and ActionAid will support the local NGOs "to build up their overall functional capacities (management, technical and financial) so that they can play leading roles in achieving the overall objectives of this project."

The main activities are:

- Form cooperatives of micro entrepreneurs in productive sectors
- Develop human resources by means of need-based training
- Establish connections with other producers involved in related sectors
- Set up marketing networks to ensure ease of movement of perishable goods from producer to buyer
- Advocate for changes in the regional government's marketing policy
- Develop marketing infrastructures at all levels (village to town)
- Develop skills of cooperative members
- Provide specialized skill development training
- Provide easy access to capital
- Establish links with sustainable markets
- Ensure access to public and private local resources
- Develop cooperative markets

The first collaborative step taken by JOBS was to provide a training course on Enterprise Development and Business Management for 26 staff members from the four organizations. The Project also plans to organize trade fairs to promote local products. Research and advocacy work will be carried out to raise awareness and empower the people, thus ensuring sustainable development in the region.

Rural Enterprise Development: Marketing proves to be an effective tool

Many micro enterprises in the rural areas of Bangladesh are involved in the production of perishable goods. Their growth and potential is at risk if their products are not properly marketed. Exploitative middlemen play a negative role in the distribution channel linking rural producers to consumers.

JOBS and PRAN:

Pineapples are one of the main agricultural products in Modhupur district, where JOBS works with local NGOs. Farmers must travel long distances from their remote villages to the local market, where they are forced to sell at whatever price the middlemen quote, since they have no means of preserving their produce for an extended period.



Pineapples for PRAN

The Project's marketing team considered how to provide marketing assistance to the farmers by eliminating the middlemen, assuring fair prices for produce and a regular source of supply.

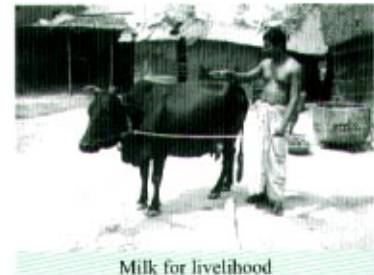
The agricultural marketing company PRAN was approached to form a direct link with the pineapple producers. PRAN guaranteed JOBS that the company would take pineapples from assisted farmers, opening up new avenues for agro-based producers to create more employment opportunities in the sector.

- PRAN will purchase 250,000 pineapples per annum from JOBS assisted enterprises.
- The selling price will be twice the market rate, and BDT 0.20-0.25 more will be paid to producers.

- 17 other horticultural producers assisted by JOBS will also be linked with PRAN.

JOBS and Milk Vita:

Middlemen exploit many milk producers in rural areas by quoting very low prices. The Project considered how to assist the dairy milk livestock sector in Raigonj, an area in Sirajgonj district where JOBS works with a local NGO. The goal is to create more employment and expand business. The marketing team contacted Milk Vita, an enterprise of the Bangladesh Milk Producers' Cooperative Union involved in consumer pack liquid milk manufacture.



Milk for livelihood

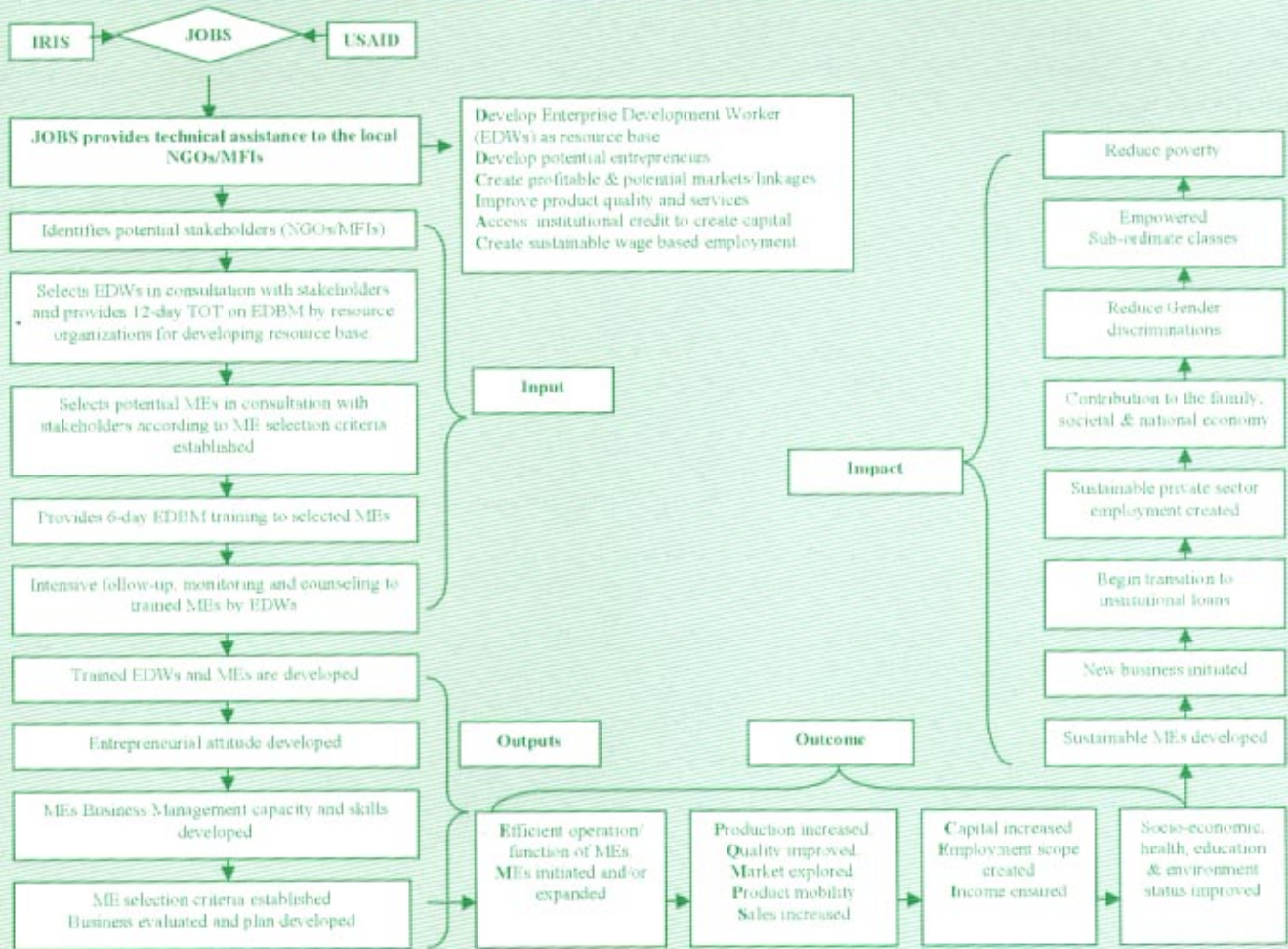
Because milk is highly perishable, it needs to reach the processing plant within four hours of production. Ample quantities needed to be supplied and distance and communication between producer and processing plant needed to be considered. Only when these criteria were met did the Project's marketing team proceed.

In Raigonj, the producers are confident that they can supply at least 3000-3500 liters of milk everyday. The milk should reach the processing plant within an hour on good roads. Milk Vita cooperates by sending trucks to pick up milk from producers and plans to build a cold storage center to preserve the milk. Milk Vita will also provide free health services to livestock.

- Middlemen have been eliminated.
- Price is now 35-45% more than the market price.
- Producers are motivated to provide a steady and reliable supply.

Grassroots Entrepreneurs and Economic Development

Result Based Micro Enterprise (ME) Development Approach of JOBS



The table shows the chronology of the support services and their impact at different levels.

Micro Enterprise (ME) initiatives can significantly contribute to the socio-economic development. For decades Income Generating Activities (IGAs) have been lacking in continuity, managerial skills, proper utilization of capital, product quality, and markets.

ME development has had tangible impact on small-scale enterprises.. Therefore, NGOs and MFIs working in the field of IGAs development emphasize the need for greater efficiency. Structured technical assistance combined with targeted loan programs contribute to overall economic growth, both in household income and employment generation.

The JOBS Entrepreneurship Development and Business Management (EDBM) program has become a preferred model among the NGOs/MFIs working with entrepreneurs. This program provides MEs comprehensive "hands on" technical assistance and advisory support services to make them competent in enterprise management and further their development. JOBS also helps develop a favorable environment for marketing/linkages of products and facilitates institutional

loans for further expansion. These efforts are increasing the number of entrepreneurs and creating wage-based employment for poor and vulnerable workers.

The ultimate goal of the JOBS ME development program is to create:

- ▶ Strong resource teams to continue these efforts
- ▶ Well trained, successful MEs to encourage others
- ▶ A wider range of marketing network/linkages
- ▶ Practicable institutional loan programs
- ▶ Information on public sector services available for MEs
- ▶ Self-sustaining support mechanisms

SME development:

Need based assistance to meet international marketing standards

The textile sector in Bangladesh has potential for rapid expansion, but the lack of viable information on the latest trends coupled with inferior quality and an absence of active policy support and assistance has prevented Bangladeshi textiles from thriving in foreign markets.

Mostafizur Rahman, SME Team Leader

The SME development team realizes that to successfully compete in the rapidly evolving global export market, an entrepreneur must be efficient, prompt, flexible, specialized and competitive. A market savvy producer can expect to meet the demands of the ever-changing market place and identify a niche market for his/her product. These are critical aspects for every producer to keep in mind when looking to expand.

For Bangladeshi entrepreneurs there are additional challenges. Complicated processes for state approval, frequent political instability, and natural disasters combine to create a negative image of Bangladesh globally. The disadvantages faced by a Bangladeshi producer as s/he attempts to attract foreign investment and penetrate export markets are innumerable.

In order to prepare local SMEs to meet the high standards of quality, cater to prevailing trends, and overcome the barriers mentioned above, the JOBS Project arranges specialized training for firms, especially those participating in trade fairs abroad.

For the upcoming New York Home Textiles Fair (March 31-April 3, 2001), a significant opportunity for producers, a *Textile Producers Project* was organized to assist local producers develop new, high quality products suitable for the US market.

Cindy Owings, a product designer and international consultant from the US with a successful history of textile-based product development, came on board to assist in developing new designs and products and ensuring quality. She has worked with producers from developing countries for over 27 years, training artisans to create products for the US market. She was contracted to do the same for the Project's clients, particularly those who will attend the New York Fair. The products developed included quilts, cushion covers, bed covers, kitchen accessories, personal accessories, gift items, embroidered items, and many kinds of home furnishings.

30 individuals from 10 organizations were trained. Ms. Owings' personalized, hands-on approach to training, similar to the Project's approach, proved effective. The month long training program to provide marketing assistance ended with a closing ceremony at which she shared her experiences:

Design, product development, color trends, quality control measures, and standardized sizing of home textile products were areas we addressed.

When it came to design and product development the entrepreneurs expressed their need for assistance. Those selected to participate in the fair were acutely aware of their shortcomings. Past experience and contacts with foreign buyers had clearly illustrated where they needed help.

A plan of action was determined based on quick on-site surveys to identify their abilities and limitations. Products were developed according to the type of operation and the products they made.

Color trends were addressed based on the prevalent color trends in the US market and products were categorized according to colors, motifs, and fabrics. Each client chose palates applicable to their working conditions and products, depending on dyes, prints, fabrics, etc.

The concept of organizing product lines based on a color scheme and similar motifs was strongly emphasized as it builds a brand image in the minds of buyers.

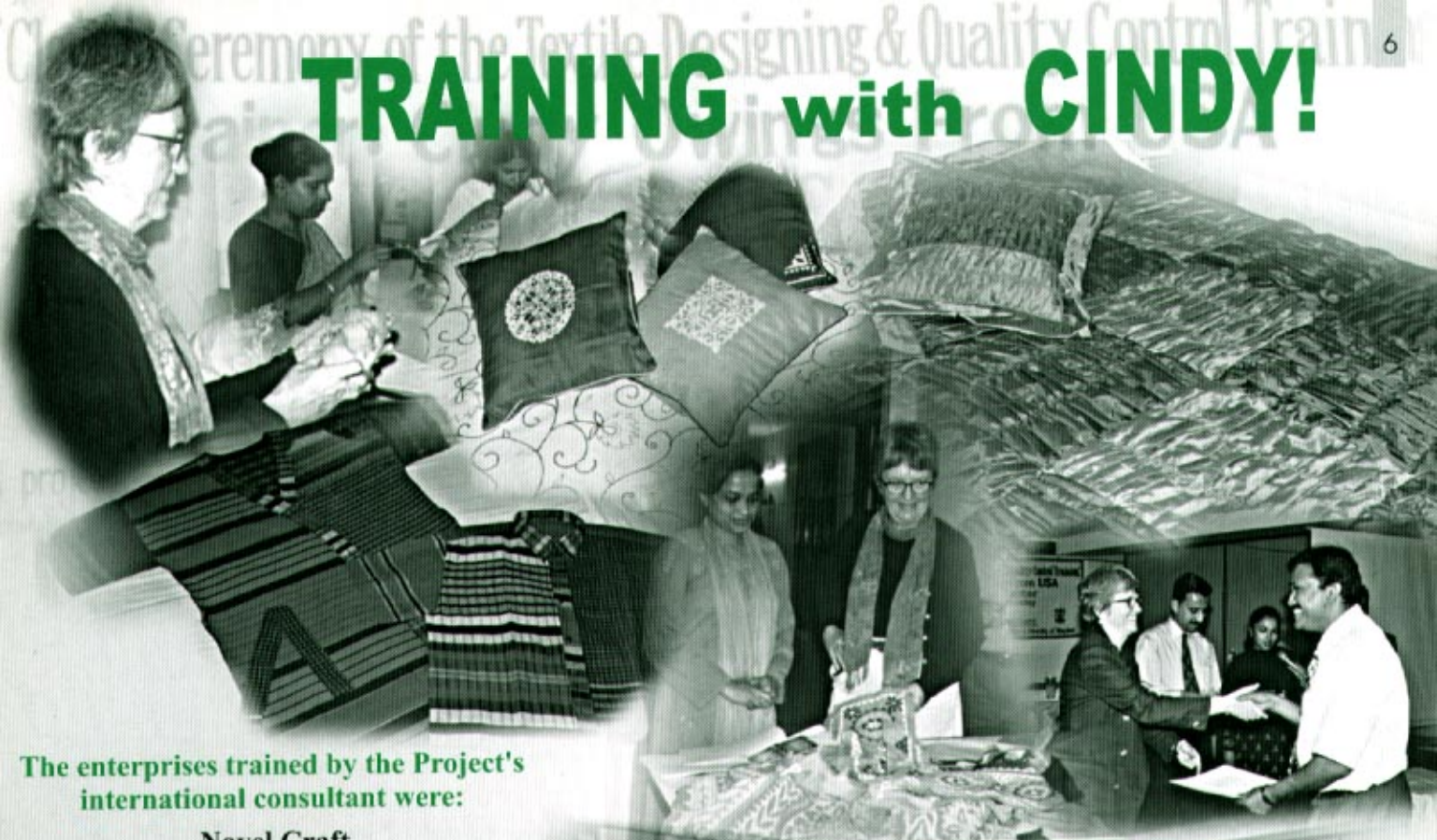
The question of quality control is very significant for Bangladeshi producers. To enter the export market quality is perhaps the most important aspect for any producer to consider, and even more so for Bangladesh. This includes dyeing processes, sewing, stitching, consistency, fabric quality, pattern sizing, packaging, and even the condition of the workshop and workers.

Entrepreneurs were receptive to suggestions and immediately implemented necessary changes. A system of quality control was developed for each enterprise based on survey information. Each new product developed had its own specific criteria for reference so that all standards were strictly met.

"Because of its hands-on approach to skill training the JOBS Project promises to be successful in contributing to the increase of employment opportunities."

Cindy Owings

TRAINING with CINDY!



The enterprises trained by the Project's international consultant were:

- Novel Craft
- Nipun
- Banaj Barnali
- Grameen Uddog
- GUP Batik
- Aakor
- Kumudini
- Arannya
- Folk Bangladesh



JOBS
 ASSISTING ENTERPRISES
 TO CREATE EMPLOYMENT

House# 1A, Road# 23, Gulshan-1, Dhaka-1212
 Tel/Fax: 8829037, 8826154, 9885141
 E-mail: info@jobsiris.dhaka-bd.net



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